

Washtenaw County, Michigan **Comprehensive Annual Financial Report**

Year Ended December 31, 2003

**A PATHWAY TO
WORLD CLASS
SERVICE**



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blank)**

WASHTENAW COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2003

Prepared by the Finance Department

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WASHTENAW COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2003

BOARD OF COMMISSIONERS

Leah Gunn, Chair

Vivienne N. Armentrout

Ronnie Peterson

Barbara Levin Bergman

Wesley Prater

Robert Brackenbury

Rolland Sizemore Jr.

Jeff Irwin

Stephen Solowczuk

Martha Kern

Joseph J. Yekulis

COUNTY ADMINISTRATOR

Robert E. Guenzel

DEPUTY COUNTY ADMINISTRATOR

Frank Cambria

FINANCE DIRECTOR

Peter Ballios

INDEPENDENT AUDITORS

Rehmann Robson

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**WASHTENAW COUNTY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED DECEMBER 31, 2003**

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Introductory Section





COUNTY ADMINISTRATOR

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ANN ARBOR, MICHIGAN 48107-8645

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FAX (734) 222-6715

<http://www.ewashtenaw.org>

March 5, 2004

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



The Comprehensive Annual Financial Report (CAFR) of Washtenaw County for the year ended December 31, 2003, is submitted herewith. It was prepared by staff in the Finance Department with significant assistance from the accounting personnel in the Treasurer's Office, Drain Commissioner's Office, Public Works, Community Support and Treatment Services, Public Health, and other County departments. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for Washtenaw County for the fiscal year ended December 31, 2003.

This report consists of management's representations concerning the finances of Washtenaw County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2003 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Washtenaw County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Washtenaw County, incorporated in 1827, is located in the southeast region of Michigan's Lower Peninsula, approximately 40 miles west of Detroit. It is the sixth largest county in the State of Michigan, with an estimated 2003 population of 341,625. Sixty-five percent of the County's population resides in four main areas. Its major cities are Ann Arbor and Ypsilanti, with estimated populations of 114,477 and 22,140, respectively. The County's two largest townships are Ypsilanti and Pittsfield, with estimated populations of 52,339 and 33,141, respectively. It covers an area of approximately 710 square miles. The County seat is located in the City of Ann Arbor.

The governmental structure of Washtenaw County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body, and its administrative body for many functions, is the County Board of Commissioners. The Board consists of eleven commissioners elected by direct vote from single-member districts.

In addition to the Board of Commissioners, there are fifteen elected officials serving the County in judicial, administrative, or staff officer roles. An organization chart depicting the County structure is shown on the page following this letter.

The County is responsible for the management and financing of many services for its citizens. These services are separated into the following major program areas: legislative, judicial, support services, human services, planning and environment, and public safety and justice.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Washtenaw County operates.

Local Economy

Washtenaw County is a tremendous place to live and work. Beautiful parks, hundreds of miles of bike and nature trails and a commitment to "open spaces" and community development means easy access to living and pleasure in every season. Combine this with top-notch school systems, and some of the greatest restaurants, galleries, and cultural events in the country. We possess a unique blend of quality urban areas and beautiful rural settings. Our largest city, Ann Arbor, has been voted one of America's top cities. We are fortunate to have many educational institutions located within our borders. The University of Michigan in Ann Arbor and Eastern Michigan University in Ypsilanti are two world class educational and cultural centers of the Midwest, with first rate research facilities, libraries, museums, theaters and sports facilities. Other institutions are Washtenaw Community College, Concordia College and Cleary College. Over 41% of county residents 25 years and older have completed four or more years of college.

Washtenaw County remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The assessed value of the taxable property to fund the County's 2003 operations (the 2002 valuation) was approximately \$13.7 billion, an increase over the prior year of \$1.5 billion, or roughly 12.3%. The economic base of the County is continuing to increase. The 2003 valuation (to fund 2004 operations) shows a 9.8% increase over the 2002 valuation.

Washtenaw County has maintained strong population growth over the past two decades. This growth is expected to continue. Our 2000 Census population was 322,770. The estimated 2030 population is 448,020. The median household income of our residents is over 19% higher than that of the State of Michigan and the United States as a whole. Personal income figures for our citizens have risen significantly in recent years. This indicates a healthy economy and an increased standard of living for our residents.

Washtenaw County is centrally located with access to four major freeways, three airports, and five rail lines. This provides county businesses with excellent access to local, domestic, and international markets. We are one of the top ten areas in the United States for software development and are an international center for the development of sophisticated technologies related to advanced manufacturing. It is also home to one of the nation's fastest growing book retailers, as well as two major book printing and publishing manufacturers.

We are home to a highly educated and skilled work force and are centrally located to attract employers and employees. Approximately one third of the people working here commute each day from outside the County. The ten major employers in the County are: the University of Michigan, the University of Michigan Medical Center, General Motors Corporation, Visteon, St. Joseph Mercy Hospital, Pfizer Global Research and Development, Eastern Michigan University, Washtenaw County, Borders Group Inc., and University of Michigan Software.

Agriculture also plays an important role in our economy. Corn, oats, soybeans and wheat are major cash crops. Apples are the most widely grown fruit crop. Dairy farming is also found in Washtenaw County.

Long-Term Financial Planning

The Board of Commissioners has committed to ensure the long-term fiscal stability of the County. Changes in state funding, revenue growth restrictions, and unforeseen increases in overall operating costs have created an immediate need to modify the budget. Many cost reduction strategies were implemented in 2003, but the fiscal challenges will continue in 2004/05 and beyond. The 2004/05 adopted budget focuses on expanding capacity by aligning and integrating programs around communities of interest, reducing costs by addressing duplications and redundancies, and includes a framework for ensuring fiscal stability for the next ten years.

The following principles were developed to guide decisions: maintain core/mandated services, minimize community impact, attempt to find alternative funding sources for State and Federal cuts, identify and implement administrative efficiencies, distribute reductions across populations and providers, and maintain commitment to infrastructure (space, equipment, technology and professional development). These principles were instrumental in developing a balanced budget that has minimal reductions in direct services. In addition, the commitment that the Board of Commissioners made to build the infrastructure in the late 1990s is paying off in greater efficiencies. The investments made in technology and professional development have provided employees with the skills and tools necessary to do more with less.

Technology has played an increasingly larger role in how citizens, visitors, businesses, and employees conduct business with the County. The County commits to maintain and upgrade the technological infrastructure and to be a leader in E-Government aimed toward improving citizen access to government services.



In addition, the County has also continued its commitment to making sure that employees have the technology tools and training to use these tools, aimed at realizing organizational efficiencies and enhancing customer service. Systems integration to streamline core technologies will be the focus as we move into the 21st century. The four technologies to be exploited to create process efficiencies are Graphic Information Systems (GIS), Document Imaging, Workflow and Data Warehousing. All new technology projects will be required to demonstrate an equivalent cost reduction in the operating cost of doing business to the total cost of implementing the technology changes.

The Washtenaw County Space Plans seek to address many of the building space needs of Washtenaw County government for the next 25-30 years. The result of the space plans has been better service delivery to the public, accomplished by locating related county facilities in close proximity and in locations convenient to the public. The County's investment in new facilities since 1999 has shifted its focus from expansion to improvement of existing facilities.



Robert J. Delonis Center

Five new buildings - - 200 North Main Building in downtown Ann Arbor, Western County Service Center on Zeeb Road, Robert J. Delonis Center (the homeless shelter, pictured above) on Huron Street in Ann Arbor, Juvenile Detention and Day Treatment Center at the County Service Center and the Head Start Facility in Superior Township (pictured below) - - as well as major renovations - - remodeling of the County Annex Building and County Courthouse and addressing the critical infrastructure needs at the County Corrections Facility at the County Service Center - - have been financed without an increase in millage. The County's building infrastructure, as well as a comprehensive 20-year capital maintenance schedule, is well positioned to support the business needs through the coming decade.

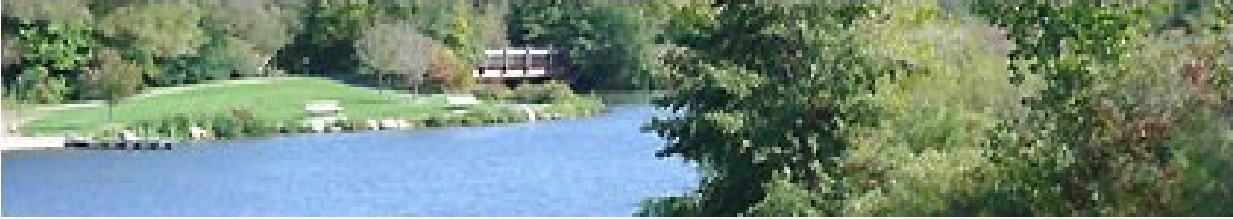
Given the projected fiscal constraints, and in concert with the systems integration, the County anticipates a net reduction in workspace. The approach to this reduction will occur in a systematic way, conscious of the opportunity to take off-line buildings whose increasing maintenance costs exceed the value they provide to the organization and redirecting their sale proceeds toward improving our core campuses.

The following is a brief summary of the specific Space Plan projects that should be accomplished during the next ten years:



Head Start Facility

- Improvement/Expansion to the Washtenaw County Corrections Facility
- Court Needs and Courthouse Remodeling/Replacement
- Expansion of the County Library Learning Resource Center
- Huron Valley Ambulance Headquarters Building
- Relocation of the County Garage



One of the qualities that makes Washtenaw County a desirable place to live is the abundance of recreational areas. The mission of the Washtenaw County Parks and Recreation Commission (WCPARC) is to improve the quality of life in Washtenaw County. The Commission is dedicated to the preservation of the natural environment and provision of facilities and programs meeting the broadest range of county residents. In order to meet these goals, the Commission elected to focus on the acquisition of land for parks and to develop a linear park and open space system preserving natural features linking parks, population and employment centers.

A November 2000 majority vote of county residents authorized the Natural Areas Preservation Program. The approval established the funding source for purchase of natural areas by the WCPARC. Approximately \$27.5 million will be generated for land acquisition by the millage during the period 2002-2011. The Natural Areas Technical Advisory Committee was established and began meeting in 2001. The seven-member body began the evaluation of a number of nominated parcels in 2002. The Parks and Recreation Commission purchased 438 acres during 2003. Natural areas have been preserved in Bridgewater Township (57 acres), Freedom Township (180 acres), Scio Township (137 acres) and Superior Township (64 acres).

These favorable local trends are counterbalanced, in large measure, however, by other factors. First, the economic downturn and stock market decline have impacted our fiscal operations in that it has increased the County's funding obligation for its defined benefit pension plans. Second is limited growth in property tax revenue. The increase in the assessed value of taxable property in the County has been constrained by the Headlee Amendment (which limits the annual increase in the State Equalized Value of real property) and the provisions of Proposal A (which limits increases in taxable property values to 5% or the rate of inflation, whichever is less). The dollar value of this limited increase essentially covers salary and fringe benefits increases, leaving very little for new investment. Furthermore, state cutbacks provide additional challenges in maintaining current services with even less support. Taken together, these fiscal factors create a trend toward ever-tightening budgets under which the County must operate.

Cash Management Policies and Practices

Cash balances are invested according to the guidelines adopted by the Board of Commissioners. Investments are generally limited to certificates of deposit and savings accounts, United States government or federal agency obligations, mutual funds, and commercial paper which is rated at the time of purchase within the two highest classifications established by standard rating services. In addition, the pension and postemployment benefits trust funds may also invest in common stock, corporate bonds, and mortgages.

Risk Management

As permitted by State law, the County is self-insured (up to certain limits) for employee medical expenses, workers' compensation, general liability, and property damage. The County has contracts with Blue Cross/Blue Shield, Care Choices and M-Care to administer the County's medical programs for its employees.

The County accounts for revenues and expenses relating to the above in three separate internal service funds: medical insurance revolving, workers' compensation revolving and insurance revolving. The risk management, contingencies and commitments notes to the basic financial statements contain additional information concerning risk management. The Statistical Section of the CAFR includes a complete schedule of insurance coverage maintained by the County.

Pension and Other Postemployment Benefits

The County has four retirement benefit plans that provide pension and postemployment healthcare benefits to all regular, full-time employees. This includes two defined benefit pension plans, a defined contribution pension plan, and a retiree healthcare plan. For the County administered plans, the total net assets held in trust for pension and healthcare benefits increased by approximately \$30.3 million, or 16.0%. The annual actuarial valuations applicable to the defined benefit pension plans continue to reflect favorable funding ratios, despite the market declines.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washtenaw County, Michigan for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2002. This was the 13th consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the Certificate of Achievement, the County has also received the GFOA's Award for Distinguished Budget Presentation for its budget for the biennium period beginning January 1, 2003. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

The preparation of this report on a timely basis was made possible by the dedicated service of Finance Department accounting staff and the accounting personnel from the Treasurer's Office, Drain Commissioner's Office, Public Works, Road Commission, Community Support and Treatment Services, Public Health and other County departments, as well as advice from Rehmann Robson. I also wish to thank the Board of Commissioners for their continued dedicated interest in the sound financial operations of the County.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob. Guenzel", with a long horizontal flourish extending to the right.

Robert E. Guenzel
County Administrator/Controller

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Washtenaw County,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

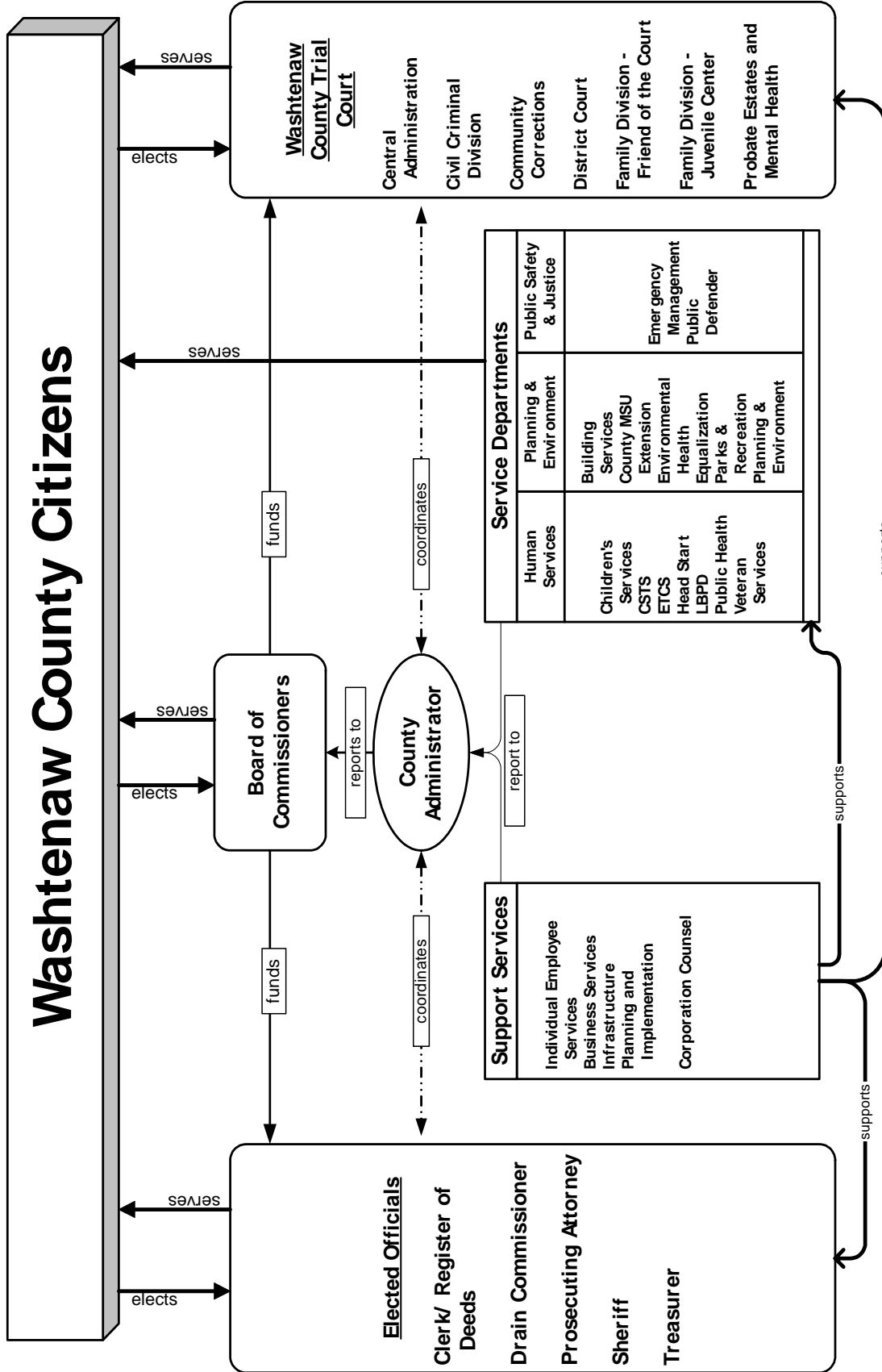
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President



Executive Director



WASHTENAW COUNTY

PRINCIPAL OFFICIALS

At December 31, 2003

Board of Commissioners

Leah Gunn, Chair

Vivienne N. Armentrout
Barbara Levin Bergman
Robert Brackenbury
Jeff Irwin
Martha Kern

Ronnie Peterson
Wesley Prater
Rolland Sizemore Jr.
Stephen Solowczuk
Joseph J. Yekulis

Trial Court Judges

Archie C. Brown
Richard E. Conlin
Timothy P. Connors
Nancy C. Francis
John N. Kirkendall

Melinda Morris
Donald E. Shelton
J. Cedric Simpson
David S. Swartz
Kirk W. Tabbey

Clerk/Register of Deeds

Peggy M. Haines

Drain Commissioner

Janis A. Bobrin

Prosecuting Attorney

Brian Mackie

Sheriff

Daniel J. Minzey

Treasurer

Catherine McClary

County Administrator

Robert E. Guenzel

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Financial Section





REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**



INDEPENDENT AUDITORS' REPORT

March 5, 2004

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **WASHTENAW COUNTY, MICHIGAN**, as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washtenaw County's management.

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Employment Training and Community Services Fund, which represents 18.1% of the assets and 15.6% of the revenues of the nonmajor governmental funds and 1.0% of the assets and 3.9% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 47.7% of the assets and 76.7% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Washtenaw County, Michigan*, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2004, on our consideration of *Washtenaw County, Michigan's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, in a separately issued single audit report. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-16 and the employees retirement system information on page 71 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.



**Management's Discussion
and Analysis**



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Washtenaw County, Michigan we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–viii of this report, and the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$110,640,046 (*net assets*). Of this amount, \$24,731,730 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$9,743,836 during 2003.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$38,241,322, a decrease of \$4,764,995 in comparison with the prior year. Of the fund balance amount, \$34,664,753 is *available for spending* at the government's discretion (*unreserved fund balance*).
- The general fund had a surplus of \$68,662 for 2003. At the end of the year, unreserved fund balance for the general fund was \$6,323,675, or approximately 9.5 percent of total general fund expenditures. Total fund balance for the general fund was \$7,464,432.
- The County's investment in capital assets increased by \$11,803,877 during 2003.
- The County's total bonded debt, which excludes delinquent tax notes, decreased by \$3,140,000 during the current fiscal year.

Using this Annual Report

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

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

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

Reporting the County as a Whole

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

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. During 2003, the net assets of the County increased by nearly \$9.7 million.

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

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

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

Component units. The County includes four legally separate entities in its financial statements: the Washtenaw County Department of Public Works Projects, the Washtenaw County Drain Commissioner, the Washtenaw County Hazardous Material Response Authority and the Washtenaw County Road Commission. The County has a fifth discretely presented component unit (the Washtenaw County Brownfield Redevelopment Authority), however it has not yet had any financial activity through 2003. Although legally separate, these "component units" are important because the County is financially accountable for them.

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

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

Reporting the County's Most Significant Funds

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

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

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

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

The County maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, community support and treatment services, parks and recreation, building authority and county capital project funds, each of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20-27 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 28-31 of this report.

Reporting the County's Fiduciary Responsibilities

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

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Additional Information

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to a schedule concerning the County's progress in funding its obligation to provide pension benefits to certain employees. Required supplementary information can be found on page 71 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 72-101 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$110,640,046 at December 31, 2003.

Washtenaw County's Net Assets

| | Governmental activities | | Business-type activities | | Total | |
|---|------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Current and other assets | \$ 112,983,380 | \$ 121,480,038 | \$ 19,376,001 | \$ 16,085,153 | \$ 132,359,381 | \$ 137,565,191 |
| Capital assets | 103,018,110 | 91,214,233 | - | - | 103,018,110 | 91,214,233 |
| Total assets | <u>216,001,490</u> | <u>212,694,271</u> | <u>19,376,001</u> | <u>16,085,153</u> | <u>235,377,491</u> | <u>228,779,424</u> |
| Long-term liabilities outstanding | 45,722,348 | 48,775,517 | 9,004,404 | 6,000,000 | 54,726,752 | 54,775,517 |
| Other liabilities | 69,922,913 | 73,024,985 | 87,780 | 82,712 | 70,010,693 | 73,107,697 |
| Total liabilities | <u>115,645,261</u> | <u>121,800,502</u> | <u>9,092,184</u> | <u>6,082,712</u> | <u>124,737,445</u> | <u>127,883,214</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 71,844,722 | 52,419,325 | - | - | 71,844,722 | 52,419,325 |
| Restricted | 5,063,594 | 13,190,358 | 9,000,000 | 6,000,000 | 14,063,594 | 19,190,358 |
| Unrestricted | <u>23,447,913</u> | <u>25,284,086</u> | <u>1,283,817</u> | <u>4,002,441</u> | <u>24,731,730</u> | <u>29,286,527</u> |
| Total net assets | <u>\$ 100,356,229</u> | <u>\$ 90,893,769</u> | <u>\$ 10,283,817</u> | <u>\$ 10,002,441</u> | <u>\$ 110,640,046</u> | <u>\$ 100,896,210</u> |

By far, the largest portion of the County's net assets, \$71,844,722 (64.9 percent), is its investment in capital assets (i.e., land, buildings, vehicles and equipment), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$14,063,594 (12.7 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$24,731,730 (22.4 percent), may be used to meet the government's ongoing obligations to citizens and creditors.

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

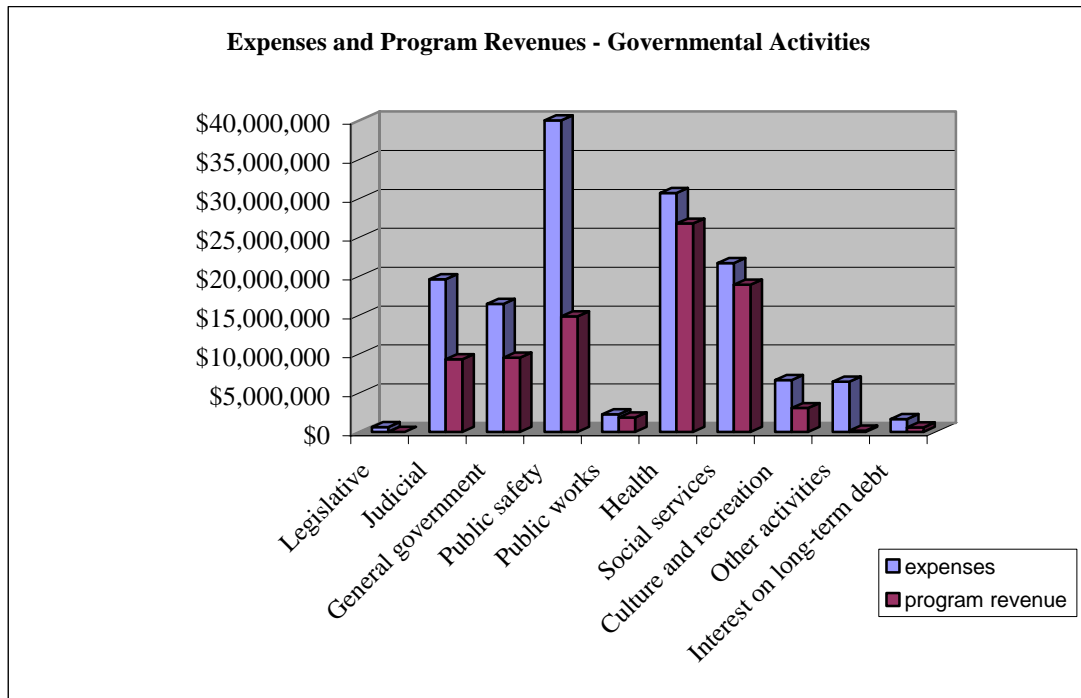
Washtenaw County's Changes in Net Assets

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 28,740,180 | \$ 29,820,006 | \$ 3,210,913 | \$ 3,435,482 | \$ 31,951,093 | \$ 33,255,488 |
| Operating grants and contributions | 52,695,000 | 46,297,193 | - | - | 52,695,000 | 46,297,193 |
| Capital grants and contributions | 3,473,175 | 1,091,143 | - | - | 3,473,175 | 1,091,143 |
| General revenue: | | | | | | |
| Property taxes | 60,406,712 | 56,462,144 | - | - | 60,406,712 | 56,462,144 |
| Grants and contributions not restricted to specific programs | 6,538,510 | 7,503,237 | - | - | 6,538,510 | 7,503,237 |
| Other | 1,640,730 | 2,387,051 | (74,699) | 1,611,591 | 1,566,031 | 3,998,642 |
| Total revenue | 153,494,307 | 143,560,774 | 3,136,214 | 5,047,073 | 156,630,521 | 148,607,847 |
| Expenses: | | | | | | |
| Legislative | 597,651 | 638,162 | - | - | 597,651 | 638,162 |
| Judicial | 19,584,218 | 18,074,211 | - | - | 19,584,218 | 18,074,211 |
| General government | 16,429,079 | 13,966,388 | - | - | 16,429,079 | 13,966,388 |
| Public safety | 40,927,414 | 36,228,288 | - | - | 40,927,414 | 36,228,288 |
| Public works | 2,246,625 | 1,413,125 | - | - | 2,246,625 | 1,413,125 |
| Health | 30,669,892 | 31,477,846 | - | - | 30,669,892 | 31,477,846 |
| Social services | 21,672,601 | 22,484,109 | - | - | 21,672,601 | 22,484,109 |
| Culture and recreation | 6,634,291 | 6,382,489 | - | - | 6,634,291 | 6,382,489 |
| Other activities | 6,088,589 | 6,062,374 | - | - | 6,088,589 | 6,062,374 |
| Interest on long-term debt | 1,643,952 | 1,791,363 | - | - | 1,643,952 | 1,791,363 |
| Delinquent tax collections | - | - | 408,644 | 489,348 | 408,644 | 489,348 |
| Total expenses | 146,494,312 | 138,518,355 | 408,644 | 489,348 | 146,902,956 | 139,007,703 |
| Increase in net assets before transfers | 6,999,995 | 5,042,419 | 2,727,570 | 4,557,725 | 9,727,565 | 9,600,144 |
| Transfers | 2,462,465 | 3,733,894 | (2,446,194) | (3,737,982) | 16,271 | (4,088) |
| Increase in net assets | 9,462,460 | 8,776,313 | 281,376 | 819,743 | 9,743,836 | 9,596,056 |
| Net assets - beginning, as restated | 90,893,769 | 82,117,456 | 10,002,441 | 9,182,698 | 100,896,210 | 91,300,154 |
| Net assets - end of year | \$ 100,356,229 | \$ 90,893,769 | \$ 10,283,817 | \$ 10,002,441 | \$ 110,640,046 | \$ 100,896,210 |

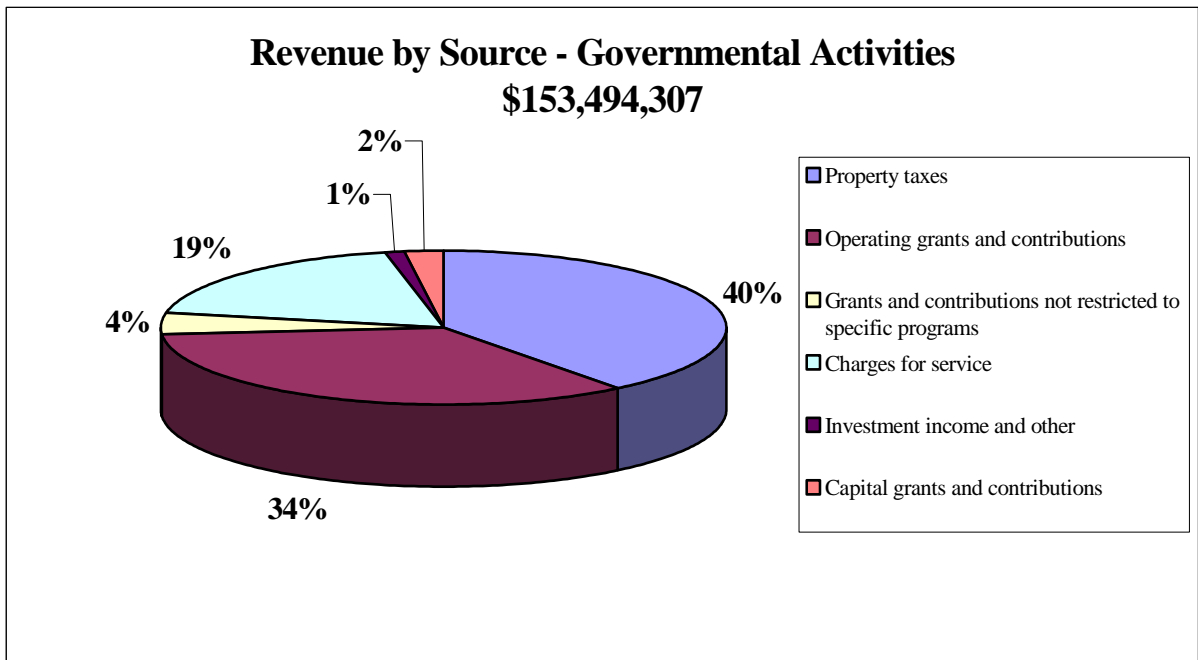
The County's net assets increased by \$9.7 million during the current fiscal year; \$9.4 million for governmental activities and \$0.3 million for business-type activities.

Governmental activities. Governmental activities increased the County's net assets by \$9.4 million, accounting for 97.1 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Property taxes increased by approximately \$3.9 million (7.0 percent) during the year. This increase is the product of increased taxable values.
- Charges for services decreased by approximately \$1.1 million (3.6 percent) during the year because of reduced revenue in building services, environmental health and public works resulting from the slowdown of the building industry.
- Operating grants for governmental activities increased by \$6.4 million (13.8 percent) during the year. New grant awards furnished additional resources to supplement programs in the areas of health, public safety, social services, and planning and environment.
- Capital grants and contributions increased by \$2.4 million (218.3 percent) in 2003 due to grant expenditure reimbursement for constructing the Head Start Facility and private contributions made toward the cost of constructing the homeless shelter (Robert J. Delonis Center).
- Investment income decreased approximately \$746,000 (31.2 percent) due to depressed interest rates.

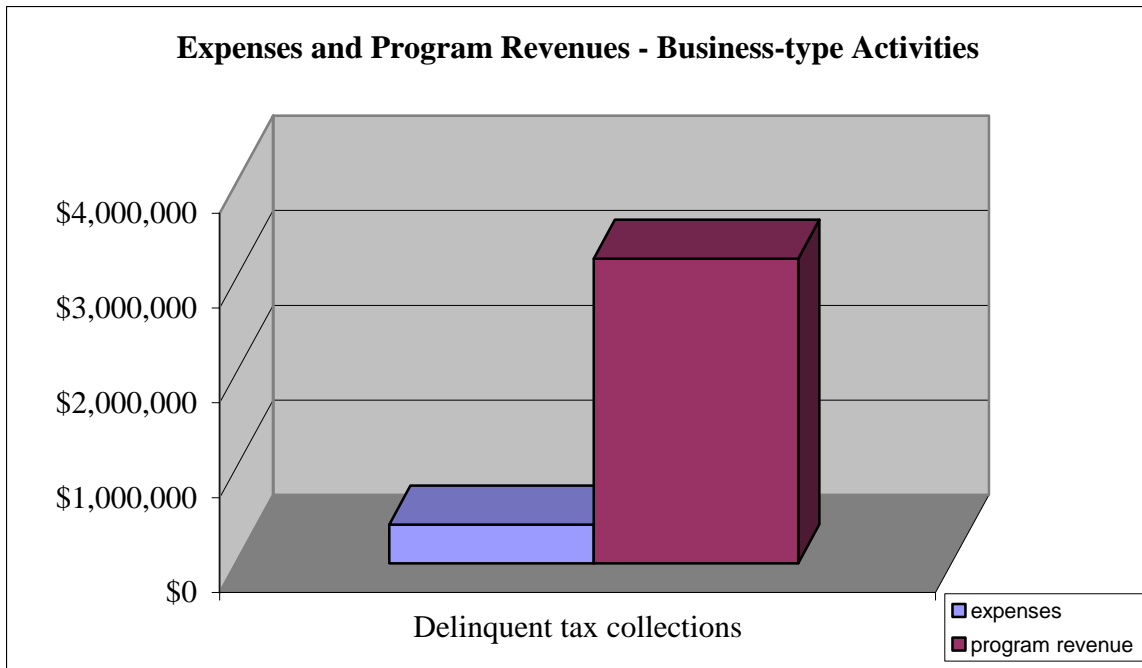


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, was the County’s public safety function. The growth in expenses of \$4.6 million pertains to Sheriff operations. Jail overcrowding was a reality during almost all of 2003, with a total of 14 overcrowding situations, resulting in increased costs to operate because of increased staffing levels and additional medical services, food and supplies being needed with the elevated number of inmates. In addition, police services expenditures increased due to the higher than anticipated costs associated with providing contracted police services to local units, overtime costs for normal operations and costs incurred from the August blackout. Furthermore, the growth in expenses for Sheriff operations include continuous rising fringe benefit costs, an issue that is outside the Sheriff’s control and impacts all functions of the County.



Business-type activities. Business-type activities increased the County’s net assets by \$0.3 million, accounting for 2.9 percent of the total growth in the government’s net assets for the current year. Key elements of the current year increase are as follows:

- Charges for services for business-type activities decreased \$224,569 in comparison to the prior year. Expenditures decreased by \$80,704. Both occurred due to lower delinquent tax and property foreclosure activity during 2003.



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$38,241,322, a decrease of \$4,764,995 in comparison with the prior year. Of the fund balance amount, \$34,664,753 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,323,675, while total fund balance was \$7,464,432. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 9.5 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$68,662 during the current fiscal year. This is primarily attributable to growth in property tax and grants and contributions, as previously discussed above, relative to government-wide governmental activities.

The financial position of the community support and treatment services fund improved by \$429,004 during 2003, reducing the fund deficit to \$123,167. This reduction, which was accomplished through a transfer, is in accordance with the deficit elimination plan approved by the Board of Commissioners in 1998.

The parks and recreation fund had a total fund balance of \$11,605,971, which increased by over \$1.8 million in the current year. The growth in fund balance is attributable to a voter-approved millage for the purpose of acquiring land. Fund balance will be used in subsequent years as the land acquisitions are completed.

The building authority capital projects fund has a total fund balance of \$2,203,339, which decreased by \$4.2 million during the year. The decrease is attributable to expenditures for building construction projects. The remaining funds will be used for improvement, expansion or replacement of existing facilities, which will take place in subsequent years.

The county capital projects fund has a total fund balance of \$13,812,843, all of which will be used for the remodeling and modification of existing facilities. In addition, improvements to existing facilities such as replacement of roof systems, carpeting, and other interior finishes are also included. The net decrease in fund balance during the current year in the county capital projects fund was \$2,719,517.

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

Unrestricted net assets of the delinquent tax, property foreclosure and internal service funds at the end of the year amounted to \$139,036, \$1,144,781 and \$802,455, respectively. The delinquent tax fund had a decrease in net assets for the year of \$62,844, whereas the property foreclosure fund had an increase of \$344,220 and the internal service funds had a decrease of \$495,031. Other factors concerning the finances of the delinquent tax fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Revenues in the general fund (including transfers in) increased by approximately \$2.7 million from the original to the final budget. This was primarily attributable to a \$1.8 million increase in the budget for real estate transfer revenues as a result of a significantly high volume of transactions due in part to low interest rates for mortgages, E-commerce for certified copies of records and miscellaneous increases in fees and services. Budgeted transfers in increased by \$800,000 to reflect monies for central dispatch coming from the County's E-911 fund. Various other small increases and decreases in budgeted revenues took place also.

There was a corresponding \$2.7 million increase (3.3%) between the original and final amended expenditure budget (including transfers out). There was a \$1.6 million increase for the Sheriff's Department. \$1.1 million was to cover salary, fringe benefit and overtime in the jail. \$500,000 was to cover food and medical contracts because the jail population has been over capacity. There was a \$786,000 in allocated increases in general government activities for county clerk/register of deeds (personnel services for additional positions and overtime), finance and human resources (advertising position vacancies and organizational/professional development). There was \$419,000 in increases allocated to judicial activities for trial court functions. Various other small increases and decreases in budgeted expenditures also took place.

There was a net decrease of \$316,000 in other unallocated expenditures and transfers out. The major reason for this was that some transfers out were not executed during 2003. It should also be noted, that other unallocated expenditures were designated as transfers out in the original budget, then reclassified later in the year as other services and charges, and have final budget amounts in that category, but no original budget amounts.

Overall during the year, both general fund revenues and expenditures were less than the final budget. This resulted in an increase in the actual fund balance of \$68,662, which was less than the final amended budget amount by \$181,338.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2003, amounted to \$103,018,110 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 13 percent. The County's business-type activities have no capital assets.

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

- Completion of three building projects (the Robert J. Delonis Center, the Head Start Facility, and the Rolling Hills Water Park expansion) at a combined cost of approximately \$12.5 million.
- New land purchases in the amount of \$3.2 million under the Natural Areas Preservation Program.
- Various buildings and building additions/improvements (\$2.7 million), and new vehicles and equipment (\$2.5 million).

Washtenaw County's Capital Assets
(net of depreciation)

| | Governmental activities | |
|-----------------------------------|------------------------------------|-----------------------------|
| | <u>2003</u> | <u>2002</u> |
| Land | \$ 12,267,428 | \$ 9,093,704 |
| Construction in progress | - | 4,476,869 |
| Buildings | 76,213,465 | 63,390,229 |
| Improvements other than buildings | 7,744,610 | 7,631,489 |
| Machinery and equipment | <u>6,792,607</u> | <u>6,621,942</u> |
| Total | <u>\$ 103,018,110</u> | <u>\$ 91,214,233</u> |

Additional information on the County's capital assets can be found in note III.C on pages 49-51 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$44,035,000. This entire amount comprises debt backed by the full faith and credit of the County.

Washtenaw County's Outstanding Debt
General Obligation

| | Governmental activities | | Business-type activities | | Total | |
|--------------------------|------------------------------------|-----------------------------|-------------------------------------|----------------------------|-----------------------------|-----------------------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| General obligation bonds | \$ 35,035,000 | \$ 38,175,000 | \$ - | \$ - | \$ 35,035,000 | \$ 38,175,000 |
| Delinquent tax notes | - | - | 9,000,000 | 6,000,000 | 9,000,000 | 6,000,000 |
| Total | <u>\$ 35,035,000</u> | <u>\$ 38,175,000</u> | <u>\$ 9,000,000</u> | <u>\$ 6,000,000</u> | <u>\$ 44,035,000</u> | <u>\$ 44,175,000</u> |

The County's total debt decreased by \$140,000 (.32 percent) during the current fiscal year. The County retired debt of \$11,845,000 in general obligation bonds and \$6,000,000 in delinquent tax notes during 2003.

The only new borrowing during the year was \$8,705,000 in general obligation bonds for governmental activities for the County's space plan projects and \$9,000,000 in delinquent tax notes for business-type activities. Debt service requirements for general obligation bonds of \$3,400,000 and interest of \$1,616,678 are payable during 2004. The principal payment for delinquent tax notes of \$9,000,000 and an interest payment of \$157,500 is due March 11, 2004.

The County has an "Aa3" rating for both general obligation bonds and tax notes from Moody's. The County has an "AA" rating for both general obligation bonds and tax notes from Standard & Poor's. Finally, the County has a "Prime-1" rating for general obligation tax notes from Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$1,504,569,055, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.G on pages 54-60 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's biennial budget for the 2004 and 2005 fiscal years:

- The economic downturn and stock market decline have impacted fiscal operations. Stock market declines have increased the County's funding obligation for its defined benefit pension plans. This trend will continue into the foreseeable future.
- Interest rates have been at a fairly low level over the past few years. The 2004/2005 budget assumes a rise in interest earnings at a level consistent with previous years, with rates between 4.5% and 5.0%.
- Insurance premiums, especially for governmental entities, have dramatically increased due to the extensive settlement payments related to September 11th and the subsequent stock market performance. The County has seen an 81% increase in liability costs over the past three years. A related increase is a national trend in escalating healthcare insurance costs. Many national projections point to a doubling of health care costs over the next four to five years.
- The unemployment rate for the County is currently 3.1%, which is an increase from a rate of 2.9% a year ago. This compares favorably to the state's average unemployment rate of 7.0% and the national average rate of 6.0%.
- Michigan has two constitutional laws that limit property tax growth to the rate of inflation or a maximum allowable increase in an assessment of 5.0%, whichever is smaller. For the 2004/2005 budget the applicable inflation rate is only 1.5%. Therefore, property tax revenues are budgeted to increase 5.39% in 2004 and 5.7% in 2005.

- The State of Michigan has been dealing with projected budgetary shortfalls for the past two years and has reduced or held flat the funding amounts for programs at the local level. The distribution formula for State Revenue Sharing has been overridden and has instead been based on the previous year's distribution. For 2004 this amount is a 3% reduction from the 2003 distribution.
- The County has committed to maintaining a general fund balance that is at least 8.0% of operating expenditures.
- Inflationary trends in the region compare favorably to national indices.

Contacting the County's Financial Management

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

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Basic Financial Statements



WASHTENAW COUNTY
Statement of Net Assets
December 31, 2003

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and pooled investments | \$ 36,983,969 | \$ 10,555,009 | \$ 47,538,978 | \$ 17,041,090 |
| Receivables, net | 74,586,417 | 8,861,992 | 83,448,409 | 53,177,596 |
| Internal balances | 62,916 | (41,000) | 21,916 | - |
| Prepaid items and other assets | 1,350,078 | - | 1,350,078 | 1,121,415 |
| Capital assets not being depreciated | 12,267,428 | - | 12,267,428 | 5,757,906 |
| Capital assets being depreciated, net | 90,750,682 | - | 90,750,682 | 66,294,005 |
| Total assets | 216,001,490 | 19,376,001 | 235,377,491 | 143,392,012 |
| Liabilities | | | | |
| Accounts payable and accrued expenses | 10,100,067 | 87,780 | 10,187,847 | 8,984,718 |
| Accrued interest payable | 484,000 | - | 484,000 | 378,711 |
| Deferred revenue | 59,338,846 | - | 59,338,846 | 502,901 |
| Long-term liabilities: | | | | |
| Due within one year | 5,028,001 | 9,000,899 | 14,028,900 | 6,076,996 |
| Due in more than one year | 40,694,347 | 3,505 | 40,697,852 | 49,301,252 |
| Total liabilities | 115,645,261 | 9,092,184 | 124,737,445 | 65,244,578 |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 71,844,722 | - | 71,844,722 | 60,757,065 |
| Restricted for: | | | | |
| Debt service | 12,676 | 9,000,000 | 9,012,676 | 1,549,142 |
| Capital projects | 4,624,878 | - | 4,624,878 | 6,845,435 |
| Other purposes | 426,040 | - | 426,040 | - |
| Unrestricted | 23,447,913 | 1,283,817 | 24,731,730 | 8,995,792 |
| Total net assets | \$ 100,356,229 | \$ 10,283,817 | \$ 110,640,046 | \$ 78,147,434 |

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

WASHTENAW COUNTY
Statement of Activities
Year Ended December 31, 2003

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|--|----------------|-------------------------|--|--|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities: | | | | | |
| Legislative | \$ 597,651 | \$ - | \$ - | \$ - | \$ (597,651) |
| Judicial | 19,584,218 | 3,352,989 | 5,948,202 | - | (10,283,027) |
| General government | 16,429,079 | 7,406,625 | 2,095,557 | - | (6,926,897) |
| Public safety | 40,927,414 | 11,049,685 | 3,787,579 | - | (26,090,150) |
| Public works | 2,246,625 | 187,780 | 1,649,900 | - | (408,945) |
| Health | 30,669,892 | 3,279,950 | 23,482,287 | - | (3,907,655) |
| Social services | 21,672,601 | 359,584 | 15,071,563 | 3,473,175 | (2,768,279) |
| Culture and recreation | 6,634,291 | 2,958,441 | 89,673 | - | (3,586,177) |
| Other activities | 6,088,589 | 145,126 | - | - | (5,943,463) |
| Interest on long-term debt | 1,643,952 | - | 570,239 | - | (1,073,713) |
| Total governmental activities | 146,494,312 | 28,740,180 | 52,695,000 | 3,473,175 | (61,585,957) |
| Business-type activities: | | | | | |
| Delinquent tax collection | 180,046 | 2,563,993 | - | - | 2,383,947 |
| Property foreclosure | 228,598 | 646,920 | - | - | 418,322 |
| Total business-type activities | 408,644 | 3,210,913 | - | - | 2,802,269 |
| Total primary government | \$ 146,902,956 | \$ 31,951,093 | \$ 52,695,000 | \$ 3,473,175 | \$ (58,783,688) |
| Component units | | | | | |
| Department of Public Works Projects | \$ 2,543,263 | \$ - | \$ - | \$ 3,893,456 | \$ 1,350,193 |
| Drain Commissioner | 1,118,423 | 259,125 | - | 700,307 | (158,991) |
| Hazardous Materials Response Authority | 62,866 | 30,726 | 18,735 | - | (13,405) |
| Road Commission | 17,158,470 | - | 29,724,845 | - | 12,566,375 |
| Total component units | \$ 20,883,022 | \$ 289,851 | \$ 29,743,580 | \$ 4,593,763 | \$ 13,744,172 |

Continued...

WASHTENAW COUNTY
Statement of Activities (concluded)
Year Ended December 31, 2003

| | <u>Primary Government</u> | | | <u>Component Units</u> |
|---|------------------------------------|-------------------------------------|-----------------------|----------------------------|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | |
| Changes in net assets | | | | |
| Net (expense) revenue | \$ (61,585,957) | \$ 2,802,269 | \$ (58,783,688) | \$ 13,744,172 |
| General revenues: | | | | |
| Property taxes | 60,406,712 | - | 60,406,712 | - |
| Grants and contributions not restricted to specific programs | 6,538,510 | - | 6,538,510 | - |
| Unrestricted investment earnings | 1,640,730 | (74,699) | 1,566,031 | 464,131 |
| Gain on sale of capital assets | - | - | - | 130,024 |
| Transfers - internal activities | 2,462,465 | (2,446,194) | 16,271 | - |
| Total general revenues and transfers | <u>71,048,417</u> | <u>(2,520,893)</u> | <u>68,527,524</u> | <u>594,155</u> |
| Change in net assets | 9,462,460 | 281,376 | 9,743,836 | 14,338,327 |
| Net assets, beginning of year, restated | <u>90,893,769</u> | <u>10,002,441</u> | <u>100,896,210</u> | <u>63,809,107</u> |
| Net assets, end of year | <u>\$ 100,356,229</u> | <u>\$ 10,283,817</u> | <u>\$ 110,640,046</u> | <u>\$ 78,147,434</u> |

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

WASHTENAW COUNTY
Balance Sheet - Governmental Funds
December 31, 2003

| | <u>General</u> | <u>Community Support & Treatment Services</u> | <u>Parks and Recreation</u> | <u>Building Authority Capital Projects</u> | <u>County Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------|---|---------------------------------|--|--|---|---|
| <u>ASSETS</u> | | | | | | | |
| Assets | | | | | | | |
| Cash and pooled investments | \$ 7,588,782 | \$ 12,767 | \$ 11,693,818 | \$ 3,387,403 | \$ 9,030,828 | \$ 3,358,181 | \$ 35,071,779 |
| Receivables: | | | | | | | |
| Taxes - current | 49,559,017 | - | 7,771,911 | - | - | - | 57,330,928 |
| Taxes - delinquent | 472,472 | - | - | - | - | - | 472,472 |
| Accounts | 81,866 | 118,923 | - | - | - | 436,871 | 637,660 |
| Due from other funds | 558,294 | 40,831 | 1,395 | - | 1,893,289 | 2,451,141 | 4,944,950 |
| Interfund receivable | - | - | - | - | 3,864,628 | - | 3,864,628 |
| Due from other governments | 2,988,408 | 207,318 | 75,000 | - | - | 6,070,695 | 9,341,421 |
| Advances to other funds | 1,130,507 | - | - | - | - | - | 1,130,507 |
| Prepaid items | 10,250 | 725 | - | - | - | 13,548 | 24,523 |
| <u>TOTAL ASSETS</u> | <u>\$ 62,389,596</u> | <u>\$ 380,564</u> | <u>\$ 19,542,124</u> | <u>\$ 3,387,403</u> | <u>\$ 14,788,745</u> | <u>\$ 12,330,436</u> | <u>\$ 112,818,868</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 135,501 | \$ 112,135 | \$ 22,695 | \$ 1,022,061 | \$ 120,611 | \$ 763,439 | \$ 2,176,442 |
| Retainages payable | - | - | - | 162,003 | - | - | 162,003 |
| Accrued liabilities | 2,866,465 | 358,999 | 137,802 | - | 2,512 | 1,566,022 | 4,931,800 |
| Due to other funds | 1,890,602 | 13,532 | 3,745 | - | 852,779 | 1,553,992 | 4,314,650 |
| Due to other governments | - | 19,065 | - | - | - | 495,790 | 514,855 |
| Interfund payable | - | - | - | - | - | 3,864,628 | 3,864,628 |
| Deferred revenue | 50,032,596 | - | 7,771,911 | - | - | 725,461 | 58,529,968 |
| Advances from other governments | - | - | - | - | - | 83,200 | 83,200 |
| Total liabilities | <u>54,925,164</u> | <u>503,731</u> | <u>7,936,153</u> | <u>1,184,064</u> | <u>975,902</u> | <u>9,052,532</u> | <u>74,577,546</u> |
| Fund balances | | | | | | | |
| Reserved: | | | | | | | |
| Reserved for land acquisition | - | - | 2,421,539 | - | - | - | 2,421,539 |
| Reserved for long-term advances | 1,130,507 | - | - | - | - | - | 1,130,507 |
| Reserved for prepaid items | 10,250 | 725 | - | - | - | 13,548 | 24,523 |
| Unreserved: | | | | | | | |
| Designated for subsequent year's expenditures | - | - | 7,749 | - | - | 179,123 | 186,872 |
| Undesignated (deficit) | 6,323,675 | (123,892) | 9,176,683 | 2,203,339 | 13,812,843 | - | 31,392,648 |
| Undesignated, reported in nonmajor: | | | | | | | |
| Special revenue funds | - | - | - | - | - | 3,072,557 | 3,072,557 |
| Debt service funds | - | - | - | - | - | 12,676 | 12,676 |
| Total fund balances | <u>7,464,432</u> | <u>(123,167)</u> | <u>11,605,971</u> | <u>2,203,339</u> | <u>13,812,843</u> | <u>3,277,904</u> | <u>38,241,322</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | <u>\$ 62,389,596</u> | <u>\$ 380,564</u> | <u>\$ 19,542,124</u> | <u>\$ 3,387,403</u> | <u>\$ 14,788,745</u> | <u>\$ 12,330,436</u> | <u>\$ 112,818,868</u> |

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

WASHTENAW COUNTY
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
December 31, 2003

Fund balances - total governmental funds \$ 38,241,322

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

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

| | |
|-----------------------------------|--------------|
| Add - capital assets | 132,424,695 |
| Deduct - accumulated depreciation | (32,010,251) |

| | |
|--|-----------|
| Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds. | 4,127,883 |
|--|-----------|

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

| | |
|------------------------|-----------|
| Add - bond discounts | 47,500 |
| Deduct - bond premiums | (137,519) |

| | |
|---|---------|
| Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized for net assets. | 147,899 |
|---|---------|

| | |
|--|---------|
| Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable) | 462,200 |
|--|---------|

| | |
|--|-----------|
| Internal service funds are used by management to charge the costs of certain activities such as insurance, worker's compensation, and building occupancy and maintenance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | 3,406,121 |
|--|-----------|

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

| | |
|---|--------------|
| Deduct - bonds and notes payable | (35,673,452) |
| Deduct - accrued interest on bonds payable | (479,891) |
| Deduct - accrued compensated absences and other long-term liabilities | (10,200,278) |

Net assets of governmental activities **\$ 100,356,229**

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

WASHTENAW COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2003

| | General | Community Support & Treatment Services | Parks and Recreation | Building Authority Capital Projects | County Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|---------------------|---|-------------------------|--|-------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | | |
| Taxes | \$ 52,227,354 | \$ - | \$ 8,179,358 | \$ - | \$ - | \$ - | \$ 60,406,712 |
| Licenses and permits | 169,388 | - | - | - | - | 3,247,893 | 3,417,281 |
| Intergovernmental | 10,563,759 | 16,249,725 | - | 498,306 | 235,935 | 27,967,592 | 55,515,317 |
| Charges for services | 16,262,412 | 352,114 | 2,955,183 | - | 553,461 | 3,647,499 | 23,770,669 |
| Fines and forfeits | 1,125,425 | - | - | - | - | 67,221 | 1,192,646 |
| Contributions | - | - | - | 2,740,824 | - | - | 2,740,824 |
| Investment income | 612,244 | - | 339,490 | 131,686 | 352,432 | 62,443 | 1,498,295 |
| Other | 1,084,307 | 469,349 | 36,889 | 2,391 | 287,153 | 3,306,680 | 5,186,769 |
| Total revenues | <u>82,044,889</u> | <u>17,071,188</u> | <u>11,510,920</u> | <u>3,373,207</u> | <u>1,428,981</u> | <u>38,299,328</u> | <u>153,728,513</u> |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| Legislative | 578,996 | - | - | - | - | - | 578,996 |
| Judicial | 13,602,187 | - | - | - | - | 5,552,452 | 19,154,639 |
| General government | 13,284,578 | - | - | - | - | 1,420,600 | 14,705,178 |
| Public safety | 33,285,150 | - | - | - | - | 6,482,040 | 39,767,190 |
| Public works | 402,840 | - | - | - | - | 1,888,925 | 2,291,765 |
| Health | - | 17,010,170 | - | - | - | 13,138,745 | 30,148,915 |
| Social services | 1,243,477 | - | - | - | - | 20,719,618 | 21,963,095 |
| Culture and recreation | 718,738 | - | 9,658,975 | - | - | 742,836 | 11,120,549 |
| Other | 3,634,853 | - | - | - | - | - | 3,634,853 |
| Capital outlay | - | - | - | 7,531,928 | 5,553,384 | - | 13,085,312 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | 3,605,000 | 3,605,000 |
| Interest and fiscal charges | - | - | - | - | - | 1,632,341 | 1,632,341 |
| Bond issuance costs | - | - | - | 38,609 | - | 107,850 | 146,459 |
| Total expenditures | <u>66,750,819</u> | <u>17,010,170</u> | <u>9,658,975</u> | <u>7,570,537</u> | <u>5,553,384</u> | <u>55,290,407</u> | <u>161,834,292</u> |
| Revenues over (under) expenditures | <u>15,294,070</u> | <u>61,018</u> | <u>1,851,945</u> | <u>(4,197,330)</u> | <u>(4,124,403)</u> | <u>(16,991,079)</u> | <u>(8,105,779)</u> |
| Other financing sources (uses) | | | | | | | |
| Proceeds of refunding bonds | - | - | - | - | - | 8,705,000 | 8,705,000 |
| Premium on refunding bonds | - | - | - | - | - | 151,271 | 151,271 |
| Payment to refunding escrow agent | - | - | - | - | - | (8,748,421) | (8,748,421) |
| Transfers in | 925,501 | 367,986 | - | - | 5,149,332 | 17,963,542 | 24,406,361 |
| Transfers out | (16,150,909) | - | - | - | (3,744,446) | (1,278,072) | (21,173,427) |
| Total other sources (uses) | <u>(15,225,408)</u> | <u>367,986</u> | <u>-</u> | <u>-</u> | <u>1,404,886</u> | <u>16,793,320</u> | <u>3,340,784</u> |
| Net change in fund balances | 68,662 | 429,004 | 1,851,945 | (4,197,330) | (2,719,517) | (197,759) | (4,764,995) |
| Fund balances (deficit): | | | | | | | |
| Beginning of year, restated | <u>7,395,770</u> | <u>(552,171)</u> | <u>9,754,026</u> | <u>6,400,669</u> | <u>16,532,360</u> | <u>3,475,663</u> | <u>43,006,317</u> |
| End of year | <u>\$ 7,464,432</u> | <u>\$ (123,167)</u> | <u>\$ 11,605,971</u> | <u>\$ 2,203,339</u> | <u>\$ 13,812,843</u> | <u>\$ 3,277,904</u> | <u>\$ 38,241,322</u> |

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

WASHTENAW COUNTY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2003

Net change in fund balances - total governmental funds \$ (4,764,995)

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

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

| | |
|---|-------------|
| Add - capital outlay | 15,740,400 |
| Deduct - net loss on sale of capital assets | (152,276) |
| Deduct - depreciation expense | (3,386,196) |

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds. (374,250)

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

| | |
|---|-------------|
| Deduct - refunding bond and note proceeds | (8,705,000) |
| Add - payment to refunding bond escrow agent | 8,748,421 |
| Add - bond issuance costs | 146,459 |
| Deduct - premium on bonds | (151,271) |
| Add - principal payments on long-term liabilities | 3,605,000 |

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

| | |
|--|----------|
| Accrued interest expense | 71,398 |
| Amortization of bond issuance costs | (14,260) |
| Amortization of discount on bonds | (2,500) |
| Amortization of premium on bonds | 13,752 |
| Amortization of deferred loss on refunding | (46,221) |

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

| | |
|---|-----------|
| Add - net operating income from governmental activities in internal service funds | 195,644 |
| Add - interest revenue from governmental internal service funds | 142,435 |
| Add - net loss on disposal of capital assets in governmental internal service funds | (28,861) |
| Deduct - interest expense and fiscal charges from governmental internal service funds | (33,780) |
| Deduct - net transfer from governmental internal service fund to debt service fund | (770,469) |

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

| | |
|---|-----------|
| Deduct - increase in accrual for accrued compensated absences | (770,970) |
|---|-----------|

Change in net assets of governmental activities \$ 9,462,460

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

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2003

| | <u>Budget</u> | | <u>Actual</u> | Variance with |
|--------------------------------|--------------------|--------------------|--------------------|-----------------------|
| | <u>Original</u> | <u>Final</u> | | Final Budget - |
| | | | | Positive |
| | | | | (Negative) |
| Revenues | | | | |
| Taxes | \$ 52,010,540 | \$ 52,256,714 | \$ 52,227,354 | \$ (29,360) |
| Licenses and permits | 113,500 | 153,500 | 169,388 | 15,888 |
| Intergovernmental | 11,758,263 | 11,362,089 | 10,563,759 | (798,330) |
| Charges for services | 14,537,273 | 16,272,692 | 16,262,412 | (10,280) |
| Fines and forfeits | 1,275,600 | 1,275,600 | 1,125,425 | (150,175) |
| Investment income | 1,038,731 | 1,038,731 | 612,244 | (426,487) |
| Other | 885,379 | 1,136,973 | 1,084,307 | (52,666) |
| | <u>81,619,286</u> | <u>83,496,299</u> | <u>82,044,889</u> | <u>(1,451,410)</u> |
| Expenditures | | | | |
| Legislative - | | | | |
| Board of commissioners | <u>596,011</u> | <u>580,011</u> | <u>578,996</u> | <u>1,015</u> |
| Judicial: | | | | |
| Circuit court | 3,668,632 | 3,765,732 | 3,765,436 | 296 |
| District court | 3,593,308 | 3,783,308 | 3,783,023 | 285 |
| Probate court | 740,384 | 799,484 | 799,297 | 187 |
| Probate court - juvenile | 2,977,180 | 3,040,180 | 3,038,952 | 1,228 |
| Probation department | 141,829 | 121,829 | 120,959 | 870 |
| Public defender | <u>2,065,243</u> | <u>2,095,243</u> | <u>2,094,520</u> | <u>723</u> |
| | <u>13,186,576</u> | <u>13,605,776</u> | <u>13,602,187</u> | <u>3,589</u> |
| General government: | | | | |
| Information technology | 6,168,437 | 6,048,437 | 6,033,708 | 14,729 |
| Building authority | 6,588 | 7,788 | 7,688 | 100 |
| Clerk / Register | 4,036,879 | 4,564,288 | 4,563,721 | 567 |
| Human resources | 1,425,532 | 1,622,632 | 1,595,979 | 26,653 |
| Drain commissioner | 1,951,860 | 1,843,960 | 1,834,447 | 9,513 |
| Equalization | 1,242,756 | 1,242,756 | 1,242,366 | 390 |
| Planning | 1,197,306 | 1,120,966 | 1,116,859 | 4,107 |
| Finance | 3,436,184 | 3,625,684 | 3,622,354 | 3,330 |
| Corporation counsel | 249,740 | 250,740 | 250,176 | 564 |
| Treasurer | 1,106,396 | 1,251,396 | 1,245,944 | 5,452 |
| Administrator | 712,456 | 741,456 | 741,251 | 205 |
| Allocated to other departments | <u>(9,061,303)</u> | <u>(9,061,303)</u> | <u>(8,969,915)</u> | <u>(91,388)</u> |
| | <u>12,472,831</u> | <u>13,258,800</u> | <u>13,284,578</u> | <u>(25,778)</u> |

Continued...

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2003

| | Budget | | Actual | Variance with Final Budget - Positive (Negative) |
|---|----------------------------|----------------------------|----------------------------|---|
| | Original | Final | | |
| Public safety: | | | | |
| Emergency management | \$ 635,427 | \$ 649,966 | \$ 648,995 | \$ 971 |
| Sheriff | 27,391,005 | 28,995,713 | 28,995,710 | 3 |
| Prosecuting attorney | 3,452,098 | 3,642,098 | 3,640,445 | 1,653 |
| Total public safety | <u>31,478,530</u> | <u>33,287,777</u> | <u>33,285,150</u> | <u>2,627</u> |
| Public Works: | | | | |
| Brownfield redevelopment | 69,075 | 86,575 | 85,754 | 821 |
| Public works | 363,819 | 331,459 | 317,086 | 14,373 |
| Total public works | <u>432,894</u> | <u>418,034</u> | <u>402,840</u> | <u>15,194</u> |
| Social Services: | | | | |
| Children's services | 629,084 | 644,084 | 643,498 | 586 |
| Veterans counselor | 587,923 | 603,978 | 599,979 | 3,999 |
| Total social services | <u>1,217,007</u> | <u>1,248,062</u> | <u>1,243,477</u> | <u>4,585</u> |
| Culture - county extension | 741,528 | 720,028 | 718,738 | 1,290 |
| Other unallocated expenditures | 2,842,322 | 3,816,036 | 3,634,853 | 181,183 |
| Total expenditures | <u>62,967,699</u> | <u>66,934,524</u> | <u>66,750,819</u> | <u>183,705</u> |
| Revenues over expenditures | <u>18,651,587</u> | <u>16,561,775</u> | <u>15,294,070</u> | <u>(1,267,705)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | 800,000 | 925,501 | 125,501 |
| Transfers out | (18,401,587) | (17,111,775) | (16,150,909) | 960,866 |
| Total other sources (uses) | <u>(18,401,587)</u> | <u>(16,311,775)</u> | <u>(15,225,408)</u> | <u>1,086,367</u> |
| Net change in fund balance | 250,000 | 250,000 | 68,662 | (181,338) |
| Fund balance, beginning of year, restated | <u>7,395,770</u> | <u>7,395,770</u> | <u>7,395,770</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 7,645,770</u></u> | <u><u>\$ 7,645,770</u></u> | <u><u>\$ 7,464,432</u></u> | <u><u>\$ (181,338)</u></u> |

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

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Community Support & Treatment Services
Special Revenue Fund
Year Ended September 30, 2003

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|------------------------------------|---------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$ 16,422,920 | \$ 15,951,019 | \$ 16,249,725 | \$ 298,706 |
| Charges for services | 362,805 | 362,805 | 352,114 | (10,691) |
| Other | 420,157 | 514,379 | 469,349 | (45,030) |
| Total revenues | 17,205,882 | 16,828,203 | 17,071,188 | 242,985 |
| Expenditures | | | | |
| Health | 17,239,724 | 17,066,189 | 17,010,170 | 56,019 |
| Revenues over (under) expenditures | (33,842) | (237,986) | 61,018 | 299,004 |
| Other financing sources | | | | |
| Transfers in | 293,842 | 367,986 | 367,986 | - |
| Net change in fund balance | 260,000 | 130,000 | 429,004 | 299,004 |
| Fund deficit, beginning of year | (552,171) | (552,171) | (552,171) | - |
| Fund deficit, end of year | <u>\$ (292,171)</u> | <u>\$ (422,171)</u> | <u>\$ (123,167)</u> | <u>\$ 299,004</u> |

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

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Parks and Recreation Special Revenue Fund
Year Ended December 31, 2003

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------|---------------------|---------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Taxes | \$ 7,919,671 | \$ 7,919,671 | \$ 8,179,358 | \$ 259,687 |
| Intergovernmental | - | 325,000 | - | (325,000) |
| Charges for services | 2,634,485 | 2,634,485 | 2,955,183 | 320,698 |
| Investment income | 200,000 | 200,000 | 339,490 | 139,490 |
| Other | 44,865 | 254,865 | 36,889 | (217,976) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenues | 10,799,021 | 11,334,021 | 11,510,920 | 176,899 |
| Expenditures | | | | |
| Culture and recreation | 11,616,039 | 14,805,038 | 9,658,975 | 5,146,063 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net change in fund balance | (817,018) | (3,471,017) | 1,851,945 | 5,322,962 |
| Fund balance, beginning of year | 9,754,026 | 9,754,026 | 9,754,026 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balance, end of year | <u>\$ 8,937,008</u> | <u>\$ 6,283,009</u> | <u>\$ 11,605,971</u> | <u>\$ 5,322,962</u> |

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

WASHTENAW COUNTY
Statement of Net Assets
Proprietary Funds
December 31, 2003

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental</u> |
|--|--|---------------------------------|----------------------|--|
| | <u>Delinquent Tax Revolving</u> | <u>Property Foreclosure</u> | <u>Total</u> | <u>Activities - Internal Service Funds</u> |
| Assets | | | | |
| Current assets: | | | | |
| Cash and pooled investments | \$ 9,403,051 | \$ 1,151,958 | \$ 10,555,009 | \$ 1,912,190 |
| Receivables: | | | | |
| Delinquent taxes | 7,354,648 | - | 7,354,648 | - |
| Interest and collection fees | 1,507,344 | - | 1,507,344 | - |
| Accounts | - | - | - | 562,410 |
| Due from other funds | 150 | - | 150 | 2,306,867 |
| Due from other governments | - | - | - | 2,113,643 |
| Inventories | - | - | - | 112,692 |
| Prepaid items | - | - | - | 1,064,964 |
| Total current assets | <u>18,265,193</u> | <u>1,151,958</u> | <u>19,417,151</u> | <u>8,072,766</u> |
| Noncurrent assets - | | | | |
| Capital assets, net | - | - | - | 2,603,666 |
| Total assets | <u>18,265,193</u> | <u>1,151,958</u> | <u>19,417,151</u> | <u>10,676,432</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | - | - | 107,027 |
| Accrued liabilities | - | 2,773 | 2,773 | 2,124,740 |
| Interest payable | 85,007 | - | 85,007 | 4,109 |
| Due to other funds | 41,150 | - | 41,150 | 2,874,251 |
| General obligation notes payable | 9,000,000 | - | 9,000,000 | - |
| Total current liabilities | <u>9,126,157</u> | <u>2,773</u> | <u>9,128,930</u> | <u>5,110,127</u> |
| Long-term liabilities: | | | | |
| Accrued compensated absences | - | 4,404 | 4,404 | 220,799 |
| Deferred revenue | - | - | - | 808,878 |
| Advances from other funds | - | - | - | 1,130,507 |
| Total long-term liabilities | <u>-</u> | <u>4,404</u> | <u>4,404</u> | <u>2,160,184</u> |
| Total liabilities | <u>9,126,157</u> | <u>7,177</u> | <u>9,133,334</u> | <u>7,270,311</u> |
| Net assets | | | | |
| Invested in capital assets, net of related debt | - | - | - | 2,603,666 |
| Restricted for debt service | 9,000,000 | - | 9,000,000 | - |
| Unrestricted | 139,036 | 1,144,781 | 1,283,817 | 802,455 |
| | <u>\$ 9,139,036</u> | <u>\$ 1,144,781</u> | <u>\$ 10,283,817</u> | <u>\$ 3,406,121</u> |

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

WASHTENAW COUNTY
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2003

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|---------------------------------------|--|---------------------------------|----------------------|---|
| | <u>Delinquent Tax Revolving</u> | <u>Property Foreclosure</u> | <u>Total</u> | |
| Operating revenues | | | | |
| Charges for services | \$ 920 | \$ 646,920 | \$ 647,840 | \$ 28,143,143 |
| Investment income | 1,762,635 | - | 1,762,635 | - |
| Collection fees on taxes | 800,438 | - | 800,438 | - |
| | <u>2,563,993</u> | <u>646,920</u> | <u>3,210,913</u> | <u>28,143,143</u> |
| Operating expenses | | | | |
| Personnel services | - | 71,769 | 71,769 | 3,151,932 |
| Contractual services | 10,245 | 80,158 | 90,403 | 940,154 |
| Supplies | - | 35,354 | 35,354 | 1,281,039 |
| Occupancy | - | - | - | 2,038,265 |
| Telephone | - | 198 | 198 | 809,859 |
| Equipment repair and rental | - | 2,533 | 2,533 | 895,929 |
| Building repair and rental | - | - | - | 267,786 |
| Benefits and insurance premiums | - | - | - | 16,853,839 |
| Other | - | 38,586 | 38,586 | 899,619 |
| Depreciation | - | - | - | 809,077 |
| | <u>10,245</u> | <u>228,598</u> | <u>238,843</u> | <u>27,947,499</u> |
| Operating income | <u>2,553,748</u> | <u>418,322</u> | <u>2,972,070</u> | <u>195,644</u> |
| Non-operating income (expense) | | | | |
| Investment earnings (loss) | (100,597) | 25,898 | (74,699) | 142,435 |
| Interest expense and fiscal charges | (169,801) | - | (169,801) | (33,780) |
| Loss on disposal of equipment | - | - | - | (28,861) |
| | <u>(270,398)</u> | <u>25,898</u> | <u>(244,500)</u> | <u>79,794</u> |
| Income before transfers | 2,283,350 | 444,220 | 2,727,570 | 275,438 |
| Transfers in | 250,000 | - | 250,000 | 150,349 |
| Transfers out | <u>(2,596,194)</u> | <u>(100,000)</u> | <u>(2,696,194)</u> | <u>(920,818)</u> |
| Change in net assets | (62,844) | 344,220 | 281,376 | (495,031) |
| Net assets, beginning of year | <u>9,201,880</u> | <u>800,561</u> | <u>10,002,441</u> | <u>3,901,152</u> |
| Net assets, end of year | <u>\$ 9,139,036</u> | <u>\$ 1,144,781</u> | <u>\$ 10,283,817</u> | <u>\$ 3,406,121</u> |

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

WASHTENAW COUNTY
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2003

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|---|--|---------------------------------|----------------------|---|
| | <u>Delinquent Tax Revolving</u> | <u>Property Foreclosure</u> | <u>Total</u> | |
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 2,427,338 | \$ 646,921 | \$ 3,074,259 | \$ 2,037,311 |
| Cash received from interfund services | 41,000 | - | 41,000 | 27,986,688 |
| Cash payments to employees | - | (65,789) | (65,789) | (3,260,502) |
| Cash payments to suppliers | (10,245) | (156,830) | (167,075) | (25,148,583) |
| Cash payments for interfund services | - | - | - | (446,589) |
| | <u>2,458,093</u> | <u>424,302</u> | <u>2,882,395</u> | <u>1,168,325</u> |
| Net cash provided by operating activities | | | | |
| Cash flows from noncapital financing activities | | | | |
| Transfers in | 250,000 | - | 250,000 | 150,349 |
| Transfers out | (2,596,194) | (100,000) | (2,696,194) | (920,818) |
| Proceeds from issuing long term debt | 9,000,000 | - | 9,000,000 | - |
| Principal paid on long term debt | (6,000,000) | - | (6,000,000) | - |
| Interest paid on long term debt | (166,309) | - | (166,309) | - |
| | <u>487,497</u> | <u>(100,000)</u> | <u>387,497</u> | <u>(770,469)</u> |
| Net cash provided by (used in) noncapital financing activities | | | | |
| Cash flows from capital and related financing activities | | | | |
| Advances from other funds | - | - | - | (225,466) |
| Interest paid on capital lease obligations | - | - | - | (15,824) |
| Proceeds from sale of equipment | - | - | - | 51,018 |
| Payments for equipment acquisitions | - | - | - | (830,193) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,020,465)</u> |
| Net cash provided by (used in) capital and related financing activities | | | | |
| Cash flows from investing activities | | | | |
| Investment earnings (loss) | (100,597) | 25,898 | (74,699) | 124,478 |
| | <u>2,844,993</u> | <u>350,200</u> | <u>3,195,193</u> | <u>(498,131)</u> |
| Net increase(decrease) in cash and cash equivalents | | | | |
| Cash and cash equivalents, beginning of year | 6,558,058 | 801,758 | 7,359,816 | 2,410,321 |
| | <u>\$ 9,403,051</u> | <u>\$ 1,151,958</u> | <u>\$ 10,555,009</u> | <u>\$ 1,912,190</u> |
| Cash and cash equivalents, end of year | | | | |

Continued...

WASHTENAW COUNTY
Statement of Cash Flows (concluded)
Proprietary Funds
Year Ended December 31, 2003

| | <u>Business-type Activities - Enterprise Funds</u> | | | <u>Governmental Activities - Internal Service Funds</u> |
|---|--|---------------------------------|---------------------|---|
| | <u>Delinquent Tax Revolving</u> | <u>Property Foreclosure</u> | <u>Total</u> | |
| | Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating income | \$ 2,553,748 | \$ 418,322 | \$ 2,972,070 | \$ 195,644 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | - | - | - | 809,077 |
| Changes in assets and liabilities: | | | | |
| Receivables | (136,655) | - | (136,655) | 233,511 |
| Due from other funds | (150) | - | (150) | (117,266) |
| Due from other agencies and governments | - | - | - | 1,122,944 |
| Inventories | - | - | - | 14,728 |
| Prepaid items | - | - | - | (228,914) |
| Accounts payable | - | - | - | (116,925) |
| Accrued liabilities | - | 5,980 | 5,980 | 265,296 |
| Due to other funds | 41,150 | - | 41,150 | 341,163 |
| Deferred revenue | - | - | - | (1,350,933) |
| Net cash provided by operating activities | <u>\$ 2,458,093</u> | <u>\$ 424,302</u> | <u>\$ 2,882,395</u> | <u>\$ 1,168,325</u> |

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

WASHTENAW COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2003

| | Pension and Other Employee Benefit Trust Funds | Agency Funds |
|---|---|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and pooled investments | \$ 708,829 | \$ 17,554,558 |
| Investments, at fair value: | | |
| Mutual funds | 39,224,012 | - |
| Mortgages and asset backed securities | 2,365,708 | - |
| Common stocks | 119,238,918 | - |
| United States treasury strips | 7,364,790 | - |
| Other United States treasury securities | 1,666,984 | - |
| Other United States government securities | 26,592,888 | - |
| Corporate bonds and notes | 14,173,324 | - |
| Short-term investments | 8,943,421 | - |
| Accounts receivable | 1,083 | - |
| Accrued interest and dividends | 513,020 | - |
| Due from other governments | - | 328,340 |
| | <u> </u> | <u> </u> |
| Total assets | <u>220,792,977</u> | <u>\$ 17,882,898</u> |
| Liabilities | | |
| Accounts payable | 226,587 | \$ 6,529,652 |
| Accrued liabilities | 478,449 | - |
| Due to other governments | - | 11,353,246 |
| | <u> </u> | <u> </u> |
| Total liabilities | <u>705,036</u> | <u>\$ 17,882,898</u> |
| Net assets | | |
| Held in trust for pension and other employee healthcare benefits | <u>\$ 220,087,941</u> | |

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

WASHTENAW COUNTY
Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2003

Additions

Investment income:

From investing activities:

| | |
|---|---------------|
| Net appreciation in fair value of investments | \$ 29,418,117 |
| Interest and dividends | 6,894,420 |
| Investment management fees | (745,945) |
| Net income from investing activities | 35,566,592 |

From securities lending activities:

| | |
|---|-----------|
| Gross earnings | 128,921 |
| Borrower rebates | (105,591) |
| Securities fees | (9,287) |
| Net income from securities lending activities | 14,043 |

| | |
|-----------------------------|------------|
| Total net investment income | 35,580,635 |
|-----------------------------|------------|

Contributions:

| | |
|-----------|-----------|
| Employer | 9,545,720 |
| Employees | 3,462,695 |

| | |
|---------------------|------------|
| Total contributions | 13,008,415 |
|---------------------|------------|

Other additions

| |
|-------|
| 5,631 |
|-------|

| | |
|-----------------|------------|
| Total additions | 48,594,681 |
|-----------------|------------|

Deductions

| | |
|-------------------------|------------|
| Participant benefits | 18,191,409 |
| Administrative expenses | 414,711 |

| | |
|------------------|------------|
| Total deductions | 18,606,120 |
|------------------|------------|

Net additions (deductions) to net assets held in trust

| | |
|------------------------------------|---------------|
| Employees' pension benefits | \$ 25,766,516 |
| Postemployment healthcare benefits | 4,552,025 |
| Other employee benefits | (329,980) |

| | |
|---|------------|
| Total net additions to net assets held in trust | 29,988,561 |
|---|------------|

| | |
|--|-------------|
| Net assets held in trust for benefits, beginning of year | 190,099,380 |
|--|-------------|

Net assets held in trust for benefits, end of year

| | |
|--|-------------|
| Restricted for employees' pension benefits | 190,671,683 |
| Restricted for employees' postemployment healthcare benefits | 29,253,485 |
| Restricted for other employees' benefits | 162,773 |

| | |
|--|----------------|
| Total net assets held in trust for benefits, end of year | \$ 220,087,941 |
|--|----------------|

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

WASHTENAW COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2003

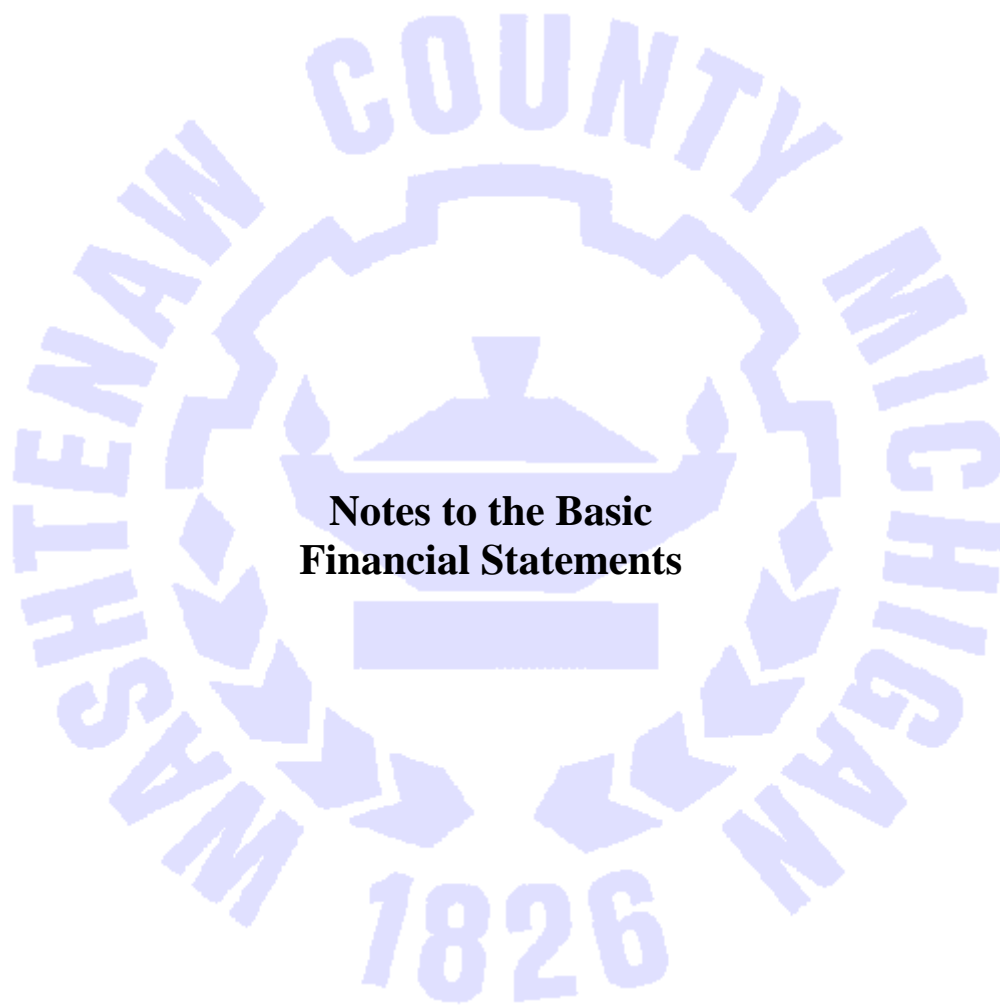
| | Department of Public Works Projects | Drain Commissioner | Hazardous Materials Response Authority | Road Commission | Total |
|---|--|-------------------------------|---|----------------------------|----------------------|
| Assets | | | | | |
| Cash and pooled investments | \$ 3,546,179 | \$ 8,299,934 | \$ 102,953 | \$ 5,092,024 | \$ 17,041,090 |
| Receivables, net | 44,172,310 | 4,790,935 | - | 4,214,351 | 53,177,596 |
| Prepaid items and other assets | 190,398 | 10,522 | - | 920,495 | 1,121,415 |
| Capital assets not being depreciated | - | 676,685 | - | 5,081,221 | 5,757,906 |
| Capital assets being depreciated | - | 13,141,114 | - | 53,152,891 | 66,294,005 |
| Total assets | 47,908,887 | 26,919,190 | 102,953 | 68,460,982 | 143,392,012 |
| Liabilities | | | | | |
| Accounts payable and accrued expenses | 218,347 | 5,192,814 | - | 3,573,557 | 8,984,718 |
| Accrued interest payable | 335,181 | 43,530 | - | - | 378,711 |
| Deferred revenue | - | 502,901 | - | - | 502,901 |
| Long-term liabilities: | | | | | |
| Due within one year | 4,550,000 | 761,996 | - | 765,000 | 6,076,996 |
| Due in more than one year | 38,840,137 | 3,462,850 | - | 6,998,265 | 49,301,252 |
| Total liabilities | 43,943,665 | 9,964,091 | - | 11,336,822 | 65,244,578 |
| Net assets | | | | | |
| Invested in capital assets, net of related debt | - | 9,592,953 | - | 51,164,112 | 60,757,065 |
| Restricted for: | | | | | |
| Debt service | 266,074 | 1,283,068 | - | - | 1,549,142 |
| Acquisition/construction of capital assets | 3,699,148 | 3,146,287 | - | - | 6,845,435 |
| Unrestricted | - | 2,932,791 | 102,953 | 5,960,048 | 8,995,792 |
| Total net assets | \$ 3,965,222 | \$ 16,955,099 | \$ 102,953 | \$ 57,124,160 | \$ 78,147,434 |

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

WASHTENAW COUNTY
Combining Statement of Activities
Component Units
Year Ended December 31, 2003

| | Department of Public Works Projects | Drain Commissioner | Hazardous Materials Response Authority | Road Commission | Total |
|------------------------------------|--|-------------------------------|---|-----------------------------|-----------------------------|
| Expenses | | | | | |
| Public safety | \$ - | \$ - | \$ 62,866 | \$ - | \$ 62,866 |
| Public works | 2,543,263 | 1,118,423 | - | - | 3,661,686 |
| Highways and streets | - | - | - | 17,158,470 | 17,158,470 |
| Total expenses | <u>2,543,263</u> | <u>1,118,423</u> | <u>62,866</u> | <u>17,158,470</u> | <u>20,883,022</u> |
| Program revenues | | | | | |
| Charges for services | - | 259,125 | 30,726 | - | 289,851 |
| Operating grants and contributions | - | - | 18,735 | 29,724,845 | 29,743,580 |
| Capital grants and contributions | 3,893,456 | 700,307 | - | - | 4,593,763 |
| Total program revenues | <u>3,893,456</u> | <u>959,432</u> | <u>49,461</u> | <u>29,724,845</u> | <u>34,627,194</u> |
| Net program (expense) revenue | <u>1,350,193</u> | <u>(158,991)</u> | <u>(13,405)</u> | <u>12,566,375</u> | <u>13,744,172</u> |
| General revenues | | | | | |
| Unrestricted investment earnings | 88,684 | 196,940 | 2,278 | 176,229 | 464,131 |
| Gain on sale of capital assets | - | - | - | 130,024 | 130,024 |
| Total general revenues | <u>88,684</u> | <u>196,940</u> | <u>2,278</u> | <u>306,253</u> | <u>594,155</u> |
| Change in net assets | 1,438,877 | 37,949 | (11,127) | 12,872,628 | 14,338,327 |
| Net assets, beginning of year | <u>2,526,345</u> | <u>16,917,150</u> | <u>114,080</u> | <u>44,251,532</u> | <u>63,809,107</u> |
| Net assets, end of year | <u><u>\$ 3,965,222</u></u> | <u><u>\$ 16,955,099</u></u> | <u><u>\$ 102,953</u></u> | <u><u>\$ 57,124,160</u></u> | <u><u>\$ 78,147,434</u></u> |

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



**Notes to the Basic
Financial Statements**



WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The *Washtenaw County Hazardous Material Response Team Authority (WCHMRTA)* is managed by an eleven-member board composed of a representative from each of the five enabling jurisdictions (Washtenaw County, City of Ann Arbor, City of Ypsilanti, Pittsfield Township and Ypsilanti Township) appointed by their governing bodies, three representatives appointed by the Mutual Aid Association, and one member each from the Criminal Justice Association, Washtenaw County Public Health Department, and Huron Valley Ambulance. A Technical Advisory Committee supports the Board. The WCHMRTA was formed to develop and manage a county wide hazardous material response team. It has been fully operational since December 28, 1999. The Washtenaw County Board of Commissioners approves the operating budget and the Authority has delegated fiscal powers to the County.

The *Washtenaw County Brownfield Redevelopment Authority (WCBRA)* is governed by a nine-member board appointed by the Washtenaw County Board of Commissioners. Its purpose is to encourage and support the redevelopment of under-utilized and environmentally contaminated properties in partnership with member communities in Washtenaw County. The County Board of Commissioners approves WCBRA's operating budget; WCBRA has delegated fiscal powers to the County. The WCBRA had no financial activity during 2003.

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

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

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

Funds With Another Year End

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

The County reports the following major governmental funds:

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

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

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

The *building authority fund* accounts for the construction or purchase of major capital facilities.

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

The government reports the following major proprietary funds:

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

The *property foreclosure fund* accounts for the expenses incurred under Michigan Public Act 123 for the notification, forfeiture, foreclosure, and sale of properties with delinquent property taxes. It also accounts for revenues from fees charged to the properties and for the proceeds from the sale of the properties.

Additionally, the government reports the following fund types:

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

The *agency funds* account for assets held for other governments in an agency capacity.

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

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

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

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

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

2. Receivables and Payables

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

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

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

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

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

5. Compensated Absences

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

6. Long-Term Obligations

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

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

7. Fund Equity

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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

B. Excess of Expenditures over Appropriations

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

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

| | <u>Final Budget</u> | <u>Actual</u> | <u>Excess</u> |
|---|-------------------------|---------------|---------------|
| Special Revenue funds: | | | |
| Child Care - transfers out | \$ 14,936 | \$ 15,373 | \$ 437 |
| Public Works Solid Waste Program - public works | 710,458 | 726,100 | 15,642 |
| E-911 - public safety | 1,136,000 | 1,160,867 | 24,867 |
| E-911 - transfers out | 895,000 | 1,032,780 | 137,780 |
| Friend of the Court - judicial | 4,229,992 | 4,350,972 | 120,980 |
| Head Start - transfers out | 53,921 | 197,394 | 143,473 |
| Inmate Concessions - public safety | 270,972 | 290,455 | 19,483 |
| Other Special Revenue Funds - judicial | 1,044,852 | 1,201,480 | 156,628 |
| Public Health - health | 8,941,019 | 9,105,898 | 164,879 |
| Sheriff's Grants - public safety | 402,795 | 593,810 | 191,015 |

These over-expenditures were funded by available fund balance.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

C. Deficit Fund Equity

The County has an accumulated deficit in the following fund:

| | |
|--|------------|
| Special Revenue Fund - | |
| Community Support & Treatment Services | \$ 123,167 |

A plan to eliminate the above deficit over a ten-year period was implemented during 1998.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

A reconciliation of cash, pooled investments and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

| | Statement of Net Assets | | | |
|------------------------------|-------------------------|----------------------|-----------------------|-----------------------|
| | Primary Government | Component Units | Fiduciary Funds | Total |
| Financial Statements: | | | | |
| Cash and pooled investments | \$ 47,538,978 | \$ 17,041,090 | \$ 18,263,387 | \$ 82,843,455 |
| Investments | - | - | 219,570,045 | 219,570,045 |
| | \$ 47,538,978 | \$ 17,041,090 | \$ 237,833,432 | \$ 302,413,500 |

Notes to Financial Statements:

| | |
|---|-----------------------|
| Deposits | \$ 28,525,169 |
| Investments | 276,613,585 |
| Cash on hand | 41,971 |
| Net effect of funds with different fiscal year ends | (2,767,225) |
| | \$ 302,413,500 |

Due to the nature of the County's cash management pool, it is not possible to segregate deposits and investments between the primary government and the component units. The same is true for FDIC insurance coverage. Accordingly, only reporting entity totals are shown for the deposits and investments, as well as the FDIC coverage.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Deposits

At year end, the carrying amount of the County's deposits (including certificates of deposit of \$18,000,000) was \$28,525,169 and the bank balance was \$30,689,243. Of the bank balance, \$716,244 was covered by federal depository insurance and \$29,972,999 was neither insured nor collateralized.

Investments and Securities Lending

The County's investments are categorized below to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the County's name. The pension and other employee benefit trust funds own 100% of the investments in Category 3.

A contract approved by the Washtenaw County Employees' Retirement System (the System) Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan.

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

At year end, the government's investment balances were as follows:

| <u>Investment</u> | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> | <u>Fair Value</u> |
|--|----------------------|---------------------|-----------------------|-----------------------|
| Commercial paper | \$ 9,003,960 | \$ 2,993,280 | \$ - | \$ 11,997,240 |
| Mortgages and asset backed securities | - | - | 2,365,708 | 2,365,708 |
| Common stocks: | | | | |
| Not on securities loan | - | - | 114,934,661 | 114,934,661 |
| On securities loan | - | - | 4,304,257 | 4,304,257 |
| United States Treasury strips | - | - | 7,364,790 | 7,364,790 |
| Other United States Treasury securities | - | - | 1,666,984 | 1,666,984 |
| Other United States Government securities: | | | | |
| Not on securities loan | 45,046,300 | - | 20,058,941 | 65,105,241 |
| On securities loan | - | - | 6,533,947 | 6,533,947 |
| Corporate bonds: | | | | |
| Not on securities loan | - | - | 12,461,658 | 12,461,658 |
| On securities loan | - | - | 1,711,666 | 1,711,666 |
| Short-term investments | - | - | <u>8,943,421</u> | <u>8,943,421</u> |
| | <u>\$ 54,050,260</u> | <u>\$ 2,993,280</u> | <u>\$ 180,346,033</u> | 237,389,573 |
| Noncategorized - mutual funds | | | | <u>39,224,012</u> |
| | | | | <u>\$ 276,613,585</u> |

B. Receivables

Receivables in the governmental activities are as follows:

| | |
|--|----------------------|
| Taxes | \$ 57,803,400 |
| Accounts | 1,309,986 |
| Leases | 4,127,883 |
| Intergovernmental | 11,455,064 |
| Less: allowance for uncollectible accounts | <u>(109,916)</u> |
| | <u>\$ 74,586,417</u> |

The only amount not expected to be collected within one year is \$3,506,500 of leases receivable.

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | Unavailable | Unearned |
|---|----------------------|-------------------|
| Property taxes receivable (General Fund) | \$ 50,032,596 | \$ - |
| Property taxes receivable (Parks and Recreation Fund) | 7,771,911 | - |
| Grant drawdowns prior to meeting all eligibility requirements | - | 725,461 |
| | \$ 57,804,507 | \$ 725,461 |

C. Capital Assets

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2003 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|----------------------|-----------------------|---------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 9,093,704 | \$ 3,173,724 | \$ - | \$ 12,267,428 |
| Construction in progress | 4,476,869 | - | (4,476,869) | - |
| Total capital assets, not being depreciated | 13,570,573 | 3,173,724 | (4,476,869) | 12,267,428 |
| Capital assets, being depreciated: | | | | |
| Buildings | 85,814,475 | 14,935,619 | (282,391) | 100,467,703 |
| Improvement other than buildings | 10,632,189 | 321,238 | - | 10,953,427 |
| Machinery and equipment | 13,700,700 | 2,559,984 | (1,543,605) | 14,717,079 |
| Total capital assets being depreciated | 110,147,364 | 17,816,841 | (1,825,996) | 126,138,209 |
| Less accumulated depreciation for: | | | | |
| Buildings | (22,424,246) | (1,829,992) | - | (24,254,238) |
| Improvements other than buildings | (3,000,700) | (208,117) | - | (3,208,817) |
| Machinery and equipment | (7,078,758) | (2,157,164) | 1,311,450 | (7,924,472) |
| Total accumulated depreciation | (32,503,704) | (4,195,273) | 1,311,450 | (35,387,527) |
| Total capital assets being depreciated, net | 77,643,660 | 13,621,568 | (514,546) | 90,750,682 |
| Governmental activities capital assets, net | \$ 91,214,233 | \$ 16,795,292 | \$ (4,991,415) | \$ 103,018,110 |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

Governmental activities:

| | |
|--|-----------------------------------|
| Legislative | \$ 17,030 |
| Judicial | 235,941 |
| General government | 1,617,246 |
| Public safety | 578,344 |
| Health | 176,531 |
| Social services | 348,089 |
| Culture and recreation | 413,015 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>809,077</u> |
| Total depreciation expense-governmental activities | <u><u>\$ 4,195,273</u></u> |

Discretely Presented Component Units

Drain Commissioner. Capital asset activity for the Drain Commissioner for the year ended December 31, 2003 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|-----------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Capital assets, not being depreciated- | | | | |
| Construction in progress | <u>\$ 350,601</u> | <u>\$ 700,763</u> | <u>\$ (374,679)</u> | <u>\$ 676,685</u> |
| Capital assets, being depreciated- | | | | |
| Infrastructure | 18,026,187 | 374,679 | - | 18,400,866 |
| Less accumulated depreciation for- | | | | |
| Infrastructure | <u>(4,899,169)</u> | <u>(360,583)</u> | <u>-</u> | <u>(5,259,752)</u> |
| Total capital assets being depreciated, net | <u>13,127,018</u> | <u>14,096</u> | <u>-</u> | <u>13,141,114</u> |
| Drain Commissioner capital assets, net | <u><u>\$13,477,619</u></u> | <u><u>\$ 714,859</u></u> | <u><u>\$ (374,679)</u></u> | <u><u>\$13,817,799</u></u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Road Commission. The Road Commission has elected to implement the general provisions of GASB Statement Number 34 with the exception of the retroactive reporting of infrastructure. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for the Road Commission's 2007 fiscal year. The Road Commission plans to implement the retroactive provisions for infrastructure assets (using the modified approach) in the fiscal year ending December 31, 2007.

Capital asset activity for the Road Commission for the year ended December 31, 2003 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|----------------------------|--------------------------|----------------------------|
| Capital assets, not being depreciated - | | | | |
| Land and land improvements | \$ 3,761,387 | \$ 1,319,834 | \$ - | \$ 5,081,221 |
| Capital assets, being depreciated: | | | | |
| Buildings and storage bins | 12,563,793 | 201,325 | - | 12,765,118 |
| Road equipment | 11,711,151 | 1,252,742 | (1,434,356) | 11,529,537 |
| Other equipment | 1,596,689 | 94,846 | - | 1,691,535 |
| Brine wells and gravel pits | 136,386 | - | - | 136,386 |
| Infrastructure | <u>27,484,661</u> | <u>15,250,457</u> | <u>-</u> | <u>42,735,118</u> |
| Total capital assets being depreciated | <u>53,492,680</u> | <u>16,799,370</u> | <u>(1,434,356)</u> | <u>68,857,694</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and storage bins | (2,322,095) | (308,143) | - | (2,630,238) |
| Road equipment | (9,294,236) | (988,850) | 1,430,241 | (8,852,845) |
| Other equipment | (819,768) | (145,188) | - | (964,956) |
| Brine wells and gravel pits | (136,386) | - | - | (136,386) |
| Infrastructure | <u>(1,204,442)</u> | <u>(1,915,936)</u> | <u>-</u> | <u>(3,120,378)</u> |
| Total accumulated depreciation | <u>(13,776,927)</u> | <u>(3,358,117)</u> | <u>1,430,241</u> | <u>(15,704,803)</u> |
| Total capital assets being depreciated, net | <u>39,715,753</u> | <u>13,441,253</u> | <u>(4,115)</u> | <u>53,152,891</u> |
| Road Commission capital assets, net | <u>\$43,477,140</u> | <u>\$14,761,087</u> | <u>\$ (4,115)</u> | <u>\$58,234,112</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

D. Payables

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

| | | |
|--|----|---------------------|
| Accounts | \$ | 452,571 |
| Retainage | | 162,003 |
| Wages, fringe benefits and other accrued liabilities | | 8,906,503 |
| Intergovernmental | | 578,990 |
| | | <u>578,990</u> |
| | | \$10,100,067 |

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2003, is as follows:

| Due to/from other funds | <u>Receivable</u> | <u>Payable</u> |
|--|--------------------------|-----------------------|
| General Fund | \$ 558,294 | \$ 1,890,602 |
| Community Support & Treatment Services | 40,831 | 13,532 |
| Parks and Recreation | 1,395 | 3,745 |
| County Capital Projects | 1,893,289 | 852,779 |
| Delinquent Tax Revolving | 150 | 41,150 |
| Nonmajor governmental funds | 2,451,141 | 1,553,992 |
| Internal service funds | 2,306,867 | 2,874,251 |
| Total per financial statements | 7,251,967 | 7,230,051 |
| Adjustments for September 30 year end funds | (21,916) | - |
| Total | \$ 7,230,051 | \$ 7,230,051 |
| Advances to/from other funds | | |
| General Fund | \$ 1,130,507 | \$ - |
| Internal service funds | - | 1,130,507 |
| Total | \$ 1,130,507 | \$ 1,130,507 |
| Interfund receivable/payable | | |
| County Capital Projects | \$ 3,864,628 | \$ - |
| Nonmajor governmental funds | - | 3,864,628 |
| Total | \$ 3,864,628 | \$ 3,864,628 |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The above timing difference of \$21,916 between funds with calendar and fiscal year ends results in an uneliminated internal balance in the statement of net assets.

The County reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advances from the General Fund and the interfund receivable in the County Capital Projects fund were executed in order to assist the cash position (cash flow) of the respective recipient funds.

A summary of interfund transfers for the year ended December 31, 2003, is as follows:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|---|-----------------------------|-----------------------------|
| General Fund | \$ 925,501 | \$ 16,150,909 |
| Community Support & Treatment Services | 367,986 | - |
| County Capital Projects | 5,149,332 | 3,744,446 |
| Delinquent Tax Revolving | 250,000 | 2,596,194 |
| Property Foreclosure | - | 100,000 |
| Nonmajor governmental funds | 17,963,542 | 1,278,072 |
| Internal service funds | 150,349 | 920,818 |
| Total per financial statements | 24,806,710 | 24,790,439 |
| Adjustments for September 30 year end funds | (16,271) | - |
| Total | <u>\$ 24,790,439</u> | <u>\$ 24,790,439</u> |

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

Total transfers in for the primary government as shown in the accompanying financial statements were \$24,806,710 and total transfers out were \$24,790,439. The difference between these amounts, \$16,271, was attributable to transactions with the Public Health and Community Support & Treatment Services funds, which are reported on a September 30 year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

F. Leases

Capital Leases – The County has acquired certain computer equipment under capital leases. The following is a schedule of future minimum lease payments under these capital leases, together with the present value of the minimum lease payments, as of December 31, 2003:

| | |
|--|--------------------------|
| 2004 | \$ 219,983 |
| 2005 | <u>139,800</u> |
| Total minimum lease payments | 359,783 |
| Less amount representing interest | <u>13,464</u> |
| Present value of minimum lease payment | <u>\$ 346,319</u> |

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

| | |
|--------------|--------------------------|
| 2004 | \$ 411,328 |
| 2005 | 232,702 |
| 2006 | <u>101,778</u> |
| Total | <u>\$ 745,808</u> |

Rental expense for all operating leases aggregated \$385,352 for the year ended December 31, 2003.

Lessor Leases – The County has leased certain land to Huron Valley Ambulance, Inc. (HVA) under a capital lease agreement. HVA has commitments under the lease which provide for annual minimum lease payments of \$51,802 during 2003 and continuing for the next six years. At the end of the lease, the County is required to quit claim deed the land to HVA.

G. Long-term Debt

Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$57,990,000. The County issues general obligation notes to provide monies for the purchase of the delinquent taxes receivable from local units of government. The original amount of general obligation notes was \$9,000,000.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------------------|-----------------------|-----------------------------|
| Governmental activities | 2.0 – 6.0% | \$ 26,450,000 |
| Governmental activities - refunding | 4.0 - 6.25% | 8,585,000 |
| Business-type activities | 1.75% | 9,000,000 |
| | | <u><u>\$ 44,035,000</u></u> |

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

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--|--------------------------------|-----------------------------|---------------------------------|--------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2004 | \$ 3,400,000 | \$ 1,616,678 | \$ 9,000,000 | \$ 157,500 |
| 2005 | 2,885,000 | 1,330,400 | - | - |
| 2006 | 2,590,000 | 1,228,738 | - | - |
| 2007 | 2,405,000 | 1,132,949 | - | - |
| 2008 | 2,465,000 | 1,046,849 | - | - |
| 2009-2013 | 13,640,000 | 3,754,751 | - | - |
| 2014-2018 | 5,725,000 | 1,425,037 | - | - |
| 2019-2022 | 1,925,000 | 158,249 | - | - |
| Total | <u><u>\$ 35,035,000</u></u> | <u><u>\$ 11,693,651</u></u> | <u><u>\$ 9,000,000</u></u> | <u><u>\$ 157,500</u></u> |

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

Advance Refundings. During the year, the County issued \$8,705,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,240,000 bonds. As a result, the refunding bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$508,421. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$817,843 and resulted in an economic gain of \$725,118.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Component Units

Department of Public Works Projects. General obligation bonds are issued by the County to finance construction projects managed and administered by the Department of Public Works. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$75,952,279.

These bonds are direct obligations, and pledge the full faith and credit, of the County and the associated municipalities and/or authorities. The bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year through May 1, 2022 and bear interest at varying rates from 2% to 7.625%. Detailed information regarding bonds currently outstanding and annual debt service requirements to maturity for each bond issue is presented in the Supplementary Information section of the Department of Public Works Projects report. General obligation bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------------------|-----------------------|-----------------------------|
| Governmental activities | 2.0 - 7.625% | \$ 32,452,279 |
| Governmental activities - refunding | 2.75 - 6.75% | <u>11,125,000</u> |
| | | <u>\$ 43,577,279</u> |

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

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|-----------------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2004 | \$ 4,550,000 | \$ 1,888,726 |
| 2005 | 3,440,000 | 1,699,519 |
| 2006 | 3,140,000 | 1,548,457 |
| 2007 | 2,630,000 | 1,423,408 |
| 2008 | 2,200,000 | 1,322,870 |
| 2009-2013 | 11,955,000 | 5,043,326 |
| 2014-2018 | 10,850,000 | 2,350,431 |
| 2019-2022 | 4,812,279 | 401,398 |
| Total | <u>\$ 43,577,279</u> | <u>\$ 15,678,135</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Drain Commissioner. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$6,913,038. During the year general obligation notes totaling \$280,000 were issued.

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|---------------|
| Governmental activities | 2.37 - 6.8% | \$4,230,696 |

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

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2004 | \$ 761,996 | \$ 186,778 |
| 2005 | 698,245 | 151,841 |
| 2006 | 687,745 | 120,774 |
| 2007 | 542,300 | 91,035 |
| 2008 | 381,010 | 66,652 |
| 2009-2013 | 1,009,400 | 127,432 |
| 2014-2015 | 150,000 | 7,500 |
| Total | \$ 4,230,696 | \$ 752,012 |

Road Commission. The Road Commission has special assessment bonds, capital leases, and notes outstanding. The special assessment bonds represent the financing of public improvements that benefit specific districts; these districts are specially assessed for the cost of the improvement. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Road Commission must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. The amount of receivables delinquent at December 31, 2003 is not significant.

The Road Commission has a lease payable to the Washtenaw County Building Authority for the debt service costs related to bonds that were sold for the construction of Yard 2. The lease agreement terminates with the retirement of the bond issue in September 2013. The annual lease payment is equal to the related bond principal and interest.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The 2000 and 2002 Michigan Transportation Fund notes were issued in accordance with the statutory requirements of Michigan Public Act 143 of 1943, as amended. The monies from these notes were used to fund improvements on county highways in Scio Township and Ypsilanti Township. The following is a summary of debt outstanding of the Road Commission as of December 31, 2003:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|---------------|
| Governmental activities | 3.75 - 6.75% | \$ 7,070,000 |

Annual principal and interest requirements to service all debt outstanding as of December 31, 2003, are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2004 | \$ 765,000 | \$ 321,692 |
| 2005 | 765,000 | 285,152 |
| 2006 | 720,000 | 253,665 |
| 2007 | 745,000 | 222,192 |
| 2008 | 745,000 | 188,847 |
| 2009-2013 | 3,330,000 | 443,565 |
| Total | \$ 7,070,000 | \$ 1,715,113 |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2003 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|---------------------|------------------------|---------------------------|--------------------------------|
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Loan from State of Michigan | \$ 292,133 | \$ - | \$ - | \$ 292,133 | \$ - |
| Capital leases | 685,608 | - | (339,289) | 346,319 | 209,446 |
| General obligation bonds | 38,175,000 | 8,705,000 | (11,845,000) | 35,035,000 | 3,400,000 |
| Deferred amounts for: | | | | | |
| Issuance discounts | (50,000) | - | 2,500 | (47,500) | - |
| Issuance premiums | - | 151,271 | (13,752) | 137,519 | - |
| Refunding loss | - | (508,421) | 46,221 | (462,200) | - |
| Compensated absences | 9,672,776 | 748,301 | - | 10,421,077 | 1,418,555 |
| | <u>\$ 48,775,517</u> | <u>\$ 9,096,151</u> | <u>\$ (12,149,320)</u> | <u>\$ 45,722,348</u> | <u>\$ 5,028,001</u> |
| Business-type activities: | | | | | |
| Delinquent Tax - | | | | | |
| General obligation notes | \$ 6,000,000 | \$ 9,000,000 | \$ (6,000,000) | \$ 9,000,000 | \$ 9,000,000 |
| Compensated absences | - | 4,404 | - | 4,404 | 899 |
| | <u>\$ 6,000,000</u> | <u>\$ 9,004,404</u> | <u>\$ (6,000,000)</u> | <u>\$ 9,004,404</u> | <u>\$ 9,000,899</u> |
| Component Units | | | | | |
| Department of Public Works Projects: | | | | | |
| General obligation bonds | \$ 47,902,279 | \$ - | \$ (4,325,000) | \$ 43,577,279 | \$ 4,550,000 |
| Less deferred amounts for issuance discounts | (197,455) | - | 10,313 | (187,142) | - |
| | <u>\$ 47,704,824</u> | <u>\$ -</u> | <u>\$ (4,314,687)</u> | <u>\$ 43,390,137</u> | <u>\$ 4,550,000</u> |
| Drain Commissioner: | | | | | |
| General obligation bonds | \$ 3,620,000 | \$ - | \$ (550,000) | \$ 3,070,000 | \$ 450,000 |
| Notes payable | 1,070,094 | 280,000 | (189,398) | 1,160,696 | 311,996 |
| Less deferred amounts for issuance discounts | (6,630) | - | 780 | (5,850) | - |
| | <u>\$ 4,683,464</u> | <u>\$ 280,000</u> | <u>\$ (738,618)</u> | <u>\$ 4,224,846</u> | <u>\$ 761,996</u> |
| Road Commission: | | | | | |
| Michigan Transportation Fund Notes | \$ 3,665,000 | \$ - | \$ (395,000) | \$ 3,270,000 | \$ 395,000 |
| Special assessment bonds | 210,000 | - | (70,000) | 140,000 | 70,000 |
| Lease payable | 3,935,000 | - | (275,000) | 3,660,000 | 300,000 |
| Compensated absences | 733,947 | - | (40,682) | 693,265 | - |
| | <u>\$ 8,543,947</u> | <u>\$ -</u> | <u>\$ (780,682)</u> | <u>\$ 7,763,265</u> | <u>\$ 765,000</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$220,799 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established internal service funds to account for and finance its uninsured risks of loss. Under this program, the internal service funds provide coverage up to a maximum of \$150,000 for each general liability, police liability or property claim, with no loss fund. The internal service funds also provide coverage up to \$150,000 for any settlement, with all attorney fees being covered under the insurance policy for public officials and employee liability claims, up to \$300,000 for each worker's compensation claim, and up to \$25,000 for each professional liability claim. The County purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the internal service funds based on rates established to fund estimated actual liabilities. The total claims liability of \$1,970,000 reported in the funds at December 31, 2003, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County has estimated its ultimate liability based upon estimates of known claims and actuarial based computations of incurred but not reported claims. The claims liability is presented at its net present value using an annual discount rate of 6%.

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

| | <u>2003</u> | <u>2002</u> |
|---|---------------------|---------------------|
| Balance at beginning of year | \$ 1,697,000 | \$ 1,614,000 |
| Current year claims and changes in estimates | 15,285,895 | 13,250,970 |
| Claims paid | <u>(15,012,895)</u> | <u>(13,167,970)</u> |
| Balance at end of year | <u>\$ 1,970,000</u> | <u>\$ 1,697,000</u> |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

In 2001 and prior years, the Road Commission was uninsured for workers' compensation claims. Open claims for those years were paid during 2002 as summarized below. Effective January 1, 2002, the Road Commission became a member of the County Road Association Self-Insurance Fund for workers' compensation claims. As a member of the fund, the Road Commission is fully insured for workers' compensation claims incurred on or after January 1, 2002.

| | <u>2003</u> | <u>2002</u> |
|---------------------------------|--------------------|--------------------|
| Balance at beginning of year | \$ - | \$ 20,861 |
| Current year claims and changes | - | - |
| in estimates | - | 50,000 |
| Claims payments | - | (70,861) |
| Balance at end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

B. Contingent Liabilities

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

C. Property Taxes

The County property tax is levied each December 1 on the assessed valuation of property located in the County as of the preceding December 31. On December 1, the property tax assessment is an enforceable lien on property and is payable by the last day of the following February. Assessed values are established annually by the County and are equalized by the State of Michigan at an estimated 50% of current market value.

In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. Real property in Washtenaw County for the 2002 levy (to fund 2003 operations) was assessed and equalized at \$11.8 billion, representing 50% of estimated current market value. The County operating tax rate was at the maximum rate of 4.7174 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.4900 mills for parks and recreation purposes and 0.2500 mills for purchase of selected natural areas in the County.

By agreement with various taxing authorities, the County purchases at face value the real property taxes receivable returned delinquent each March 1. These receivables (\$7.3 million at December 31, 2003) are pledged to a bank for payment of tax anticipation notes payable, the proceeds of which are used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon, and investment earnings are used to extinguish the debt.

D. Joint Venture

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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

E. Jointly Governed Organizations

The *Washtenaw Central Dispatch and Technology Authority (WCDTA)* was originally established to provide centralized public safety dispatching for law enforcement, fire and emergency medical services to the Sheriff’s Department, the Michigan State Police, Northfield Township Police, Huron Valley Ambulance, the townships of Ann Arbor, Augusta, Manchester, Northfield, Salem, Scio and Superior, and Dexter Area Fire Department. The organization is governed by a 12-member board. There was no financial activity for the Authority for the year ended December 31, 2003. Public safety dispatching services were provided by the County during 2003.

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

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

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

The *Washtenaw County HOME Consortium* (the Consortium) was formed pursuant to the Urban Cooperation Act (MCLA 124.501) for the purpose of cooperating with other local governments in housing assistance activities under the HOME program (Home Investment Partnership Program) and for the purpose of formulating and submitting a consolidated plan in order to receive a HOME program allocation from the U.S. Department of Housing and Urban Development (HUD).

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The City of Ypsilanti and Washtenaw County are members of the Consortium. The Consortium is governed by a 3-member board and is primarily advisory in nature. The County serves as lead entity for the Consortium. The County has been granted financial and fiscal authority and responsibility for all funds received. The County is the official recipient of the HOME program dollars from HUD. The HOME program is included in the audit of Washtenaw County.

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

F. Pension and Other Postemployment Benefits

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

County administered:

Employees Retirement System (ERS)

Money Purchase Pension Plan (MPPP)

Voluntary Employees Beneficiary Association (VEBA)

Municipal Employees Retirement System of Michigan (MERS)

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

Information regarding the aforementioned plans is presented below.

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

Employees Retirement System (ERS). The County has a single-employer defined benefit retirement plan which provides pension and post employment healthcare benefits to all full-time, regular employees hired prior to January 1, 1989. County Ordinances assign the authority to establish and amend benefit provisions and contribution requirements to the County Board of Commissioners, subject to the terms of collective bargaining agreements. Plan members are required to contribute 5% of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is 15.15% of annual covered payroll.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

| | |
|---|--------------|
| Annual required contribution / cost | \$ 1,651,416 |
| Contributions made | 1,651,416 |
| Increase (decrease) in net pension obligation | - |
| Net pension obligation, beginning of year | - |
| Net pension obligation, end of year | \$ - |

The annual required contribution for the current year was determined as part of the December 31, 2001, actuarial valuation using the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities. The actuarial assumptions included: (a) a rate of return on investments of 7.75% per year compounded annually; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 7.4% per year, depending on age and service, attributable to seniority/merit; and (d) the assumptions that pension benefits will not increase after retirement and health insurance premiums will increase 5.0% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The latest actuarial valuation was performed as of December 31, 2002.

Three-Year Trend Information

| <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|--|--|---------------------------------------|
| 12/31/01 | \$ 1,449,631 | 100% | \$ - |
| 12/31/02 | 1,456,780 | 100% | - |
| 12/31/03 | 1,651,416 | 100% | - |

GASB Statement 25 required supplementary information is presented after the notes to the financial statements section of this report.

Money Purchase Pension Plan (MPPP). The Washtenaw County Money Purchase Pension Plan (MPPP; the "Plan") is a defined contribution pension plan established and administered by Washtenaw County to provide benefits at retirement to all full-time, regular employees of the County hired on or after January 1, 1989. Plan members are required to contribute between 6% and 7.5% of covered salary depending on the particular collective bargaining unit. The County is required to match the plan member contributions. Plan provisions and contribution requirements are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County's various collective bargaining agreements. The employer and employee contributions totaled approximately \$3.0 million and \$2.7 million, respectively, for the year ended December 31, 2003.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

The Plan is funded by a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code which allows for the formation of a VEBA.

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

Employer contributions to fund the Plan are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. Employer contributions for the year ended December 31, 2003 were \$3,971,889. Although an actuarial valuation of the Plan was completed during 2003, the County has determined that it will establish an annual employer contribution rate using the actuarial valuation as a reference, but not as a definitive requirement.

In general, employees are not required to contribute to the Plan. However, provisions of the ERS Plan allow that required contributions to the healthcare component of that Plan, equal to 7% of annual covered compensation, may be directed to the VEBA, either in whole or in part, at the County’s discretion. Accordingly, employee contributions totaling \$138,133 were directed to the VEBA in 2003. Any such contributions in the future will likewise be subject to the discretion of the Washtenaw County Board of Commissioners and the ERS Board, as well as any applicable collective bargaining agreements.

As of December 31, 2003, 26 members received healthcare benefits under the Plan, and the cost of those benefits amounted to \$126,920.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

County Administered Plans – Summary of Significant Accounting Policies

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

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

Municipal Employees Retirement System of Michigan

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

The County is required to contribute at an actuarially determined rate; the current rate is 5.59% of annual covered payroll. Participating employees are required to contribute 5.0% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended December 31, 2003, the County's annual pension cost of \$774,093 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2002, the date of the latest actuarial valuation, was 30 years.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Three-Year Trend Information

| <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|--|--|---------------------------------------|
| 12/31/01 | \$ 650,166 | 100% | \$ - |
| 12/31/02 | 783,326 | 100% | - |
| 12/31/03 | 774,093 | 100% | - |

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio Total</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 12/31/95 | \$ 2,435,138 | \$ 3,283,020 | \$ 847,882 | 74% | \$ 4,480,912 | 19% |
| 12/31/96 | 3,085,321 | 4,802,223 | 1,716,902 | 64% | 5,328,994 | 32% |
| 12/31/97 | 3,993,680 | 5,664,736 | 1,671,056 | 71% | 6,757,788 | 25% |
| 12/31/98 | 5,553,259 | 6,585,312 | 1,032,053 | 84% | 7,300,718 | 14% |
| 12/31/99 | 7,104,392 | 8,961,586 | 1,857,194 | 79% | 8,736,898 | 21% |
| 12/31/00 | 8,825,067 | 10,626,535 | 1,801,468 | 83% | 9,571,961 | 19% |
| 12/31/01 | 10,576,339 | 12,361,200 | 1,784,861 | 86% | 11,020,092 | 16% |
| 12/31/02 | 12,389,117 | 15,438,644 | 3,049,527 | 80% | 13,046,728 | 23% |

Component Unit

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2003, the Road Commission's annual pension cost of approximately \$610,255 for the plan was equal to the Road Commission's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry age normal cost method. Significant actuarial assumptions used include: (a) an 8.0% investment rate of return; (b) projected salary increases of 4.5% to 8.7% per year, which include an inflation component of 4.5%; and (c) no post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The amortization period is 30 years. Employees are required to contribute 5.0% of their annual covered payroll.

Three-Year Trend Information

| <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|--|--|---------------------------------------|
| 12/31/01 | \$ 255,130 | 100% | \$ - |
| 12/31/02 | 213,485 | 100% | - |
| 12/31/03 | 610,255 | 100% | - |

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio Total</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 12/31/98 | \$ 17,646,976 | \$ 18,438,632 | \$ 791,656 | 96% | \$ 4,911,946 | 16% |
| 12/31/99 | 19,916,284 | 19,652,840 | (263,444) | 101% | 5,557,826 | 0% |
| 12/31/00 | 21,416,609 | 21,954,492 | 537,883 | 98% | 5,393,251 | 10% |
| 12/31/01 | 22,474,326 | 23,152,354 | 678,028 | 97% | 5,761,249 | 12% |
| 12/31/02 | 22,566,839 | 27,539,205 | 4,972,366 | 82% | 6,054,035 | 82% |

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

G. Restatements

The beginning fund balance of the General Fund was decreased by \$314,561 to correct for certain prior year revenue and expenditure recognition errors. This resulted in a like restatement to the beginning net assets of governmental activities in the government-wide statement of activities.

In addition, the beginning net assets of governmental activities was also decreased by \$685,608 to properly recognize prior year capital leases payable.

H. Subsequent Events

In January 2004, the County issued \$3,535,000 of general obligation refunding bonds to advance refund the callable portion of the 1998 Series B general obligation bonds amounting to \$3,360,000.

In March 2004, the County issued \$4,300,000 of general obligation refunding bonds to advance refund the callable portions of the 1992 and 1998 Series A general obligation bonds amounting to \$3,980,000.

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**Required
Supplementary Information**



WASHTENAW COUNTY
Employees' Retirement System
Required Supplementary Information

Schedule of Funding Progress - Pension Only

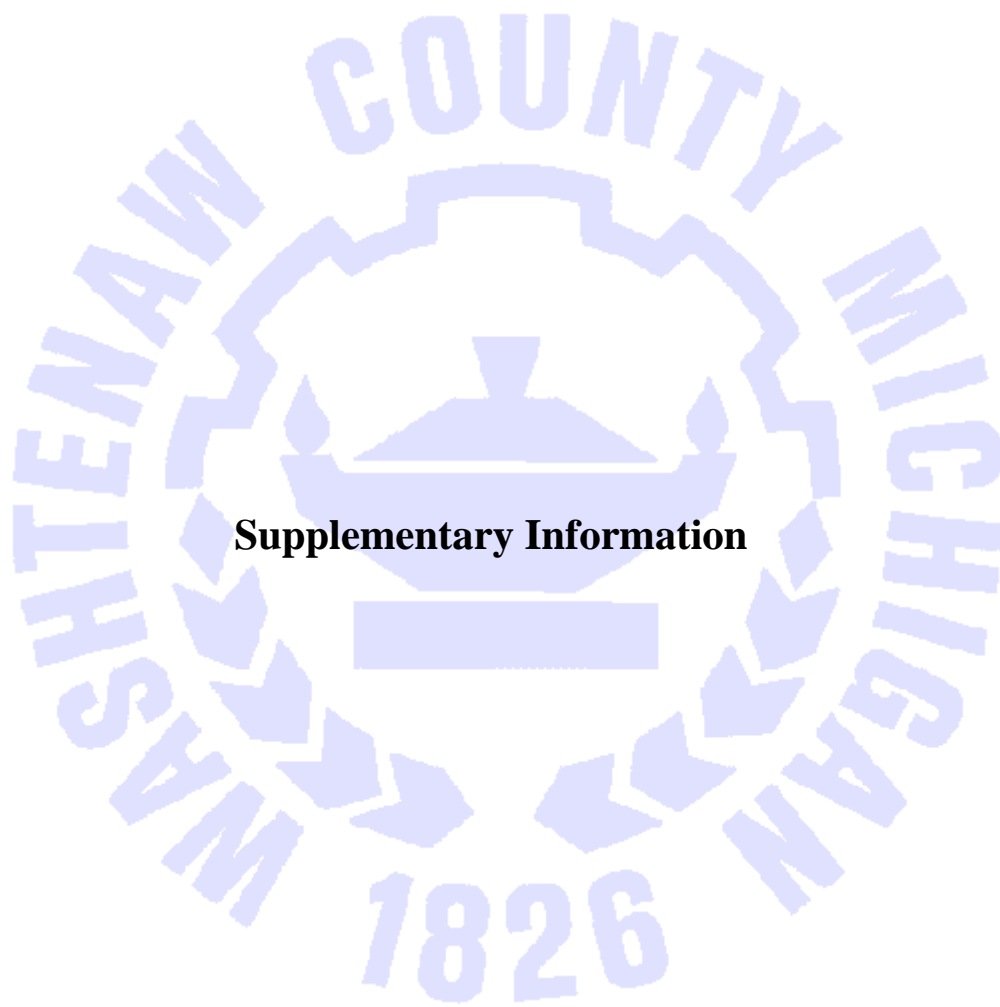
| Actuarial Valuation Date <u>December 31</u> | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry Age | (3) Unfunded AAL (UAAL) (2-1) | (4) Funded Ratio (1/2) | (5) Covered Payroll | (6) UAAL as a % of Covered Payroll (3/5) |
|--|--|---|---|---------------------------------|---------------------------|---|
| 1993 | \$ 88,908,826 | \$ 74,524,195 | \$ (14,384,631) | 119.3% | \$ 13,684,907 | -105.1% |
| 1994 | 94,239,101 | 80,448,400 | (13,790,701) | 117.1% | 11,931,051 | -115.6% |
| 1995 | 101,442,954 | 86,726,240 | (14,716,714) | 117.0% | 12,044,411 | -122.2% |
| 1996 | 108,627,450 | 95,561,046 | (13,066,404) | 113.7% | 11,600,274 | -112.6% |
| 1997 | 120,280,457 | 117,942,286 | (2,338,171) | 102.0% | 10,637,600 | -22.0% |
| 1998 | 133,580,663 | 133,430,791 | (149,872) | 100.1% | 11,295,189 | -1.3% |
| 1999 | 146,587,299 | 144,026,699 | (2,560,600) | 101.8% | 11,609,168 | -22.1% |
| 2000 | 156,959,460 | 152,942,076 | (4,017,384) | 102.6% | 11,589,561 | -34.7% |
| 2001 | 163,564,179 | 166,381,778 | 2,817,599 | 98.3% | 13,843,557 | 20.4% |
| 2002 | 157,473,610 | 169,389,000 | 11,915,390 | 93.0% | 12,836,355 | 92.8% |

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

Schedule of Employer Contributions

| Year Ended <u>December 31</u> | Annual Required Contribution | Annual Actual Contribution | Percentage Contributed |
|-------------------------------------|------------------------------------|----------------------------------|---------------------------|
| 1994 | \$ 537,762 | \$ 546,222 | 101.6% |
| 1995 | 435,677 | 471,022 | 108.1% |
| 1996 | 146,136 | 151,280 | 103.5% |
| 1997 | - | - | 0.0% |
| 1998 | - | - | 0.0% |
| 1999 | 1,038,243 | 1,038,243 | 100.0% |
| 2000 | 1,513,759 | 1,513,759 | 100.0% |
| 2001 | 1,449,631 | 1,449,631 | 100.0% |
| 2002 | 1,456,780 | 1,456,780 | 100.0% |
| 2003 | 1,651,416 | 1,651,416 | 100.0% |

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Supplementary Information



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WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2003

| | <u>Special Revenue Funds</u> | | | | | |
|---|------------------------------|------------------------------|----------------------------|---------------------------|---|--------------------------|
| | <u>Aerial Photo</u> | <u>Building Services</u> | <u>Child Care</u> | <u>County Library</u> | <u>Public Works Solid Waste Program</u> | <u>E-911</u> |
| <u>ASSETS</u> | | | | | | |
| Assets | | | | | | |
| Cash and pooled investments | \$ 134,250 | \$ - | \$ - | \$ - | \$ 251,004 | \$ 709,544 |
| Accounts | - | 40,710 | - | - | 105,954 | 22,683 |
| Due from other funds | - | 86,500 | 1,157,540 | 107,254 | 952 | 26,832 |
| Due from other governments | - | - | 700,278 | - | 40,175 | 84,664 |
| Prepaid items | - | - | - | - | - | - |
| <u>TOTAL ASSETS</u> | <u>\$ 134,250</u> | <u>\$ 127,210</u> | <u>\$ 1,857,818</u> | <u>\$ 107,254</u> | <u>\$ 398,085</u> | <u>\$ 843,723</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 70,909 | \$ (72) | \$ 217 | \$ 257,987 |
| Accrued liabilities | - | 57,770 | 194,256 | 23,126 | 76,953 | 3,805 |
| Due to other funds | - | - | 209,551 | - | 25,952 | 258,536 |
| Due to other governments | - | - | - | - | - | - |
| Interfund payable | - | 69,397 | 1,383,081 | 59,690 | - | - |
| Deferred revenue | - | - | - | - | - | - |
| Advances from other governments | - | - | - | - | - | - |
| Total liabilities | - | 127,167 | 1,857,797 | 82,744 | 103,122 | 520,328 |
| Fund balances | | | | | | |
| Reserved for prepaid items | - | - | - | - | - | - |
| Unreserved: | | | | | | |
| Designated for subsequent year's expenditures | - | - | - | - | 825 | - |
| Undesignated | 134,250 | 43 | 21 | 24,510 | 294,138 | 323,395 |
| Total fund balances | 134,250 | 43 | 21 | 24,510 | 294,963 | 323,395 |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 134,250</u> | <u>\$ 127,210</u> | <u>\$ 1,857,818</u> | <u>\$ 107,254</u> | <u>\$ 398,085</u> | <u>\$ 843,723</u> |

Special Revenue Funds

| Environ- mental Health | Employment Training and Community Services | Friend of the Court | Family Independence Agency | Head Start | Inmate Concessions | Other Special Revenue Funds | Prosecuting Attorney Grants |
|---------------------------------------|---|------------------------------------|---|-----------------------|-------------------------------|--|--|
| \$ 174,017 | \$ 237,360 | \$ - | \$ 71,456 | \$ - | \$ 268,596 | \$ 938,024 | \$ - |
| - | - | - | - | - | - | 216,650 | - |
| 40,056 | 889,858 | 11,029 | - | 200 | 6,294 | 80,603 | 3,672 |
| 22,517 | 1,092,527 | 1,408,970 | 86,616 | 690,172 | - | 660,294 | 789,088 |
| - | 13,548 | - | - | - | - | - | - |
| <u>\$ 236,590</u> | <u>\$ 2,233,293</u> | <u>\$ 1,419,999</u> | <u>\$ 158,072</u> | <u>\$ 690,372</u> | <u>\$ 274,890</u> | <u>\$ 1,895,571</u> | <u>\$ 792,760</u> |
| | | | | | | | |
| \$ 609 | \$ 19,557 | \$ 37,802 | \$ - | \$ - | \$ 99 | \$ 244,679 | \$ 1,075 |
| 166,748 | 339,102 | 189,012 | - | 100,905 | - | 110,573 | 92,650 |
| 1,664 | 889,858 | 84,101 | 3,211 | - | 39,195 | 17,309 | - |
| - | 55,239 | - | - | - | - | - | 250 |
| - | - | 1,109,084 | - | 564,791 | - | - | 663,919 |
| - | 642,763 | - | - | - | - | 76,705 | - |
| - | - | - | 82,000 | - | - | - | - |
| <u>169,021</u> | <u>1,946,519</u> | <u>1,419,999</u> | <u>85,211</u> | <u>665,696</u> | <u>39,294</u> | <u>449,266</u> | <u>757,894</u> |
| | | | | | | | |
| - | 13,548 | - | - | - | - | - | - |
| - | - | - | - | - | - | 134,536 | 7,331 |
| <u>67,569</u> | <u>273,226</u> | <u>-</u> | <u>72,861</u> | <u>24,676</u> | <u>235,596</u> | <u>1,311,769</u> | <u>27,535</u> |
| | | | | | | | |
| <u>67,569</u> | <u>286,774</u> | <u>-</u> | <u>72,861</u> | <u>24,676</u> | <u>235,596</u> | <u>1,446,305</u> | <u>34,866</u> |
| | | | | | | | |
| <u>\$ 236,590</u> | <u>\$ 2,233,293</u> | <u>\$ 1,419,999</u> | <u>\$ 158,072</u> | <u>\$ 690,372</u> | <u>\$ 274,890</u> | <u>\$ 1,895,571</u> | <u>\$ 792,760</u> |

Continued...

WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds (Concluded)
December 31, 2003

| | <u>Special Revenue Funds</u> | | | | | Total Other Governmental Funds |
|---|------------------------------|-------------------------|-----------------------------|----------------------------|------------------------------|---|
| | Public Health | Safehouse | Sheriff's Grants | Veterans' Trust | Debt Service Fund | |
| <u>ASSETS</u> | | | | | | |
| Assets | | | | | | |
| Cash and pooled investments | \$ - | \$ 24,473 | \$ 459,379 | \$ 5,502 | \$ 84,576 | \$ 3,358,181 |
| Accounts receivable | 50,874 | - | - | - | - | 436,871 |
| Due from other funds | 37,981 | - | 2,370 | - | - | 2,451,141 |
| Due from other governments | 401,480 | - | 93,914 | - | - | 6,070,695 |
| Prepaid items | - | - | - | - | - | 13,548 |
| <u>TOTAL ASSETS</u> | <u>\$ 490,335</u> | <u>\$ 24,473</u> | <u>\$ 555,663</u> | <u>\$ 5,502</u> | <u>\$ 84,576</u> | <u>\$ 12,330,436</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 130,088 | \$ - | \$ 489 | \$ - | \$ - | \$ 763,439 |
| Accrued liabilities | 125,715 | - | 13,273 | 234 | 71,900 | 1,566,022 |
| Due to other funds | 24,615 | - | - | - | - | 1,553,992 |
| Due to other governments | - | - | 440,301 | - | - | 495,790 |
| Cash and pooled investments | 14,666 | - | - | - | - | 3,864,628 |
| Deferred revenue | - | - | 5,993 | - | - | 725,461 |
| Advances from other governments | - | - | 1,200 | - | - | 83,200 |
| Total liabilities | <u>295,084</u> | <u>-</u> | <u>461,256</u> | <u>234</u> | <u>71,900</u> | <u>9,052,532</u> |
| Fund balances | | | | | | |
| Reserved for prepaid items | - | - | - | - | - | 13,548 |
| Unreserved: | | | | | | |
| Designated for subsequent year's expenditures | 36,431 | - | - | - | - | 179,123 |
| Undesignated | 158,820 | 24,473 | 94,407 | 5,268 | 12,676 | 3,085,233 |
| Total fund balances | <u>195,251</u> | <u>24,473</u> | <u>94,407</u> | <u>5,268</u> | <u>12,676</u> | <u>3,277,904</u> |
| <u>TOTAL LIABILITIES AND FUND BALANCES</u> | <u>\$ 490,335</u> | <u>\$ 24,473</u> | <u>\$ 555,663</u> | <u>\$ 5,502</u> | <u>\$ 84,576</u> | <u>\$ 12,330,436</u> |

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WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds
Year Ended December 31, 2003

| | Special Revenue Funds | | | | | |
|---------------------------------------|-----------------------|----------------------|--------------------|-------------------|--|-------------------|
| | Aerial Photo | Building Services | Child Care | County Library | Public Works Solid Waste Program | E-911 |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ 1,744,580 | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 3,647,745 | 52,788 | 44,506 | - |
| Charges for services | 35,866 | 2,520 | - | - | - | 2,135,189 |
| Fines and forfeits | - | - | - | 3,258 | - | - |
| Investment income | 2,968 | (2,586) | - | - | 7,991 | 16,920 |
| Other | - | 4 | 359,580 | (4) | 442,569 | 34,999 |
| Total revenues | <u>38,834</u> | <u>1,744,518</u> | <u>4,007,325</u> | <u>56,042</u> | <u>495,066</u> | <u>2,187,108</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | 1,536 | - | - | - | - | - |
| Public safety | - | 1,528,672 | - | - | - | 1,160,867 |
| Public works | - | - | - | - | 726,100 | - |
| Health | - | 379,642 | - | - | - | - |
| Social services | - | - | 8,318,818 | - | - | - |
| Culture and recreation | - | - | - | 742,836 | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - | - |
| Total expenditures | <u>1,536</u> | <u>1,908,314</u> | <u>8,318,818</u> | <u>742,836</u> | <u>726,100</u> | <u>1,160,867</u> |
| Revenues over (under) expenditures | <u>37,298</u> | <u>(163,796)</u> | <u>(4,311,493)</u> | <u>(686,794)</u> | <u>(231,034)</u> | <u>1,026,241</u> |
| Other financing sources (uses) | | | | | | |
| Proceeds of refunding bonds | - | - | - | - | - | - |
| Premium on refunding bonds | - | - | - | - | - | - |
| Payment to refunding escrow agent | - | - | - | - | - | - |
| Transfers in | - | 4,000 | 4,291,500 | 639,018 | 185,000 | 107,282 |
| Transfers out | - | - | (15,373) | - | - | (1,032,780) |
| Total other sources (uses) | <u>-</u> | <u>4,000</u> | <u>4,276,127</u> | <u>639,018</u> | <u>185,000</u> | <u>(925,498)</u> |
| Net change in fund balances | 37,298 | (159,796) | (35,366) | (47,776) | (46,034) | 100,743 |
| Fund balances, beginning of year | 96,952 | 159,839 | 35,387 | 72,286 | 340,997 | 222,652 |
| Fund balances, end of year | <u>\$ 134,250</u> | <u>\$ 43</u> | <u>\$ 21</u> | <u>\$ 24,510</u> | <u>\$ 294,963</u> | <u>\$ 323,395</u> |

Special Revenue Funds

| Environmental Health | Employment Training and Community Services | Friend of the Court | Family Independence Agency | Head Start | Inmate Concessions | Other Special Revenue Funds | Prosecuting Attorney Grants |
|-----------------------------|---|----------------------------|-----------------------------------|-------------------|---------------------------|------------------------------------|------------------------------------|
| \$ 1,503,313 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 854,933 | 5,854,929 | 3,001,083 | 600,294 | 3,613,321 | - | 2,956,054 | 2,200,631 |
| 46,670 | - | 189,314 | - | - | - | 353,309 | - |
| 10,542 | - | 1,641 | - | - | - | 39,159 | - |
| 1,568 | - | - | - | - | 6,602 | 24,204 | - |
| 16,758 | 107,080 | 4,021 | 3 | 498,890 | 300,740 | 1,268,753 | 2 |
| <u>2,433,784</u> | <u>5,962,009</u> | <u>3,196,059</u> | <u>600,297</u> | <u>4,112,211</u> | <u>307,342</u> | <u>4,641,479</u> | <u>2,200,633</u> |
| - | - | 4,350,972 | - | - | - | 1,201,480 | - |
| - | - | - | - | - | - | 1,419,064 | - |
| - | - | - | - | - | 290,455 | 515,210 | 2,393,026 |
| - | - | - | - | - | - | 1,162,825 | - |
| 3,653,205 | - | - | - | - | - | - | - |
| - | 6,561,876 | - | 627,944 | 4,433,455 | - | 756,961 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>3,653,205</u> | <u>6,561,876</u> | <u>4,350,972</u> | <u>627,944</u> | <u>4,433,455</u> | <u>290,455</u> | <u>5,055,540</u> | <u>2,393,026</u> |
| <u>(1,219,421)</u> | <u>(599,867)</u> | <u>(1,154,913)</u> | <u>(27,647)</u> | <u>(321,244)</u> | <u>16,887</u> | <u>(414,061)</u> | <u>(192,393)</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,230,299 | 731,352 | 787,714 | 50,898 | 521,556 | - | 699,156 | 151,875 |
| - | - | - | - | (197,394) | - | (32,500) | - |
| <u>1,230,299</u> | <u>731,352</u> | <u>787,714</u> | <u>50,898</u> | <u>324,162</u> | <u>-</u> | <u>666,656</u> | <u>151,875</u> |
| 10,878 | 131,485 | (367,199) | 23,251 | 2,918 | 16,887 | 252,595 | (40,518) |
| 56,691 | 155,289 | 367,199 | 49,610 | 21,758 | 218,709 | 1,193,710 | 75,384 |
| <u>\$ 67,569</u> | <u>\$ 286,774</u> | <u>\$ -</u> | <u>\$ 72,861</u> | <u>\$ 24,676</u> | <u>\$ 235,596</u> | <u>\$ 1,446,305</u> | <u>\$ 34,866</u> |

Continued...

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds (Concluded)
Year Ended December 31, 2003

| | Special Revenue Funds | | | | | Total Other Governmental Funds |
|---------------------------------------|-----------------------|------------------|---------------------|--------------------|----------------------|---|
| | Public Health | Safehouse | Sheriff's Grants | Veterans' Trust | Debt Service Fund | |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,247,893 |
| Intergovernmental | 3,994,242 | - | 566,011 | 10,816 | 570,239 | 27,967,592 |
| Charges for services | 884,336 | - | 295 | - | - | 3,647,499 |
| Fines and forfeits | - | - | 12,621 | - | - | 67,221 |
| Investment income | - | 629 | 3,256 | (1) | 892 | 62,443 |
| Other | 273,280 | - | 4 | - | 1 | 3,306,680 |
| Total revenues | <u>5,151,858</u> | <u>629</u> | <u>582,187</u> | <u>10,815</u> | <u>571,132</u> | <u>38,299,328</u> |
| Expenditures | | | | | | |
| Current operations: | | | | | | |
| Judicial | - | - | - | - | - | 5,552,452 |
| General government | - | - | - | - | - | 1,420,600 |
| Public safety | - | - | 593,810 | - | - | 6,482,040 |
| Public works | - | - | - | - | - | 1,888,925 |
| Health | 9,105,898 | - | - | - | - | 13,138,745 |
| Social services | - | - | - | 20,564 | - | 20,719,618 |
| Culture and recreation | - | - | - | - | - | 742,836 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 3,605,000 | 3,605,000 |
| Interest and fiscal charges | - | - | - | - | 1,632,341 | 1,632,341 |
| Bond issuance costs | - | - | - | - | 107,850 | 107,850 |
| Total expenditures | <u>9,105,898</u> | <u>-</u> | <u>593,810</u> | <u>20,564</u> | <u>5,345,191</u> | <u>55,290,407</u> |
| Revenues over (under) expenditures | <u>(3,954,040)</u> | <u>629</u> | <u>(11,623)</u> | <u>(9,749)</u> | <u>(4,774,059)</u> | <u>(16,991,079)</u> |
| Other financing sources (uses) | | | | | | |
| Proceeds of refunding bonds | - | - | - | - | 8,705,000 | 8,705,000 |
| Premium on refunding bonds | - | - | - | - | 151,271 | 151,271 |
| Payment to refunding escrow agent | - | - | - | - | (8,748,421) | (8,748,421) |
| Transfers in | 3,901,016 | - | (3,439) | - | 4,666,315 | 17,963,542 |
| Transfers out | - | - | - | - | (25) | (1,278,072) |
| Total other sources (uses) | <u>3,901,016</u> | <u>-</u> | <u>(3,439)</u> | <u>-</u> | <u>4,774,140</u> | <u>16,793,320</u> |
| Net change in fund balances | (53,024) | 629 | (15,062) | (9,749) | 81 | (197,759) |
| Fund balances, beginning of year | 248,275 | 23,844 | 109,469 | 15,017 | 12,595 | 3,475,663 |
| Fund balances, end of year | <u>\$ 195,251</u> | <u>\$ 24,473</u> | <u>\$ 94,407</u> | <u>\$ 5,268</u> | <u>\$ 12,676</u> | <u>\$ 3,277,904</u> |

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2003

| | Aerial Photo | | | Building Services | | |
|---------------------------------------|------------------|-------------------|--|-------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ 2,468,317 | \$ 1,744,580 | \$ (723,737) |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | 12,000 | 35,866 | 23,866 | 500 | 2,520 | 2,020 |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income | - | 2,968 | 2,968 | - | (2,586) | (2,586) |
| Other | - | - | - | 100 | 4 | (96) |
| Total revenues | 12,000 | 38,834 | 26,834 | 2,468,917 | 1,744,518 | (724,399) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | 12,000 | 1,536 | 10,464 | - | - | - |
| Public safety | - | - | - | 1,745,917 | 1,528,672 | 217,245 |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | 693,000 | 379,642 | 313,358 |
| Social services | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 12,000 | 1,536 | 10,464 | 2,438,917 | 1,908,314 | 530,603 |
| Revenues over (under) expenditures | - | 37,298 | 37,298 | 30,000 | (163,796) | (193,796) |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | - | 4,000 | 4,000 |
| Transfers out | - | - | - | (30,000) | - | 30,000 |
| Total other sources (uses) | - | - | - | (30,000) | 4,000 | 34,000 |
| Net change in fund balances | - | 37,298 | 37,298 | - | (159,796) | (159,796) |
| Fund balances, beginning of year | 96,952 | 96,952 | - | 159,839 | 159,839 | - |
| Fund balances, end of year | \$ 96,952 | \$ 134,250 | \$ 37,298 | \$ 159,839 | \$ 43 | \$ (159,796) |

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2003

| | Child Care | | | County Library | | |
|---------------------------------------|------------------|------------------|--|------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 4,180,601 | 3,647,745 | (532,856) | 50,636 | 52,788 | 2,152 |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | 1,100 | 3,258 | 2,158 |
| Investment income | - | - | - | - | - | - |
| Other | 870,000 | 359,580 | (510,420) | - | (4) | (4) |
| Total revenues | 5,050,601 | 4,007,325 | (1,043,276) | 51,736 | 56,042 | 4,306 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | 9,495,665 | 8,318,818 | 1,176,847 | - | - | - |
| Culture and recreation | - | - | - | 760,754 | 742,836 | 17,918 |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 9,495,665 | 8,318,818 | 1,176,847 | 760,754 | 742,836 | 17,918 |
| Revenues over (under) expenditures | (4,445,064) | (4,311,493) | 133,571 | (709,018) | (686,794) | 22,224 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 4,460,000 | 4,291,500 | (168,500) | 709,018 | 639,018 | (70,000) |
| Transfers out | (14,936) | (15,373) | (437) | - | - | - |
| Total other sources (uses) | 4,445,064 | 4,276,127 | (168,937) | 709,018 | 639,018 | (70,000) |
| Net change in fund balances | - | (35,366) | (35,366) | - | (47,776) | (47,776) |
| Fund balances, beginning of year | 35,387 | 35,387 | - | 72,286 | 72,286 | - |
| Fund balances, end of year | \$ 35,387 | \$ 21 | \$ (35,366) | \$ 72,286 | \$ 24,510 | \$ (47,776) |

WASHTENAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2003

| | Public Works Solid Waste Program | | | E-911 | | |
|---------------------------------------|----------------------------------|-------------------|--|-------------------|-------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 44,506 | 44,506 | - | - | - |
| Charges for services | - | - | - | 1,900,000 | 2,135,189 | 235,189 |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income | 9,855 | 7,991 | (1,864) | - | 16,920 | 16,920 |
| Other | 372,175 | 442,569 | 70,394 | 36,000 | 34,999 | (1,001) |
| Total revenues | 382,030 | 495,066 | 113,036 | 1,936,000 | 2,187,108 | 251,108 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | 1,136,000 | 1,160,867 | (24,867) |
| Public works | 710,458 | 726,100 | (15,642) | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 710,458 | 726,100 | (15,642) | 1,136,000 | 1,160,867 | (24,867) |
| Revenues over (under) expenditures | (328,428) | (231,034) | 97,394 | 800,000 | 1,026,241 | 226,241 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 185,000 | 185,000 | - | 95,000 | 107,282 | 12,282 |
| Transfers out | - | - | - | (895,000) | (1,032,780) | (137,780) |
| Total other sources (uses) | 185,000 | 185,000 | - | (800,000) | (925,498) | (125,498) |
| Net change in fund balances | (143,428) | (46,034) | 97,394 | - | 100,743 | 100,743 |
| Fund balances, beginning of year | 340,997 | 340,997 | - | 222,652 | 222,652 | - |
| Fund balances, end of year | \$ 197,569 | \$ 294,963 | \$ 97,394 | \$ 222,652 | \$ 323,395 | \$ 100,743 |

WASHTENAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2003

| | Environmental Health | | | Employment Training and Community Services | | |
|---------------------------------------|----------------------|------------------|--|---|-------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ 1,524,292 | \$ 1,503,313 | \$ (20,979) | \$ - | \$ - | \$ - |
| Intergovernmental | 1,032,120 | 854,933 | (177,187) | 7,008,035 | 5,854,929 | (1,153,106) |
| Charges for services | 74,041 | 46,670 | (27,371) | - | - | - |
| Fines and forfeits | 8,926 | 10,542 | 1,616 | - | - | - |
| Investment income | - | 1,568 | 1,568 | - | - | - |
| Other | 23,542 | 16,758 | (6,784) | 105,565 | 107,080 | 1,515 |
| Total revenues | 2,662,922 | 2,433,784 | (229,138) | 7,113,600 | 5,962,009 | (1,151,591) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | 3,846,221 | 3,653,205 | 193,016 | - | - | - |
| Social services | - | - | - | 7,844,952 | 6,561,876 | 1,283,076 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 3,846,221 | 3,653,205 | 193,016 | 7,844,952 | 6,561,876 | 1,283,076 |
| Revenues over (under) expenditures | (1,183,299) | (1,219,421) | (36,122) | (731,352) | (599,867) | 131,485 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 1,193,299 | 1,230,299 | 37,000 | 731,352 | 731,352 | - |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | 1,193,299 | 1,230,299 | 37,000 | 731,352 | 731,352 | - |
| Net change in fund balances | 10,000 | 10,878 | 878 | - | 131,485 | 131,485 |
| Fund balances, beginning of year | 56,691 | 56,691 | - | 155,289 | 155,289 | - |
| Fund balances, end of year | \$ 66,691 | \$ 67,569 | \$ 878 | \$ 155,289 | \$ 286,774 | \$ 131,485 |

WASHTENAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2003

| | Friend of the Court | | | Family Independence Agency | | |
|---------------------------------------|---------------------|------------------|--|----------------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 2,887,278 | 3,001,083 | 113,805 | 800,000 | 600,294 | (199,706) |
| Charges for services | 195,000 | 189,314 | (5,686) | - | - | - |
| Fines and forfeits | - | 1,641 | 1,641 | - | - | - |
| Investment income | - | - | - | - | - | - |
| Other | - | 4,021 | 4,021 | - | 3 | 3 |
| Total revenues | 3,082,278 | 3,196,059 | 113,781 | 800,000 | 600,297 | (199,703) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | 4,229,992 | 4,350,972 | (120,980) | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | 854,109 | 627,944 | 226,165 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 4,229,992 | 4,350,972 | (120,980) | 854,109 | 627,944 | 226,165 |
| Revenues over (under) expenditures | (1,147,714) | (1,154,913) | (7,199) | (54,109) | (27,647) | 26,462 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 1,147,714 | 787,714 | (360,000) | 54,109 | 50,898 | (3,211) |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | 1,147,714 | 787,714 | (360,000) | 54,109 | 50,898 | (3,211) |
| Net change in fund balances | - | (367,199) | (367,199) | - | 23,251 | 23,251 |
| Fund balances, beginning of year | 367,199 | 367,199 | - | 49,610 | 49,610 | - |
| Fund balances, end of year | \$ 367,199 | \$ - | \$ (367,199) | \$ 49,610 | \$ 72,861 | \$ 23,251 |

WASHTENAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2003

| | Head Start | | | Inmate Concessions | | |
|---------------------------------------|------------------|------------------|--|--------------------|-------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 3,493,148 | 3,613,321 | 120,173 | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income | - | - | - | - | 6,602 | 6,602 |
| Other | 447,821 | 498,890 | 51,069 | 270,972 | 300,740 | 29,768 |
| Total revenues | 3,940,969 | 4,112,211 | 171,242 | 270,972 | 307,342 | 36,370 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | 270,972 | 290,455 | (19,483) |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | 4,495,597 | 4,433,455 | 62,142 | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 4,495,597 | 4,433,455 | 62,142 | 270,972 | 290,455 | (19,483) |
| Revenues over (under) expenditures | (554,628) | (321,244) | 233,384 | - | 16,887 | 16,887 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 608,549 | 521,556 | (86,993) | - | - | - |
| Transfers out | (53,921) | (197,394) | (143,473) | - | - | - |
| Total other sources (uses) | 554,628 | 324,162 | (230,466) | - | - | - |
| Net change in fund balances | - | 2,918 | 2,918 | - | 16,887 | 16,887 |
| Fund balances, beginning of year | 21,758 | 21,758 | - | 218,709 | 218,709 | - |
| Fund balances, end of year | \$ 21,758 | \$ 24,676 | \$ 2,918 | \$ 218,709 | \$ 235,596 | \$ 16,887 |

WASHTENAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2003

| | Other Special Revenue Funds | | | Prosecuting Attorney Grants | | |
|---------------------------------------|-----------------------------|---------------------|--|-----------------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 4,968,162 | 2,956,054 | (2,012,108) | 2,260,146 | 2,200,631 | (59,515) |
| Charges for services | 257,400 | 353,309 | 95,909 | - | - | - |
| Fines and forfeits | 8,500 | 39,159 | 30,659 | - | - | - |
| Investment income | - | 24,204 | 24,204 | - | - | - |
| Other | 1,312,714 | 1,268,753 | (43,961) | - | 2 | 2 |
| Total revenues | 6,546,776 | 4,641,479 | (1,905,297) | 2,260,146 | 2,200,633 | (59,513) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | 1,044,852 | 1,201,480 | (156,628) | - | - | - |
| General government | 3,048,624 | 1,419,064 | 1,629,560 | - | - | - |
| Public safety | 744,131 | 515,210 | 228,921 | 2,457,750 | 2,393,026 | 64,724 |
| Public works | 1,163,098 | 1,162,825 | 273 | - | - | - |
| Health | 10,000 | - | 10,000 | - | - | - |
| Social services | 1,274,298 | 756,961 | 517,337 | - | - | - |
| Culture and recreation | 30,000 | - | 30,000 | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 7,315,003 | 5,055,540 | 2,259,463 | 2,457,750 | 2,393,026 | 64,724 |
| Revenues over (under) expenditures | (768,227) | (414,061) | 354,166 | (197,604) | (192,393) | 5,211 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 716,902 | 699,156 | (17,746) | 197,604 | 151,875 | (45,729) |
| Transfers out | (32,500) | (32,500) | - | - | - | - |
| Total other sources (uses) | 684,402 | 666,656 | (17,746) | 197,604 | 151,875 | (45,729) |
| Net change in fund balances | (83,825) | 252,595 | 336,420 | - | (40,518) | (40,518) |
| Fund balances, beginning of year | 1,193,710 | 1,193,710 | - | 75,384 | 75,384 | - |
| Fund balances, end of year | \$ 1,109,885 | \$ 1,446,305 | \$ 336,420 | \$ 75,384 | \$ 34,866 | \$ (40,518) |

WASHTENAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2003

| | Public Health | | | Safehouse | | |
|---------------------------------------|-------------------|-------------------|--|------------------|------------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 3,975,828 | 3,994,242 | 18,414 | - | - | - |
| Charges for services | 910,449 | 884,336 | (26,113) | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Investment income | - | - | - | - | 629 | 629 |
| Other | 218,250 | 273,280 | 55,030 | - | - | - |
| Total revenues | 5,104,527 | 5,151,858 | 47,331 | - | 629 | 629 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | 8,941,019 | 9,105,898 | (164,879) | - | - | - |
| Social services | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 8,941,019 | 9,105,898 | (164,879) | - | - | - |
| Revenues over (under) expenditures | (3,836,492) | (3,954,040) | (117,548) | - | 629 | 629 |
| Other financing sources (uses) | | | | | | |
| Transfers in | 3,836,492 | 3,901,016 | 64,524 | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | 3,836,492 | 3,901,016 | 64,524 | - | - | - |
| Net change in fund balances | - | (53,024) | (53,024) | - | 629 | 629 |
| Fund balances, beginning of year | 248,275 | 248,275 | - | 23,844 | 23,844 | - |
| Fund balances, end of year | \$ 248,275 | \$ 195,251 | \$ (53,024) | \$ 23,844 | \$ 24,473 | \$ 629 |

WASHTENAW COUNTY

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Concluded) Year Ended December 31, 2003

| | Sheriff's Grants | | | Veterans' Trust | | |
|---------------------------------------|-------------------|------------------|--|------------------|-----------------|--|
| | Final Budget | Actual | Variance with Final Budget + (-) | Final Budget | Actual | Variance with Final Budget + (-) |
| Revenues | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 419,216 | 566,011 | 146,795 | 44,366 | 10,816 | (33,550) |
| Charges for services | - | 295 | 295 | - | - | - |
| Fines and forfeits | - | 12,621 | 12,621 | - | - | - |
| Investment income | - | 3,256 | 3,256 | - | (1) | (1) |
| Other | - | 4 | 4 | - | - | - |
| Total revenues | 419,216 | 582,187 | 162,971 | 44,366 | 10,815 | (33,551) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | - | - | - | - |
| Public safety | 427,795 | 593,810 | (166,015) | - | - | - |
| Public works | - | - | - | - | - | - |
| Health | - | - | - | - | - | - |
| Social services | - | - | - | 44,366 | 20,564 | 23,802 |
| Culture and recreation | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 427,795 | 593,810 | (166,015) | 44,366 | 20,564 | 23,802 |
| Revenues over (under) expenditures | (8,579) | (11,623) | (3,044) | - | (9,749) | (9,749) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 8,579 | (3,439) | (12,018) | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other sources (uses) | 8,579 | (3,439) | (12,018) | - | - | - |
| Net change in fund balances | - | (15,062) | (15,062) | - | (9,749) | (9,749) |
| Fund balances, beginning of year | 109,469 | 109,469 | - | 15,017 | 15,017 | - |
| Fund balances, end of year | \$ 109,469 | \$ 94,407 | \$ (15,062) | \$ 15,017 | \$ 5,268 | \$ (9,749) |

WASHTENAW COUNTY
Combining Statement of Net Assets
Internal Service Funds
December 31, 2003

| | <u>Facilities Management Revolving</u> | <u>Fleet Management Revolving</u> | <u>Fringe Benefit Revolving</u> |
|---|--|---|---|
| Assets | | | |
| Current assets: | | | |
| Cash and pooled investments | \$ 955,565 | \$ 45,650 | \$ 105,115 |
| Receivables: | | | |
| Accounts | 265,890 | - | 219,520 |
| Due from other funds | 208,645 | 495,000 | 3,000 |
| Due from other governments | 1,885,628 | - | 49 |
| Prepaid items | - | - | 85,757 |
| Inventories | - | 61,300 | - |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | 3,315,728 | 601,950 | 413,441 |
| Noncurrent assets: | | | |
| Capital assets, net | - | 2,345,047 | - |
| | <hr/> | <hr/> | <hr/> |
| Total assets | 3,315,728 | 2,946,997 | 413,441 |
| | <hr/> | <hr/> | <hr/> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 4,808 | 1,120 | 66,000 |
| Accrued liabilities | 123,470 | 12,966 | 6,883 |
| Interest payable | - | 1,353 | - |
| Due to other funds | 1,223,381 | 495,000 | 19,000 |
| | <hr/> | <hr/> | <hr/> |
| Total current liabilities | 1,351,659 | 510,439 | 91,883 |
| Long-term liabilities: | | | |
| Accrued compensated absences | 208,942 | 11,857 | - |
| Deferred revenue | 808,878 | - | - |
| Advances from other funds | 930,507 | - | 200,000 |
| | <hr/> | <hr/> | <hr/> |
| Total long-term liabilities | 1,948,327 | 11,857 | 200,000 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 3,299,986 | 522,296 | 291,883 |
| | <hr/> | <hr/> | <hr/> |
| Net assets | | | |
| Invested in capital assets, net of related debt | - | 2,345,047 | - |
| Unrestricted | 15,742 | 79,654 | 121,558 |
| | <hr/> | <hr/> | <hr/> |
| Total net assets | \$ 15,742 | \$ 2,424,701 | \$ 121,558 |
| | <hr/> | <hr/> | <hr/> |

| General Services Revolving | Insurance Revolving | Medical Insurance Revolving | Telephone Revolving | Worker's Compensation Revolving | Total |
|---|--------------------------------|--|--------------------------------|--|--------------|
| \$ 130,524 | \$ 13 | \$ 176,224 | \$ - | \$ 499,099 | \$ 1,912,190 |
| - | - | - | - | 77,000 | 562,410 |
| - | 650,000 | 933,900 | - | 16,322 | 2,306,867 |
| 1,106 | 200,000 | 26,538 | 322 | - | 2,113,643 |
| - | 744,026 | 235,181 | - | - | 1,064,964 |
| 51,392 | - | - | - | - | 112,692 |
| 183,022 | 1,594,039 | 1,371,843 | 322 | 592,421 | 8,072,766 |
| 258,619 | - | - | - | - | 2,603,666 |
| 441,641 | 1,594,039 | 1,371,843 | 322 | 592,421 | 10,676,432 |
| - | - | - | - | 35,099 | 107,027 |
| - | 656,065 | 838,000 | - | 487,356 | 2,124,740 |
| 631 | 2,125 | - | - | - | 4,109 |
| 202,648 | 933,900 | - | 322 | - | 2,874,251 |
| 203,279 | 1,592,090 | 838,000 | 322 | 522,455 | 5,110,127 |
| - | - | - | - | - | 220,799 |
| - | - | - | - | - | 808,878 |
| - | - | - | - | - | 1,130,507 |
| - | - | - | - | - | 2,160,184 |
| 203,279 | 1,592,090 | 838,000 | 322 | 522,455 | 7,270,311 |
| 258,619 | - | - | - | - | 2,603,666 |
| (20,257) | 1,949 | 533,843 | - | 69,966 | 802,455 |
| \$ 238,362 | \$ 1,949 | \$ 533,843 | \$ - | \$ 69,966 | \$ 3,406,121 |

WASHTENAW COUNTY
Combining Statement of Revenues,
Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2003

| | <u>Facilities Management Revolving</u> | <u>Fleet Management Revolving</u> | <u>Fringe Benefit Revolving</u> |
|---|--|---|---|
| Operating revenues | | | |
| Charges for services | \$ 6,934,966 | \$ 1,995,412 | \$ 2,093,352 |
| Operating expenses | | | |
| Personnel services | 2,568,525 | 243,711 | - |
| Contractual services | 266,388 | 8,719 | 11,610 |
| Supplies | 368,929 | 466,514 | - |
| Occupancy | 1,812,760 | 202,668 | - |
| Telephone | 38,601 | 876 | - |
| Equipment repair and rental | 190,247 | 571,088 | - |
| Building repair and rental | 267,786 | - | - |
| Benefit payments and insurance premiums | - | - | 2,008,022 |
| Other | 796,370 | - | 100,276 |
| Depreciation | - | 682,142 | - |
| Total operating expenses | <u>6,309,606</u> | <u>2,175,718</u> | <u>2,119,908</u> |
| Operating income (loss) | <u>625,360</u> | <u>(180,306)</u> | <u>(26,556)</u> |
| Nonoperating revenues (expenses) | | | |
| Interest income | 68,866 | 12,589 | 12,139 |
| Interest expense | - | (17,955) | - |
| Gain (loss) on sale of capital assets | - | (30,401) | - |
| Total nonoperating revenues (expenses) | <u>68,866</u> | <u>(35,767)</u> | <u>12,139</u> |
| Income (loss) before transfers | 694,226 | (216,073) | (14,417) |
| Transfers in | 150,349 | - | - |
| Transfers out | <u>(920,818)</u> | <u>-</u> | <u>-</u> |
| Change in net assets | (76,243) | (216,073) | (14,417) |
| Net assets, beginning of year | <u>91,985</u> | <u>2,640,774</u> | <u>135,975</u> |
| Net assets, end of year | <u>\$ 15,742</u> | <u>\$ 2,424,701</u> | <u>\$ 121,558</u> |

| General Services Revolving | Insurance Revolving | Medical Insurance Revolving | Telephone Revolving | Worker's Compensation Revolving | Total |
|---|--------------------------------|--|--------------------------------|--|---------------------|
| \$ 702,021 | \$ 2,499,386 | \$ 12,384,953 | \$ 757,451 | \$ 775,602 | \$ 28,143,143 |
| - | 272,708 | - | - | 66,988 | 3,151,932 |
| - | 599,886 | - | - | 53,551 | 940,154 |
| 444,314 | 879 | - | - | 403 | 1,281,039 |
| - | 22,837 | - | - | - | 2,038,265 |
| - | 12,931 | - | 757,451 | - | 809,859 |
| 103,633 | - | - | - | 30,961 | 895,929 |
| - | - | - | - | - | 267,786 |
| - | 1,576,850 | 12,632,561 | - | 636,406 | 16,853,839 |
| - | 2,973 | - | - | - | 899,619 |
| 126,935 | - | - | - | - | 809,077 |
| <u>674,882</u> | <u>2,489,064</u> | <u>12,632,561</u> | <u>757,451</u> | <u>788,309</u> | <u>27,947,499</u> |
| <u>27,139</u> | <u>10,322</u> | <u>(247,608)</u> | <u>-</u> | <u>(12,707)</u> | <u>195,644</u> |
| 1,989 | 1 | 35,107 | - | 11,744 | 142,435 |
| (6,900) | (8,925) | - | - | - | (33,780) |
| 1,540 | - | - | - | - | (28,861) |
| <u>(3,371)</u> | <u>(8,924)</u> | <u>35,107</u> | <u>-</u> | <u>11,744</u> | <u>79,794</u> |
| 23,768 | 1,398 | (212,501) | - | (963) | 275,438 |
| - | - | - | - | - | 150,349 |
| - | - | - | - | - | (920,818) |
| 23,768 | 1,398 | (212,501) | - | (963) | (495,031) |
| <u>214,594</u> | <u>551</u> | <u>746,344</u> | <u>-</u> | <u>70,929</u> | <u>3,901,152</u> |
| <u>\$ 238,362</u> | <u>\$ 1,949</u> | <u>\$ 533,843</u> | <u>\$ -</u> | <u>\$ 69,966</u> | <u>\$ 3,406,121</u> |

WASHTENAW COUNTY
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2003

| | Facilities Management Revolving | Fleet Management Revolving | Fringe Benefit Revolving | General Services Revolving |
|--|--|---|---|---|
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 2,032,704 | \$ - | \$ 4,607 | \$ - |
| Cash received from interfund services | 6,281,837 | 2,135,410 | 2,186,361 | 631,111 |
| Cash payments to employees | (2,578,632) | (241,898) | (100,276) | - |
| Cash payments to suppliers | (5,070,314) | (1,046,303) | (2,199,381) | (531,342) |
| Cash payments for interfund services | - | (346,911) | - | - |
| Net cash provided by (used in) operating activities | <u>665,595</u> | <u>500,298</u> | <u>(108,689)</u> | <u>99,769</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers in | 150,349 | - | - | - |
| Transfers out | (920,818) | - | - | - |
| Net cash used in noncapital financing activities | <u>(770,469)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | |
| Advances from other funds | (73,466) | - | (152,000) | - |
| Interest paid on long-term debt | - | - | - | (6,900) |
| Proceeds from sale of equipment | - | 49,178 | - | 1,840 |
| Payments for equipment acquisitions | - | (756,704) | - | (73,489) |
| Net cash (used in) capital and related financing activities | <u>(73,466)</u> | <u>(707,526)</u> | <u>(152,000)</u> | <u>(78,549)</u> |
| Cash flows from investing activities | | | | |
| Interest on investments | 68,864 | (5,364) | 12,139 | 1,987 |
| Net increase (decrease) in cash and pooled investments | (109,476) | (212,592) | (248,550) | 23,207 |
| Cash and pooled investments, beginning of year | 1,065,041 | 258,242 | 353,665 | 107,317 |
| Cash and pooled investments, end of year | <u>\$ 955,565</u> | <u>\$ 45,650</u> | <u>\$ 105,115</u> | <u>\$ 130,524</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ 625,360 | \$ (180,306) | \$ (26,556) | \$ 27,139 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | - | 682,142 | - | 126,935 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 33,855 | - | 12,635 | - |
| Due from other funds | 51,355 | 140,000 | (3,000) | - |
| Due from other agencies and governments | 1,118,617 | - | (5) | 3,078 |
| Inventories | - | (1,100) | - | 15,828 |
| Prepaid items | - | - | (63,450) | - |
| Accounts payable | (16,902) | (2,216) | (62,925) | (859) |
| Accrued liabilities | (10,111) | 1,809 | 4,612 | - |
| Due to other funds | 214,354 | (140,031) | 30,000 | (72,352) |
| Deferred revenue | (1,350,933) | - | - | - |
| Net cash provided by (used in) operating activities | <u>\$ 665,595</u> | <u>\$ 500,298</u> | <u>\$ (108,689)</u> | <u>\$ 99,769</u> |

| <u>Insurance Revolving</u> | <u>Medical Insurance Revolving</u> | <u>Telephone Revolving</u> | <u>Worker's Compensation Revolving</u> | <u>Total</u> |
|--------------------------------|--|--------------------------------|--|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 2,037,311 |
| 2,526,310 | 12,725,742 | 846,984 | 652,933 | 27,986,688 |
| (272,708) | - | - | (66,988) | (3,260,502) |
| (2,246,486) | (12,816,199) | (757,451) | (481,107) | (25,148,583) |
| - | - | (99,678) | - | (446,589) |
| <u>7,116</u> | <u>(90,457)</u> | <u>(10,145)</u> | <u>104,838</u> | <u>1,168,325</u> |
| - | - | - | - | 150,349 |
| - | - | - | - | (920,818) |
| - | - | - | - | (770,469) |
| - | - | - | - | (225,466) |
| (8,924) | - | - | - | (15,824) |
| - | - | - | - | 51,018 |
| - | - | - | - | (830,193) |
| <u>(8,924)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,020,465)</u> |
| - | 35,109 | - | 11,743 | 124,478 |
| (1,808) | (55,348) | (10,145) | 116,581 | (498,131) |
| <u>1,821</u> | <u>231,572</u> | <u>10,145</u> | <u>382,518</u> | <u>2,410,321</u> |
| <u>\$ 13</u> | <u>\$ 176,224</u> | <u>\$ -</u> | <u>\$ 499,099</u> | <u>\$ 1,912,190</u> |

| | | | | |
|-----------------|--------------------|--------------------|-------------------|---------------------|
| \$ 10,322 | \$ (247,608) | \$ - | \$ (12,707) | \$ 195,644 |
| - | - | - | - | 809,077 |
| (200,000) | 374,690 | (322) | 12,653 | 233,511 |
| (344,000) | (33,900) | 88,601 | (16,322) | (117,266) |
| - | - | 1,254 | - | 1,122,944 |
| - | - | - | - | 14,728 |
| (41,359) | (126,639) | - | 2,534 | (228,914) |
| (31,523) | - | - | (2,500) | (116,925) |
| 204,806 | (57,000) | - | 121,180 | 265,296 |
| 408,870 | - | (99,678) | - | 341,163 |
| - | - | - | - | (1,350,933) |
| <u>\$ 7,116</u> | <u>\$ (90,457)</u> | <u>\$ (10,145)</u> | <u>\$ 104,838</u> | <u>\$ 1,168,325</u> |

WASHTENAW COUNTY
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2003

| | Employees' Retirement System | | |
|---|-------------------------------------|---------------------|-----------------------|
| | Pension | Health | Total |
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Investments: | | | |
| Mutual funds | - | - | - |
| Mortgages and asset backed securities | - | - | - |
| Common Stocks | 101,271,152 | 1,062,208 | 102,333,360 |
| United States treasury strips | 6,935,728 | 72,746 | 7,008,474 |
| Other United States treasury securities | 1,046,489 | 10,976 | 1,057,465 |
| Other United States government securities | 26,316,860 | 276,028 | 26,592,888 |
| Corporate bonds and notes | 14,026,208 | 147,116 | 14,173,324 |
| Short-term investments | 6,703,307 | 70,309 | 6,773,616 |
| Accounts receivable | 1,081 | 2 | 1,083 |
| Accrued interest and dividends | 506,072 | 5,308 | 511,380 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | 156,806,897 | 1,644,693 | 158,451,590 |
| | <hr/> | <hr/> | <hr/> |
| Liabilities | | | |
| Accounts payable | 337 | 26,250 | 26,587 |
| Accrued liabilities | 111,137 | - | 111,137 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 111,474 | 26,250 | 137,724 |
| | <hr/> | <hr/> | <hr/> |
| Net assets held in trust for pension and health benefits | <u>\$ 156,695,423</u> | <u>\$ 1,618,443</u> | <u>\$ 158,313,866</u> |

| Money Purchase Pension Plan | Voluntary Employees Beneficiary Association | Severance Benefits | Unemployment Benefits | Total |
|--|--|-------------------------------|----------------------------------|-----------------------|
| \$ - | \$ - | \$ 262,251 | \$ 446,578 | \$ 708,829 |
| 33,977,266 | 5,246,746 | - | - | 39,224,012 |
| - | 2,365,708 | - | - | 2,365,708 |
| - | 16,905,558 | - | - | 119,238,918 |
| - | 356,316 | - | - | 7,364,790 |
| - | 609,519 | - | - | 1,666,984 |
| - | - | - | - | 26,592,888 |
| - | - | - | - | 14,173,324 |
| - | 2,169,805 | - | - | 8,943,421 |
| - | - | - | - | 1,083 |
| - | - | 596 | 1,044 | 513,020 |
| <u>33,977,266</u> | <u>27,653,652</u> | <u>262,847</u> | <u>447,622</u> | <u>220,792,977</u> |
| - | - | 200,000 | - | 226,587 |
| <u>1,006</u> | <u>18,610</u> | <u>5,137</u> | <u>342,559</u> | <u>478,449</u> |
| <u>1,006</u> | <u>18,610</u> | <u>205,137</u> | <u>342,559</u> | <u>705,036</u> |
| <u>\$ 33,976,260</u> | <u>\$ 27,635,042</u> | <u>\$ 57,710</u> | <u>\$ 105,063</u> | <u>\$ 220,087,941</u> |

WASHTENAW COUNTY
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2003

| | Employees' Retirement System | | | Money Purchase Pension Plan |
|--|------------------------------|---------------------|-----------------------|--------------------------------------|
| | Pension | Health | Total | |
| Additions | | | | |
| Investment income: | | | | |
| From investing activities: | | | | |
| Net appreciation in fair value of investments | \$ 20,751,845 | \$ 85,022 | \$ 20,836,867 | \$ 4,924,599 |
| Interest and dividends | 5,588,163 | 148,785 | 5,736,948 | 595,800 |
| Investment management fees | (608,283) | (16,196) | (624,479) | - |
| Net income from investing activities | <u>25,731,725</u> | <u>217,611</u> | <u>25,949,336</u> | <u>5,520,399</u> |
| From securities lending activities: | | | | |
| Gross earnings | 128,921 | - | 128,921 | - |
| Borrower rebates | (105,591) | - | (105,591) | - |
| Securities fees | (9,287) | - | (9,287) | - |
| Net income from securities lending activities | <u>14,043</u> | <u>-</u> | <u>14,043</u> | <u>-</u> |
| Total net investment income | <u>25,745,768</u> | <u>217,611</u> | <u>25,963,379</u> | <u>5,520,399</u> |
| Contributions: | | | | |
| Employer | 1,651,416 | - | 1,651,416 | 2,987,776 |
| Employees | 652,690 | - | 652,690 | 2,671,872 |
| Total contributions | <u>2,304,106</u> | <u>-</u> | <u>2,304,106</u> | <u>5,659,648</u> |
| Other additions: | | | | |
| Other additions | - | - | - | 5,631 |
| Total additions | <u>28,049,874</u> | <u>217,611</u> | <u>28,267,485</u> | <u>11,185,678</u> |
| Deductions | | | | |
| Participant benefits | 11,818,487 | 3,663,491 | 15,481,978 | 1,298,801 |
| Administrative expenses | 305,646 | 484 | 306,130 | 46,102 |
| Total deductions | <u>12,124,133</u> | <u>3,663,975</u> | <u>15,788,108</u> | <u>1,344,903</u> |
| Net additions (deductions) to net assets held in trust | 15,925,741 | (3,446,364) | 12,479,377 | 9,840,775 |
| Net assets held in trust for benefits: | | | | |
| Beginning of year | <u>140,769,682</u> | <u>5,064,807</u> | <u>145,834,489</u> | <u>24,135,485</u> |
| End of year | <u>\$ 156,695,423</u> | <u>\$ 1,618,443</u> | <u>\$ 158,313,866</u> | <u>\$ 33,976,260</u> |

| Voluntary Employees Beneficiary Association | Severance Benefits | Unemployment Benefits | Total |
|--|-------------------------------|----------------------------------|-----------------------|
| \$ 3,656,651 | \$ - | \$ - | \$ 29,418,117 |
| 542,581 | 7,761 | 11,330 | 6,894,420 |
| (121,466) | - | - | (745,945) |
| <u>4,077,766</u> | <u>7,761</u> | <u>11,330</u> | <u>35,566,592</u> |
| - | - | - | 128,921 |
| - | - | - | (105,591) |
| - | - | - | (9,287) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>14,043</u> |
| <u>4,077,766</u> | <u>7,761</u> | <u>11,330</u> | <u>35,580,635</u> |
| 3,971,889 | 762,319 | 172,320 | 9,545,720 |
| 138,133 | - | - | 3,462,695 |
| <u>4,110,022</u> | <u>762,319</u> | <u>172,320</u> | <u>13,008,415</u> |
| - | - | - | 5,631 |
| <u>8,187,788</u> | <u>770,080</u> | <u>183,650</u> | <u>48,594,681</u> |
| 126,920 | 941,153 | 342,557 | 18,191,409 |
| 62,479 | - | - | 414,711 |
| <u>189,399</u> | <u>941,153</u> | <u>342,557</u> | <u>18,606,120</u> |
| 7,998,389 | (171,073) | (158,907) | 29,988,561 |
| <u>19,636,653</u> | <u>228,783</u> | <u>263,970</u> | <u>190,099,380</u> |
| <u>\$ 27,635,042</u> | <u>\$ 57,710</u> | <u>\$ 105,063</u> | <u>\$ 220,087,941</u> |

WASHTENAW COUNTY
Combining Statement of Fiduciary Net Assets - Agency Funds
December 31, 2003

| | <u>County Extension</u> | <u>Agency</u> | <u>Total</u> |
|-----------------------------|-----------------------------|----------------------|----------------------|
| Assets | | | |
| Cash and pooled investments | \$ 45,200 | \$ 17,509,358 | \$ 17,554,558 |
| Due from other governments | - | 328,340 | 328,340 |
| | <u>\$ 45,200</u> | <u>\$ 17,837,698</u> | <u>\$ 17,882,898</u> |
| Liabilities | | | |
| Accounts payable | - | \$ 6,529,652 | \$ 6,529,652 |
| Due to other governments | 45,200 | 11,308,046 | 11,353,246 |
| | <u>\$ 45,200</u> | <u>\$ 17,837,698</u> | <u>\$ 17,882,898</u> |

WASHTENAW COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended December 31, 2003

| | <u>Balance January 1, 2003</u> | <u>Additions</u> | <u>(Deductions)</u> | <u>Balance December 31, 2003</u> |
|---|--|-----------------------|-------------------------|--|
| <u>County Extension Fund</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 33,514 | \$ 95,482 | \$ (83,796) | \$ 45,200 |
| Liabilities | | | | |
| Due to other governments | \$ 33,514 | \$ 95,482 | \$ (83,796) | \$ 45,200 |
| <u>Agency Fund</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 14,960,786 | \$ 319,300,453 | \$ (316,751,881) | \$ 17,509,358 |
| Accounts receivable | 420,568 | 4,731 | (425,299) | - |
| Due from other governments | 145,872 | 2,858,906 | (2,676,438) | 328,340 |
| Total assets | <u>\$ 15,527,226</u> | <u>\$ 322,164,090</u> | <u>\$ (319,853,618)</u> | <u>\$ 17,837,698</u> |
| Liabilities | | | | |
| Accounts payable | \$ 751,512 | \$ 26,947,375 | \$ (21,169,235) | \$ 6,529,652 |
| Due to other governments | 14,775,714 | 318,096,181 | (321,563,849) | 11,308,046 |
| Total liabilities | <u>\$ 15,527,226</u> | <u>\$ 345,043,556</u> | <u>\$ (342,733,084)</u> | <u>\$ 17,837,698</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets | | | | |
| Cash and pooled investments | \$ 14,994,300 | \$ 319,395,935 | \$ (316,835,677) | \$ 17,554,558 |
| Accounts receivable | 420,568 | 4,731 | (425,299) | - |
| Due from other governments | 145,872 | 2,858,906 | (2,676,438) | 328,340 |
| Total assets | <u>\$ 15,560,740</u> | <u>\$ 322,259,572</u> | <u>\$ (319,937,414)</u> | <u>\$ 17,882,898</u> |
| Liabilities | | | | |
| Accounts payable | \$ 751,512 | \$ 26,947,375 | \$ (21,169,235) | \$ 6,529,652 |
| Due to other governments | 14,809,228 | 318,191,663 | (321,647,645) | 11,353,246 |
| Total liabilities | <u>\$ 15,560,740</u> | <u>\$ 345,139,038</u> | <u>\$ (342,816,880)</u> | <u>\$ 17,882,898</u> |

WASHTENAW COUNTY
Capital Assets Used in the Operation of Governmental Activities
Comparative Schedules by Source
December 31, 2003 and 2002

| | 2003 | 2002 |
|---|--------------------|--------------------|
| Capital assets used in the operation of governmental funds | | |
| Land | \$ 12,267,428 | \$ 9,093,704 |
| Buildings | 100,467,703 | 85,814,475 |
| Improvements other than buildings | 10,953,427 | 10,632,189 |
| Machinery and equipment | 8,736,137 | 8,023,320 |
| Construction in progress | - | 4,476,869 |
| Total capital assets | \$ 132,424,695 | \$ 118,040,557 |
| Investment in general capital assets by source | | |
| General Fund | \$ 12,311,282 | \$ 11,575,034 |
| Special revenue funds | 7,378,282 | 7,080,475 |
| Capital projects funds | 112,735,131 | 99,385,048 |
| Total investment in capital assets | \$ 132,424,695 | \$ 118,040,557 |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

WASHTENAW COUNTY
Capital Assets Used in the Operation of Governmental Activities
Schedule by Function and Activity
December 31, 2003

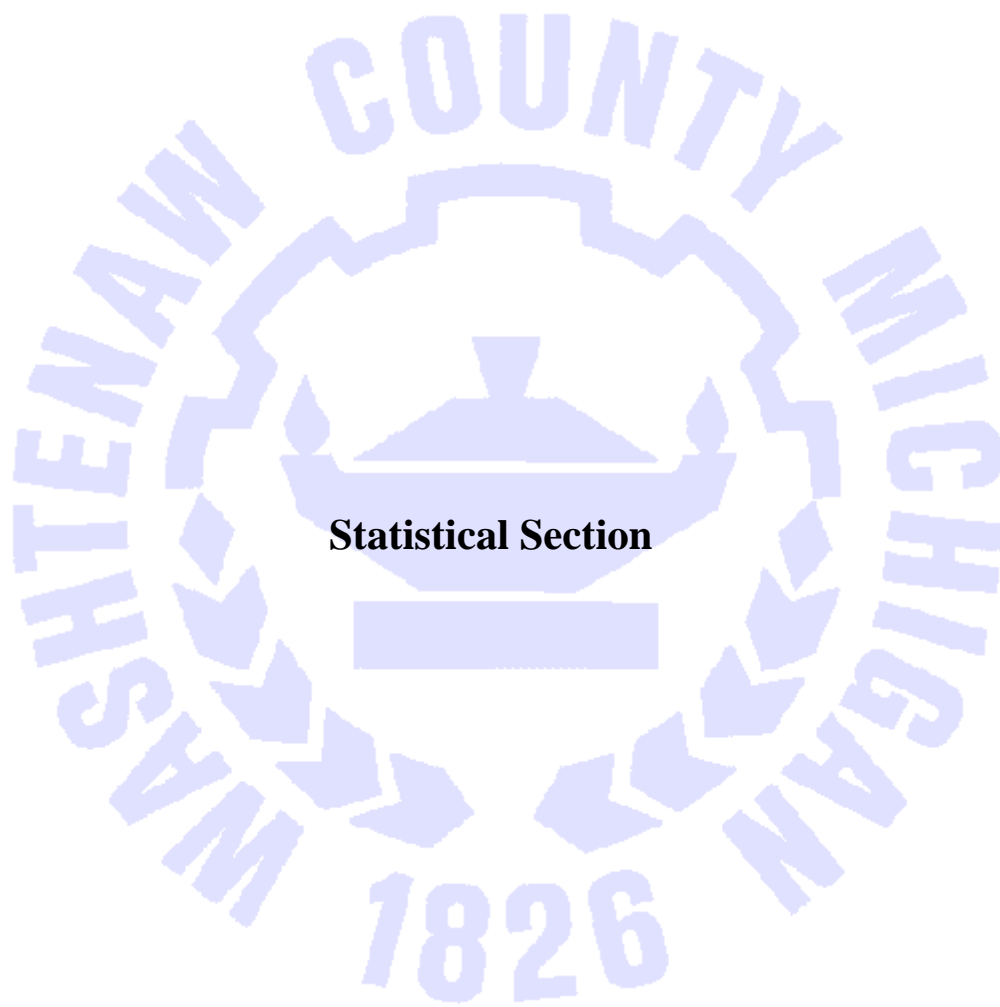
| <u>Function / Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Improvements Other Than Buildings</u> | <u>Machinery and Equipment</u> | <u>Total</u> |
|--------------------------------------|----------------------|-----------------------|--|--|-----------------------|
| Legislative - Board of Commissioners | \$ - | \$ 1,331,593 | \$ 2,356 | \$ - | \$ 1,333,949 |
| Judicial: | | | | | |
| Circuit/Probate/Friend of the Court | - | 3,456,457 | - | 504,706 | 3,961,163 |
| District court | - | 7,622,204 | 137,430 | - | 7,759,634 |
| Juvenile court | - | 586,773 | 109,750 | 26,118 | 722,641 |
| General government: | | | | | |
| Main county building | 635,133 | 3,756,482 | 1,939,001 | 632,956 | 6,963,572 |
| Administration building | 34,000 | 559,212 | 258,268 | 2,649,746 | 3,501,226 |
| Service center | 40,000 | 1,871,726 | 926,619 | 27,012 | 2,865,357 |
| Fourth Avenue building | 5,000 | 3,593,327 | 63,908 | 3,713,405 | 7,375,640 |
| North Main building | - | 6,802,038 | 32,606 | 14,400 | 6,849,044 |
| Library learning resource center | - | 768,301 | - | - | 768,301 |
| Public safety: | | | | | |
| Corrections enter | - | 13,682,155 | - | 358,716 | 14,040,871 |
| Juvenile detention building | - | 10,700,363 | 36,115 | - | 10,736,478 |
| E-911 tower | - | - | 739,413 | 138,757 | 878,170 |
| Human services: | | | | | |
| County health programs | - | 8,261,992 | 18,190 | 116,934 | 8,397,116 |
| Mental health programs | - | 513,397 | 43,966 | 187,249 | 744,612 |
| Culture and recreation: | | | | | |
| Parks and recreation | 8,537,147 | 15,897,188 | 6,521,204 | 317,875 | 31,273,414 |
| County library | - | 503,220 | - | 5,545 | 508,765 |
| Social services: | | | | | |
| O'Brien center | - | 175,011 | 15,039 | - | 190,050 |
| Ypsilanti social services | 167,661 | 2,868,145 | 86,967 | 16,833 | 3,139,606 |
| Community services agency | - | - | - | 25,885 | 25,885 |
| Ann Arbor FIA building | 1,435,175 | 1,688,483 | 12,335 | - | 3,135,993 |
| Ypsilanti FIA building | 912,419 | 3,473,998 | 9,873 | - | 4,396,290 |
| Shelter - 310-318 Huron | 355,093 | 5,889,065 | - | - | 6,244,158 |
| Shelter - North Main | - | 287,716 | - | - | 287,716 |
| Head Start building | 145,800 | 3,021,655 | - | - | 3,167,455 |
| Other agencies | - | 3,157,202 | 387 | - | 3,157,589 |
| Total | \$ 12,267,428 | \$ 100,467,703 | \$ 10,953,427 | \$ 8,736,137 | \$ 132,424,695 |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

WASHTENAW COUNTY
Capital Assets Used in the Operation of Governmental Activities
Schedule of Changes by Function and Activity
Year Ended December 31, 2003

| <u>Function / Activity</u> | <u>January 1, 2003</u> | <u>Additions</u> | <u>Deductions</u> | <u>December 31, 2003</u> |
|--------------------------------------|----------------------------|----------------------|---------------------|------------------------------|
| Legislative - Board of Commissioners | \$ 369,069 | \$ 964,880 | \$ - | \$ 1,333,949 |
| Judicial: | | | | |
| Circuit/Probate/Friend of the Court | 3,313,250 | 647,913 | - | 3,961,163 |
| District court | 7,712,131 | 47,503 | - | 7,759,634 |
| Juvenile court | 712,641 | 10,000 | - | 722,641 |
| General government: | | | | |
| Main county building | 6,372,388 | 1,565,878 | 974,694 | 6,963,572 |
| Administration building | 3,501,226 | - | - | 3,501,226 |
| Service center | 2,788,002 | 77,355 | - | 2,865,357 |
| Fourth Avenue building | 7,304,799 | 70,841 | - | 7,375,640 |
| North Main building | 7,129,044 | - | 280,000 | 6,849,044 |
| Library learning resource center | 768,301 | - | - | 768,301 |
| Public safety: | | | | |
| Corrections enter | 13,649,414 | 391,457 | - | 14,040,871 |
| Juvenile detention building | 10,587,138 | 149,340 | - | 10,736,478 |
| E-911 tower | 804,133 | 100,033 | 25,996 | 878,170 |
| Human services: | | | | |
| County health programs | 8,298,841 | 100,666 | 2,391 | 8,397,116 |
| Mental health programs | 760,895 | - | 16,283 | 744,612 |
| Culture and recreation: | | | | |
| Parks and recreation | 26,324,088 | 4,949,326 | - | 31,273,414 |
| County library | 508,765 | - | - | 508,765 |
| Social services: | | | | |
| O'Brien center | 190,050 | - | - | 190,050 |
| Ypsilanti social services | 3,139,606 | - | - | 3,139,606 |
| Community services agency | 25,885 | - | - | 25,885 |
| Ann Arbor FIA building | 3,135,993 | - | - | 3,135,993 |
| Ypsilanti FIA building | 4,396,290 | - | - | 4,396,290 |
| Shelter - 310-318 Huron | 2,448,007 | 3,796,151 | - | 6,244,158 |
| Shelter - North Main | 287,716 | - | - | 287,716 |
| Head Start building | 355,296 | 2,812,159 | - | 3,167,455 |
| Other agencies | 3,157,589 | - | - | 3,157,589 |
| Total | <u>\$ 118,040,557</u> | <u>\$ 15,683,502</u> | <u>\$ 1,299,364</u> | <u>\$ 132,424,695</u> |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



Statistical Section



WASHTENAW COUNTY
GOVERNMENT-WIDE REVENUES
(UNAUDITED)
TEN YEARS ENDED DECEMBER 31, 2003 (A)

| Fiscal Year | Program Revenues | | | General Revenues | | | | | Total |
|-------------|----------------------|------------------------------------|----------------------------------|------------------|--|-------------------|--------------------------------|---------------------------------|-------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Property Taxes | Grants and Contributions Not Restricted to Specific Programs | Investment Income | Gain on Sale of Capital Assets | Transfers - Internal Activities | |
| 1994 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1995 | - | - | - | - | - | - | - | - | - |
| 1996 | - | - | - | - | - | - | - | - | - |
| 1997 | - | - | - | - | - | - | - | - | - |
| 1998 | - | - | - | - | - | - | - | - | - |
| 1999 | - | - | - | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - | - | - | - |
| 2001 | 30,255,452 | 42,221,235 | 1,218,521 | 50,424,580 | 7,709,801 | 4,811,899 | - | (27,909) | 136,613,579 |
| 2002 | 33,255,488 | 46,297,193 | 1,091,143 | 56,462,144 | 7,503,237 | 3,998,642 | - | (4,088) | 148,603,759 |
| 2003 | 31,951,093 | 52,695,000 | 3,473,175 | 60,406,712 | 6,538,510 | 1,566,031 | - | 16,271 | 156,646,792 |

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

Source: Washtenaw County Finance Department

WASHTENAW COUNTY

GOVERNMENT-WIDE EXPENSES BY FUNCTION (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003 (A)

| <u>Fiscal Year</u> | <u>Legislative</u> | <u>Judicial</u> | <u>General Government</u> | <u>Public Safety</u> | <u>Public Works</u> | <u>Health</u> |
|------------------------|--------------------|-----------------|-------------------------------|--------------------------|-------------------------|---------------|
| 1994 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1995 | - | - | - | - | - | - |
| 1996 | - | - | - | - | - | - |
| 1997 | - | - | - | - | - | - |
| 1998 | - | - | - | - | - | - |
| 1999 | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - |
| 2001 | 588,623 | 16,940,482 | 13,170,064 | 34,060,565 | 1,154,023 | 29,462,897 |
| 2002 | 638,162 | 18,074,211 | 13,966,388 | 36,228,288 | 1,413,125 | 31,477,846 |
| 2003 | 597,651 | 19,584,218 | 16,429,079 | 40,927,414 | 2,246,625 | 30,669,892 |

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

Source: Washtenaw County Finance Department

| Social Services | Culture and Recreation | Other Activities | Interest on Long-Term Debt | Delinquent Tax Collections | Total |
|--------------------|------------------------------|---------------------|----------------------------------|----------------------------------|-------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 20,944,476 | 5,605,340 | 4,642,941 | 1,485,302 | 456,868 | 128,511,581 |
| 22,484,109 | 6,382,489 | 6,062,374 | 1,791,363 | 489,348 | 139,007,703 |
| 21,672,601 | 6,634,291 | 6,088,589 | 1,643,952 | 408,644 | 146,902,956 |

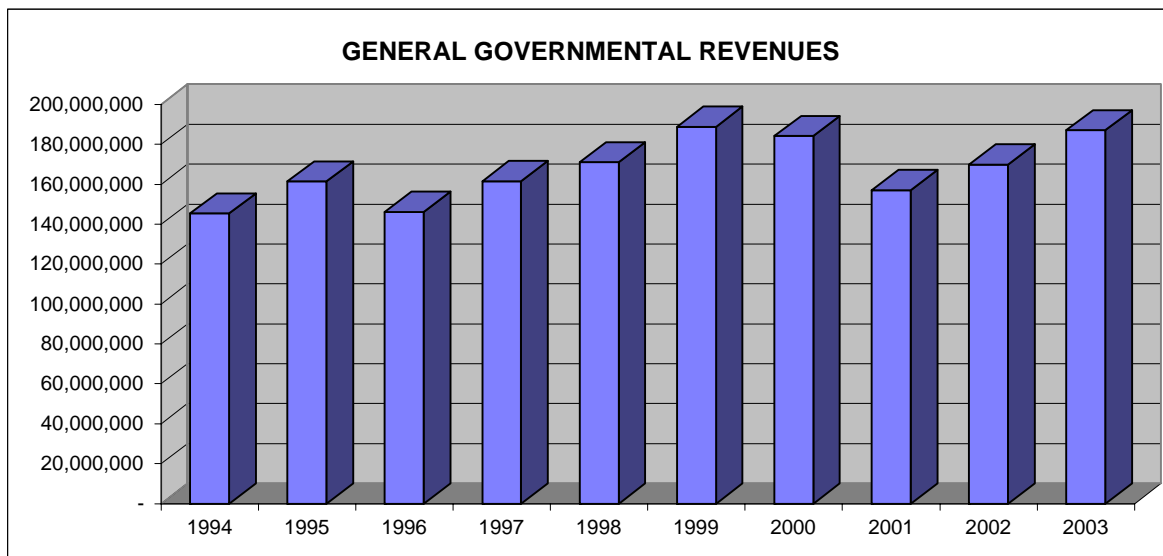
WASHTENAW COUNTY

GENERAL GOVERNMENTAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| Fiscal Year | Taxes | Special Assessments | Licenses and Permits | Inter- Governmental Revenues | Charges for Services |
|----------------|---------------|------------------------|----------------------------|------------------------------------|----------------------------|
| 1994 | \$ 36,503,511 | \$ 351,606 | \$ 1,867,736 | \$ 51,955,627 | \$ 23,330,408 |
| 1995 | 37,433,099 | 155,626 | 2,100,648 | 56,186,558 | 25,228,760 |
| 1996 | 37,296,854 | - | 2,392,609 | 41,482,229 | 32,591,715 |
| 1997 | 39,512,285 | - | 2,614,065 | 41,387,272 | 35,456,534 |
| 1998 | 41,805,726 | 17,634 | 3,003,375 | 42,586,141 | 37,294,079 |
| 1999 | 44,620,398 | 33,829 | 3,180,792 | 42,674,681 | 42,948,659 |
| 2000 | 47,877,830 | 27,043 | 2,948,645 | 48,223,102 | 46,220,352 |
| 2001 | 50,424,580 | - | 3,062,605 | 51,149,556 | 19,605,316 |
| 2002 | 56,462,144 | - | 3,489,426 | 55,289,575 | 20,917,283 |
| 2003 | 60,406,712 | - | 3,417,281 | 58,709,011 | 23,317,799 |

Note: Includes the general, special revenue, debt service, and capital projects funds.

Source: Washtenaw County Finance Department



| Fines and Forfeits | Investment Income | Other Revenue | Other Financing Sources | Total |
|--------------------------|----------------------|------------------|-------------------------------|----------------|
| \$ 835,822 | \$ 1,174,103 | \$ 3,783,836 | \$ 25,543,318 | \$ 145,345,967 |
| 905,203 | 1,631,043 | 4,138,929 | 33,573,100 | 161,352,966 |
| 1,110,814 | 1,333,061 | 6,438,831 | 23,583,365 | 146,229,478 |
| 1,134,481 | 1,363,997 | 6,715,495 | 33,378,465 | 161,562,594 |
| 1,353,128 | 2,530,738 | 5,777,814 | 36,576,007 | 170,944,642 |
| 1,355,827 | 3,232,954 | 5,196,355 | 45,507,118 | 188,750,613 |
| 1,153,337 | 4,871,889 | 5,032,923 | 27,745,642 | 184,100,763 |
| 1,212,956 | 4,098,437 | 4,190,175 | 23,380,841 | 157,124,466 |
| 1,043,636 | 2,208,254 | 4,347,661 | 26,079,580 | 169,837,559 |
| 1,192,646 | 1,498,295 | 5,184,378 | 33,262,632 | 186,988,754 |

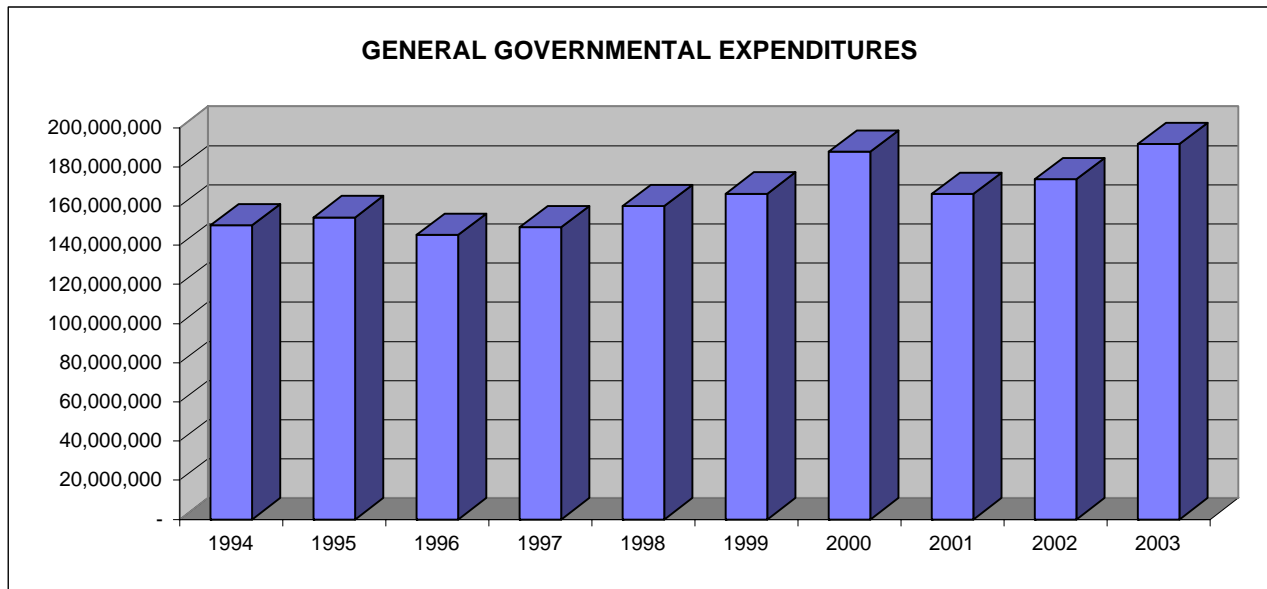
WASHTENAW COUNTY

GENERAL GOVERNMENTAL EXPENDITURES AND OTHER FINANCING USES BY FUNCTION (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| Fiscal Year | Legislative | Judicial | General Government | Public Safety | Public Works | Health |
|----------------|-------------|---------------|-----------------------|------------------|-----------------|---------------|
| 1994 | \$ 386,382 | \$ 11,206,649 | \$ 16,478,540 | \$ 19,850,335 | \$ 1,147,991 | \$ 41,027,404 |
| 1995 | 405,647 | 11,861,713 | 15,379,561 | 20,491,567 | 1,359,715 | 43,328,621 |
| 1996 | 395,407 | 12,685,532 | 11,225,862 | 22,172,105 | 1,044,859 | 47,512,820 |
| 1997 | 433,125 | 15,008,775 | 7,629,256 | 26,668,838 | 841,693 | 48,767,045 |
| 1998 | 397,893 | 14,946,849 | 8,799,555 | 26,570,886 | 928,240 | 46,990,073 |
| 1999 | 402,723 | 15,336,297 | 9,860,291 | 28,211,509 | 1,031,029 | 50,169,991 |
| 2000 | 490,648 | 16,507,494 | 10,441,919 | 31,702,183 | 1,361,687 | 54,118,438 |
| 2001 | 576,886 | 16,525,671 | 11,143,730 | 33,799,524 | 1,146,764 | 29,038,088 |
| 2002 | 630,172 | 17,711,346 | 12,287,273 | 36,324,964 | 1,410,098 | 31,222,165 |
| 2003 | 578,996 | 19,154,639 | 14,705,178 | 39,767,190 | 2,291,765 | 30,148,915 |

Note: Includes the general, special revenue, debt service, and capital projects funds.

Source: Washtenaw County Finance Department



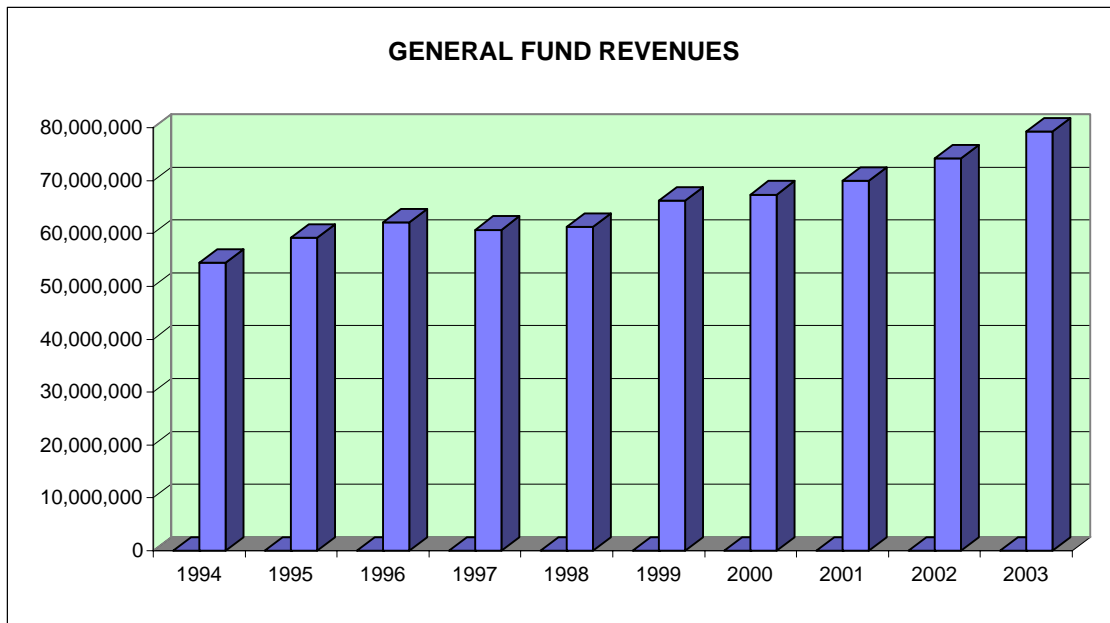
| Social Services | Culture and Recreation | Other | Capital Outlay | Debt Service | Other Financing Uses | Total |
|--------------------|------------------------------|--------------|-------------------|-----------------|----------------------------|----------------|
| \$ 17,143,900 | \$ 5,801,739 | \$ 2,114,407 | \$ 7,093,081 | \$ 11,431,201 | \$ 16,467,619 | \$ 150,149,248 |
| 17,984,391 | 5,767,833 | 2,422,105 | 2,382,920 | 12,566,675 | 20,333,277 | 154,284,025 |
| 17,678,436 | 4,332,049 | 2,175,112 | 1,850,136 | 4,416,423 | 19,812,866 | 145,301,607 |
| 15,830,425 | 4,122,227 | 2,274,338 | 5,285,523 | 3,981,784 | 18,301,249 | 149,144,278 |
| 17,439,105 | 4,538,645 | 1,758,783 | 11,243,640 | 4,672,761 | 21,679,908 | 159,966,338 |
| 17,551,932 | 6,074,255 | 1,649,209 | 8,057,651 | 5,350,054 | 22,622,907 | 166,317,848 |
| 22,027,437 | 7,507,217 | 2,208,163 | 14,253,745 | 4,946,028 | 22,123,359 | 187,688,318 |
| 20,796,935 | 9,190,778 | 2,386,345 | 16,120,377 | 4,754,044 | 20,642,934 | 166,122,076 |
| 22,350,481 | 9,474,501 | 2,204,195 | 13,540,717 | 4,850,201 | 21,747,483 | 173,753,596 |
| 21,963,095 | 11,120,549 | 3,634,853 | 13,082,921 | 5,383,800 | 29,921,848 | 191,753,749 |

WASHTENAW COUNTY

GENERAL FUND REVENUES BY SOURCE (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| Fiscal Year | Taxes | Licenses and Permits | Inter- governmental Revenues | Charges for Services | Fines and Forfeits | Investment Income |
|----------------|---------------|-------------------------|------------------------------------|----------------------------|--------------------------|----------------------|
| 1994 | \$ 31,987,914 | \$ 940,557 | \$ 9,573,533 | \$ 11,632,601 | \$ 668,694 | \$ 655,371 |
| 1995 | 32,782,117 | 1,164,440 | 10,002,308 | 13,298,032 | 717,483 | 1,039,777 |
| 1996 | 34,168,564 | 1,402,446 | 10,150,861 | 10,000,925 | 959,754 | 916,079 |
| 1997 | 36,186,668 | 1,633,865 | 8,919,571 | 9,932,938 | 1,013,050 | 769,134 |
| 1998 | 38,286,244 | 1,992,862 | 9,445,522 | 11,103,292 | 1,182,655 | 1,041,596 |
| 1999 | 40,865,238 | 2,117,549 | 9,511,542 | 11,626,324 | 1,203,933 | 1,147,169 |
| 2000 | 43,376,837 | 102,966 | 10,704,930 | 12,410,195 | 1,127,708 | 1,287,098 |
| 2001 | 45,683,776 | 129,816 | 11,578,947 | 13,421,880 | 1,191,936 | 1,185,820 |
| 2002 | 48,813,596 | 111,912 | 11,714,821 | 14,974,369 | 1,003,693 | 824,979 |
| 2003 | 52,227,354 | 169,388 | 10,563,759 | 16,262,412 | 1,125,425 | 612,244 |

Source: Washtenaw County Finance Department



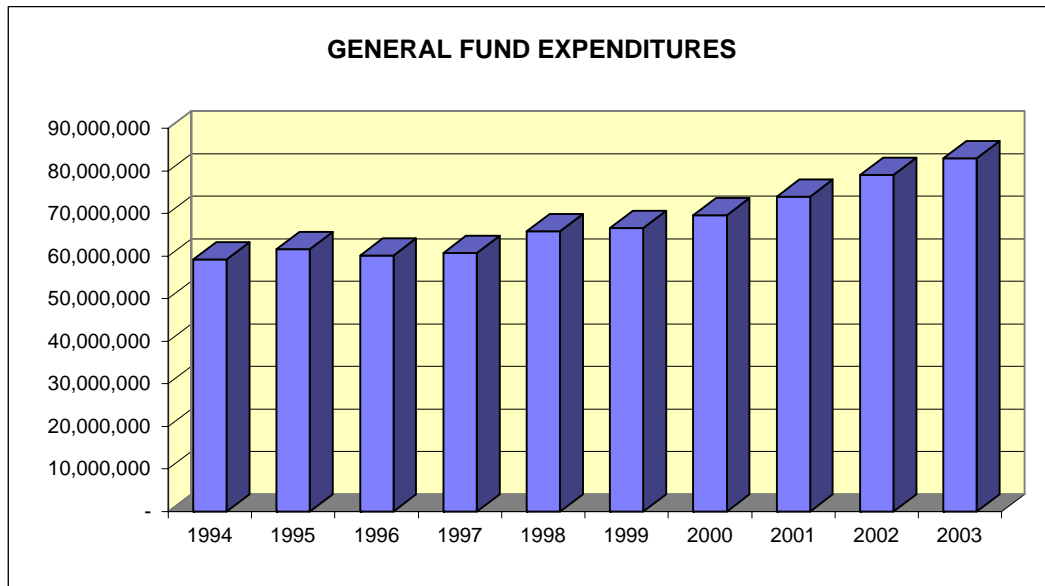
| <u>Other Revenues</u> | <u>Transfers In</u> | <u>Total</u> |
|---------------------------|---------------------|---------------|
| \$ 503,157 | \$ 3,251,193 | \$ 59,213,020 |
| 519,567 | 2,570,432 | 62,094,156 |
| 573,387 | 2,528,532 | 60,700,548 |
| 632,400 | 2,125,771 | 61,213,397 |
| 742,603 | 2,383,034 | 66,177,808 |
| 807,741 | 94,696 | 67,374,192 |
| 914,803 | 68,475 | 69,993,012 |
| 1,003,157 | - | 74,195,332 |
| 790,671 | 1,028,662 | 79,262,703 |
| 1,084,307 | 925,501 | 82,970,390 |

WASHTENAW COUNTY

GENERAL FUND EXPENDITURES BY FUNCTION (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| Fiscal Year | Legislative | Judicial | General Government | Public Safety | Public Works | Health |
|----------------|-------------|--------------|-----------------------|------------------|-----------------|-----------|
| 1994 | \$ 386,382 | \$ 9,471,858 | \$ 12,663,417 | \$ 20,218,648 | \$ 469,676 | \$ - |
| 1995 | 405,647 | 9,995,575 | 11,288,546 | 21,528,931 | 246,117 | - |
| 1996 | 395,407 | 10,367,959 | 7,176,706 | 22,986,916 | 255,350 | - |
| 1997 | 433,125 | 10,511,302 | 7,481,046 | 24,236,366 | 259,868 | - |
| 1998 | 397,893 | 10,747,283 | 8,410,232 | 24,669,635 | 223,296 | - |
| 1999 | 402,723 | 11,093,975 | 8,666,643 | 25,931,237 | 226,578 | - |
| 2000 | 490,648 | 11,343,377 | 9,455,488 | 26,689,224 | 284,395 | - |
| 2001 | 576,886 | 11,681,080 | 10,869,970 | 28,509,433 | 274,615 | 1,691,809 |
| 2002 | 630,172 | 12,657,027 | 11,910,251 | 30,810,238 | 406,386 | 1,732,474 |
| 2003 | 578,996 | 13,602,187 | 13,284,578 | 33,285,150 | 402,840 | - |

Source: Washtenaw County Finance Department



| <u>Social Services</u> | <u>Culture and Recreation</u> | <u>Other</u> | <u>Transfers Out</u> | <u>Total</u> |
|----------------------------|-----------------------------------|--------------|----------------------|---------------|
| \$ 384,110 | \$ 526,537 | \$ 2,114,407 | \$ 12,897,476 | \$ 59,132,511 |
| 373,725 | 574,898 | 2,422,105 | 14,723,167 | 61,558,711 |
| 417,072 | 559,590 | 2,175,112 | 15,819,093 | 60,153,205 |
| 327,285 | 572,690 | 2,274,338 | 14,612,927 | 60,708,947 |
| 850,991 | 576,621 | 1,758,783 | 18,109,971 | 65,744,705 |
| 851,513 | 606,884 | 1,649,209 | 17,078,613 | 66,507,375 |
| 1,055,274 | 643,018 | 2,208,163 | 17,447,274 | 69,616,861 |
| 1,001,111 | 674,524 | 2,386,345 | 16,223,921 | 73,889,694 |
| 1,100,806 | 709,564 | 2,204,195 | 16,837,786 | 78,998,899 |
| 1,243,477 | 718,738 | 3,634,853 | 16,150,909 | 82,901,728 |

WASHTENAW COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
(UNAUDITED)
TEN YEARS ENDED DECEMBER 31, 2003

| For Tax Levy December 1, | To Fund Operations in Calendar Year | Total Tax Levy | Current Tax Collections | Percent of Tax Levy Collected Before Delinquent | Reimbursed From Delinquent Tax Fund | Total Tax Collections | Ratio of Total Collections to Tax Levy | Delinquent Personal Taxes |
|--------------------------------|---|-------------------|----------------------------|---|--|--------------------------|--|---------------------------------|
| 1993 | 1994 | \$ 37,278,991 | \$ 34,853,917 | 93.49 % | \$ 2,279,456 | \$ 37,133,373 | 99.61 % | \$ 145,618 |
| 1994 | 1995 | 38,690,887 | 36,539,835 | 94.44 | 2,025,525 | 38,565,360 | 99.68 | 125,527 |
| 1995 | 1996 | 38,535,786 | 36,524,079 | 94.78 | 1,875,746 | 38,399,825 | 99.65 | 135,961 |
| 1996 | 1997 | 40,761,846 | 38,703,199 | 94.95 | 1,945,179 | 40,648,378 | 99.72 | 117,282 |
| 1997 | 1998 | 43,164,015 | 40,920,859 | 94.80 | 2,114,270 | 43,035,129 | 99.70 | 128,886 |
| 1998 | 1999 | 46,135,320 | 43,673,258 | 94.67 | 2,243,851 | 45,917,109 | 99.53 | 218,211 |
| 1999 | 2000 | 49,444,080 | 47,151,623 | 95.36 | 2,133,910 | 49,285,533 | 99.68 | 158,547 |
| 2000 | 2001 | 52,181,561 | 49,523,726 | 94.90 | 2,350,685 | 51,874,411 | 99.41 | 307,150 |
| 2001 | 2002 | 58,269,004 | 55,501,885 | 95.26 | 2,417,213 | 57,919,098 | 99.40 | 349,906 |
| 2002 | 2003 | 62,459,717 | 59,400,607 | 95.10 | 2,586,635 | 61,987,242 | 99.24 | 472,472 |

Source: Washtenaw County Treasurer's Office

WASHTENAW COUNTY

TAX COLLECTION HISTORY (REAL AND PERSONAL) PERCENT OF CURRENT TAX COLLECTIONS TO TAX LEVY (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| CITIES: | | | | | | | | | | |
| Ann Arbor | 94.13% | 96.25% | 96.58% | 96.81% | 97.31% | 97.49% | 97.78% | 97.83% | 97.75% | 96.63% |
| Milan | 92.79 | 95.15 | 95.43 | 96.35 | 96.01 | 94.49 | 95.16 | 95.29 | 92.71 | 92.31 |
| Saline | 97.59 | 97.97 | 98.09 | 98.61 | 98.93 | 98.65 | 98.66 | 98.79 | 98.03 | 97.85 |
| Ypsilanti | 90.84 | 92.52 | 92.07 | 92.38 | 92.10 | 90.22 | 91.57 | 90.91 | 89.65 | 89.75 |
| TOWNSHIPS: | | | | | | | | | | |
| Ann Arbor | 97.81 | 98.76 | 98.71 | 98.68 | 98.72 | 98.59 | 98.16 | 97.08 | 98.94 | 97.07 |
| Augusta | 84.38 | 87.20 | 86.97 | 88.58 | 87.86 | 87.84 | 88.73 | 89.56 | 90.31 | 89.96 |
| Bridgewater | 86.89 | 87.07 | 88.46 | 91.45 | 89.69 | 89.94 | 90.22 | 90.91 | 92.49 | 90.88 |
| Dexter | 90.60 | 91.12 | 93.25 | 91.64 | 91.66 | 91.61 | 92.28 | 92.80 | 93.60 | 94.04 |
| Freedom | 92.16 | 94.34 | 93.96 | 94.81 | 95.46 | 93.66 | 94.66 | 95.50 | 93.78 | 94.30 |
| Lima | 89.65 | 91.61 | 93.08 | 93.39 | 94.08 | 94.17 | 95.50 | 95.23 | 96.27 | 93.64 |
| Lodi | 93.26 | 92.49 | 95.24 | 95.61 | 94.92 | 95.94 | 96.05 | 95.53 | 95.84 | 94.16 |
| Lyndon | 88.95 | 88.33 | 92.01 | 92.43 | 91.93 | 90.93 | 93.94 | 92.77 | 94.56 | 94.84 |
| Manchester | 88.08 | 94.25 | 93.57 | 92.25 | 94.19 | 87.20 | 95.26 | 90.77 | 94.34 | 93.77 |
| Northfield | 86.20 | 85.99 | 89.17 | 88.45 | 87.77 | 88.43 | 91.71 | 89.71 | 89.75 | 92.47 |
| Pittsfield | 92.42 | 95.72 | 94.28 | 95.68 | 94.45 | 95.38 | 96.54 | 95.84 | 95.90 | 94.72 |
| Salem | 88.08 | 91.90 | 92.86 | 93.66 | 94.71 | 95.65 | 95.76 | 94.81 | 95.54 | 95.05 |
| Saline | 88.96 | 93.52 | 92.11 | 94.31 | 93.32 | 94.68 | 96.11 | 94.48 | 95.17 | 95.06 |
| Scio | 91.58 | 93.60 | 94.07 | 94.33 | 93.50 | 93.87 | 91.83 | 91.15 | 94.45 | 94.55 |
| Sharon | 87.25 | 90.63 | 91.86 | 90.39 | 90.88 | 91.18 | 93.14 | 91.32 | 94.27 | 94.05 |
| Superior | 93.40 | 94.28 | 93.39 | 92.70 | 94.38 | 94.33 | 93.50 | 94.15 | 93.58 | 92.83 |
| Sylvan | 93.04 | 93.42 | 94.21 | 94.83 | 94.53 | 93.07 | 95.48 | 94.96 | 93.62 | 93.31 |
| Webster | 90.12 | 91.85 | 92.36 | 93.17 | 92.03 | 92.51 | 93.26 | 93.30 | 94.75 | 95.98 |
| York | 91.33 | 92.60 | 93.67 | 93.52 | 94.55 | 94.27 | 94.80 | 94.46 | 95.61 | 94.33 |
| Ypsilanti | 94.47 | 95.83 | 95.68 | 95.24 | 95.66 | 95.04 | 95.06 | 95.35 | 95.85 | 94.53 |
| Average | 91.00% | 92.77% | 93.38% | 93.72% | 93.70% | 93.30% | 94.38% | 93.36% | 94.27% | 94.01% |

NOTE: 2003 figures unavailable at time of publication.

WASHTENAW COUNTY

**DELINQUENT TAX COLLECTION HISTORY
(UNAUDITED)
TEN YEARS ENDED DECEMBER 31, 2003**

| Tax Levied December 1, | Calendar Year of Tax Note Sale | Taxes Receivable March 1 | Percent of Delinquent Taxes Receivable | | | |
|---------------------------|---|--------------------------------|--|------------------------|------------------|------------------------|
| | | | May 1, Note Sale | January 1, 1st Year | 1st Pay May 1 | January 1, 2nd Year |
| 1993 | 1994 | \$ 21,971,534 | 87.47 % | 49.65 % | 39.77 % | 26.52 % |
| 1994 | 1995 | 14,403,276 | 86.00 | 54.56 | 40.61 | 27.02 |
| 1995 | 1996 | 14,488,188 | 86.21 | 50.98 | 40.60 | 23.38 |
| 1996 | 1997 | 14,510,227 | 85.59 | 43.23 | 34.23 | 20.57 |
| 1997 | 1998 | 15,246,579 | 84.14 | 42.34 | 30.15 | 18.48 |
| 1998 | 1999 | 15,870,863 | 80.73 | 39.73 | 29.18 | 18.03 |
| 1999 | 2000 | 15,203,213 | 80.97 | 31.03 | 12.31 | 5.81 |
| 2000 | 2001 | 16,492,350 | 82.49 | 33.54 | 15.12 | 6.39 |
| 2001 | 2002 | 17,267,635 | 73.58 | 33.47 | 17.59 | 7.35 |
| 2002 | 2003 | 18,454,000 | 80.04 | 32.09 | (a) | (a) |

(a) Figures not available at time of publication.

Source: Washtenaw County Treasurer's Office.

| 2nd Pay May 1 | January 1, 3rd Year | 3rd Pay May 1 | January 1, 4th Year |
|------------------|------------------------|------------------|------------------------|
| 12.63 % | 1.02 % | 0.75 % | 0.51 % |
| 15.99 | 1.99 | 0.84 | 0.22 |
| 10.08 | 1.21 | 1.03 | 0.85 |
| 8.27 | 0.69 | 0.43 | 0.4 |
| 7.91 | 4.19 | 2.08 | 1.11 |
| 11.17 | 7.04 | 3.17 | 1.39 |
| 2.01 | 0.43 | 0.31 | 0.12 |
| 2.62 | 0.6 | (a) | (a) |
| (a) | (a) | (a) | (a) |
| (a) | (a) | (a) | (a) |

WASHTENAW COUNTY

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)

TEN YEARS ENDED DECEMBER 31, 2003

| For Tax Levy December 1, | To Fund Operations in Calendar Year | Real Property | | Personal Property | |
|--------------------------------|--|-------------------|---------------------------|-------------------|---------------------------|
| | | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value |
| 1994 | 1995 | \$ 5,967,388,464 | \$ 11,988,490,617 | \$ 750,074,968 | \$ 1,500,149,936 |
| 1995 | 1996 | 6,271,012,377 | 12,610,338,764 | 792,548,789 | 1,585,097,578 |
| 1996 | 1997 | 6,699,792,185 | 13,478,539,087 | 889,032,294 | 1,778,064,588 |
| 1997 | 1998 | 7,273,432,217 | 14,546,864,434 | 949,356,293 | 1,898,712,586 |
| 1998 | 1999 | 7,978,947,455 | 15,957,894,910 | 1,002,125,341 | 2,004,250,682 |
| 1999 | 2000 | 8,880,334,494 | 17,830,767,151 | 1,075,064,373 | 2,150,128,746 |
| 2000 | 2001 | 9,892,198,884 | 19,847,788,234 | 1,059,130,479 | 2,118,260,958 |
| 2001 | 2002 | 11,105,925,473 | 22,302,228,623 | 1,085,092,665 | 2,170,185,330 |
| 2002 | 2003 | 12,556,916,886 | 25,201,893,232 | 1,145,184,940 | 2,290,369,880 |
| 2003 | 2004 | 13,953,119,807 | 28,011,374,722 | 1,092,570,745 | 2,185,141,490 |

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

| | Total | | Ratio of Total Assessed to Total Estimated Actual Value |
|----|-------------------|---------------------------|---|
| | Assessed Value | Estimated Actual Value | |
| \$ | 6,717,463,432 | \$ 13,488,640,553 | 49.80 % |
| | 7,063,561,166 | 14,195,436,342 | 49.76 |
| | 7,588,824,479 | 15,256,603,675 | 49.74 |
| | 8,222,788,510 | 16,445,577,020 | 50.00 |
| | 8,981,072,796 | 17,962,145,592 | 50.00 |
| | 9,955,398,867 | 19,980,895,897 | 49.80 |
| | 10,951,329,363 | 21,966,049,192 | 49.86 |
| | 12,191,018,138 | 24,472,413,953 | 49.82 |
| | 13,702,101,826 | 27,492,263,112 | 49.83 |
| | 15,045,690,552 | 30,196,516,212 | 49.83 |

WASHTENAW COUNTY

**PROPERTY TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
(UNAUDITED)**

TEN YEARS ENDED DECEMBER 31, 2003

| For Tax Levy December 1, | To Fund Operations in Calendar Year | Taxable Value | Selected Tax Rates (Mills) | | |
|--------------------------------|--|------------------|----------------------------|----------------------|----------------|
| | | | County | Township and City | Schools |
| 1993 | 1994 | \$ 6,456,162,804 | \$ 37,278,991 | \$ 62,813,978 | \$ 241,675,469 |
| 1994 | 1995 | 6,717,463,432 | 38,690,887 | 68,932,545 | 139,713,871 |
| 1995 | 1996 | 7,063,561,166 | 38,535,786 | 70,179,170 | 156,164,484 |
| 1996 | 1997 | 7,588,824,479 | 40,761,846 | 73,572,653 | 167,860,181 |
| 1997 | 1998 | 8,222,788,510 | 43,164,015 | 77,953,711 | 175,556,676 |
| 1998 | 1999 | 8,461,897,840 | 46,135,320 | 82,629,899 | 185,428,797 |
| 1999 | 2000 | 9,077,146,725 | 50,103,127 | 85,681,125 | 192,451,059 |
| 2000 | 2001 | 9,659,379,194 | 52,893,795 | 90,001,913 | 195,393,636 |
| 2001 | 2002 | 10,449,795,055 | 59,325,576 | 97,083,226 | 198,435,799 |
| 2002 | 2003 | 11,345,352,437 | 63,744,997 | 105,349,044 | 233,358,771 |

| For Tax Levy December 1, | To Fund Operations in Calendar Year | Selected Tax Rates (Mills) | | | |
|--------------------------------|--|----------------------------|--|------------------|-----------------------------------|
| | | Operation | County Imposed and Debt Mills | Special Voted | Washtenaw Community College |
| 1993 | 1994 | 4.826800 | 0.0351000 | .9123000 | 3.08 |
| 1994 | 1995 | 4.826800 | 0.0000000 | .6868000 | 3.08 |
| 1995 | 1996 | 4.826800 | 0.0000000 | .6868000 | 3.06 |
| 1996 | 1997 | 4.826800 | 0.0000000 | .6699000 | 2.93 |
| 1997 | 1998 | 4.826800 | 0.0000000 | .6695000 | 3.90 |
| 1998 | 1999 | 4.826300 | 0.0000000 | .6694000 | 4.10 |
| 1999 | 2000 | 4.797800 | 0.0000000 | .7219000 | 4.03 |
| 2000 | 2001 | 4.759800 | 0.0000000 | .7161000 | 3.99 |
| 2001 | 2002 | 4.717400 | 0.0012000 | .9586000 | 3.97 |
| 2002 | 2003 | 4.668300 | 0.4859000 | .4644000 | 3.86 |

Source: Washtenaw County Treasurer's Office.

Tax Levies

| | Community Colleges | Intermediate School Districts | Special Assessments | Total |
|----|-----------------------|-------------------------------------|------------------------|----------------|
| \$ | 19,720,592 | \$ 21,835,951 | \$ 1,502,774 | \$ 384,827,755 |
| | 20,490,573 | 22,677,329 | 1,611,227 | 292,116,432 |
| | 21,222,277 | 23,669,294 | 1,642,219 | 311,413,230 |
| | 21,701,332 | 25,399,490 | 1,796,299 | 331,091,801 |
| | 30,380,968 | 26,613,983 | 1,880,411 | 355,549,764 |
| | 34,250,923 | 27,694,463 | 1,846,206 | 377,985,608 |
| | 36,113,163 | 28,353,621 | 1,893,402 | 394,595,497 |
| | 38,075,075 | 29,991,589 | 1,554,645 | 407,910,653 |
| | 40,980,637 | 32,435,538 | 1,334,392 | 429,595,168 |
| | 42,790,443 | 35,344,909 | 1,323,027 | 481,911,191 |

Washtenaw
Intermediate
School
District

3.43
3.43
3.43
3.43
3.43
3.32
3.16
3.13
3.11
3.07

WASHTENAW COUNTY

PROPERTY TAX RATES PER \$1,000 EQUALIZED VALUATION AND TAX LEVIES (UNAUDITED)

TEN YEARS ENDED DECEMBER 31, 2003

| | <u>1994</u> | <u>1994</u> | <u>1995</u> | <u>1995</u> | <u>1996</u> | <u>1996</u> | <u>1997</u> | <u>1997</u> | <u>1998</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>NH</u> | <u>H</u> | <u>NH</u> | <u>H</u> | <u>NH</u> | <u>H</u> | <u>NH</u> | <u>H</u> | <u>NH</u> |
| CITIES: | | | | | | | | | |
| Ann Arbor | \$ 55.22 | \$ 48.58 | \$ 56.43 | \$ 49.04 | \$ 55.85 | \$ 46.06 | \$ 57.12 | \$ 48.10 | \$ 57.14 |
| Milan | 57.50 | 39.50 | 58.48 | 40.48 | 57.11 | 39.11 | 55.50 | 37.50 | 58.49 |
| Saline | 53.18 | 35.18 | 55.51 | 37.51 | 56.46 | 38.46 | 56.33 | 38.33 | 54.59 |
| Ypsilanti | 64.88 | 46.88 | 64.61 | 46.61 | 68.16 | 50.16 | 68.43 | 50.43 | 68.51 |
| TOWNSHIPS: | | | | | | | | | |
| Ann Arbor | 40.36 | 33.72 | 43.04 | 35.65 | 42.53 | 32.74 | 43.35 | 34.33 | 43.29 |
| Augusta | 43.85 | 25.85 | 45.44 | 27.44 | 45.42 | 27.42 | 45.09 | 27.09 | 47.04 |
| Bridgewater | 39.89 | 21.89 | 40.45 | 22.45 | 42.03 | 24.03 | 45.25 | 24.25 | 42.75 |
| Dexter | 42.19 | 24.19 | 43.37 | 25.37 | 43.67 | 25.67 | 44.56 | 26.72 | 45.34 |
| Freedom | 39.82 | 21.82 | 42.07 | 24.07 | 42.79 | 24.79 | 43.68 | 25.28 | 43.68 |
| Lima | 41.10 | 23.10 | 43.84 | 25.84 | 44.36 | 26.36 | 44.82 | 26.82 | 45.84 |
| Lodi | 41.64 | 25.91 | 44.54 | 26.54 | 43.86 | 29.15 | 43.28 | 28.40 | 43.83 |
| Lyndon | 40.59 | 22.59 | 43.23 | 25.23 | 43.72 | 25.72 | 44.63 | 26.68 | 46.10 |
| Manchester | 40.73 | 22.73 | 40.85 | 22.85 | 40.52 | 22.52 | 41.30 | 23.36 | 42.64 |
| Northfield | 47.04 | 31.88 | 49.95 | 31.95 | 39.76 | 33.75 | 50.63 | 34.41 | 50.79 |
| Pittsfield | 45.99 | 30.83 | 49.27 | 31.27 | 49.97 | 34.52 | 46.63 | 30.77 | 47.92 |
| Salem | 37.64 | 21.26 | 38.21 | 21.72 | 37.72 | 20.90 | 38.95 | 22.28 | 39.52 |
| Saline | 42.09 | 24.09 | 42.32 | 25.32 | 43.44 | 25.44 | 42.48 | 24.48 | 44.90 |
| Scio | 41.22 | 28.90 | 41.66 | 28.97 | 42.01 | 28.12 | 42.42 | 28.91 | 43.35 |
| Sharon | 41.66 | 23.66 | 43.27 | 25.27 | 43.12 | 25.12 | 43.58 | 25.58 | 44.92 |
| Superior | 43.95 | 31.63 | 44.57 | 31.87 | 46.11 | 31.19 | 49.14 | 32.27 | 45.42 |
| Sylvan | 39.24 | 21.24 | 44.97 | 26.97 | 44.82 | 26.82 | 45.79 | 27.79 | 45.88 |
| Webster | 42.99 | 27.27 | 42.24 | 26.36 | 42.65 | 26.29 | 43.50 | 23.50 | 43.83 |
| York | 42.29 | 24.29 | 42.64 | 24.64 | 43.00 | 25.00 | 42.89 | 24.89 | 44.28 |
| Ypsilanti | 51.00 | 33.00 | 50.51 | 32.51 | 49.81 | 31.81 | 51.56 | 33.56 | 52.30 |

H = Homestead

NH = Non-Homestead

Source: Washtenaw County Equalization Office.

| | <u>1998</u> | <u>1999</u> | <u>1999</u> | <u>2000</u> | <u>2000</u> | <u>2001</u> | <u>2001</u> | <u>2002</u> | <u>2002</u> | <u>2003</u> | <u>2003</u> |
|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>H</u> | <u>NH</u> | <u>H</u> | <u>NH</u> | <u>H</u> | <u>NH</u> | <u>H</u> | <u>NH</u> | <u>H</u> | <u>NH</u> | <u>H</u> |
| \$ | 47.58 | \$ 56.31 | \$ 46.61 | \$ 56.10 | \$ 45.46 | \$ 55.76 | \$ 44.80 | \$ 58.93 | \$ 47.53 | \$ 57.79 | \$ 45.44 |
| | 40.49 | 59.08 | 41.08 | 63.35 | 45.35 | 60.54 | 42.54 | 61.80 | 43.80 | 60.68 | 42.70 |
| | 36.62 | 51.64 | 33.96 | 53.60 | 35.60 | 54.56 | 36.56 | 56.34 | 38.34 | 57.25 | 39.25 |
| | 50.51 | 68.12 | 50.31 | 67.79 | 50.06 | 70.82 | 53.12 | 73.01 | 55.35 | 73.11 | 55.11 |
| | 33.73 | 42.63 | 32.93 | 41.96 | 31.32 | 41.53 | 30.57 | 44.86 | 33.47 | 43.68 | 31.34 |
| | 29.04 | 45.88 | 27.96 | 47.92 | 30.00 | 46.54 | 28.81 | 47.30 | 29.81 | 46.94 | 28.95 |
| | 24.75 | 41.97 | 24.37 | 43.41 | 25.77 | 46.20 | 28.62 | 46.92 | 29.38 | 46.55 | 28.55 |
| | 27.81 | 46.12 | 28.45 | 46.30 | 28.30 | 48.42 | 30.42 | 49.25 | 31.25 | 48.16 | 30.16 |
| | 25.82 | 43.32 | 25.57 | 44.15 | 26.15 | 45.59 | 27.59 | 46.37 | 28.37 | 45.19 | 27.19 |
| | 28.12 | 45.82 | 27.90 | 45.78 | 27.78 | 45.92 | 27.92 | 46.65 | 28.65 | 45.64 | 27.64 |
| | 28.84 | 43.51 | 28.38 | 44.06 | 28.51 | 44.37 | 28.72 | 45.81 | 30.01 | 44.68 | 28.57 |
| | 28.15 | 44.00 | 26.45 | 45.63 | 28.41 | 46.54 | 28.54 | 47.78 | 29.78 | 46.84 | 28.84 |
| | 24.73 | 42.63 | 24.90 | 44.14 | 26.44 | 45.56 | 27.91 | 45.92 | 28.34 | 45.46 | 27.46 |
| | 35.20 | 50.58 | 34.83 | 50.61 | 34.70 | 52.08 | 35.84 | 51.75 | 35.40 | 52.24 | 35.66 |
| | 32.04 | 47.24 | 31.39 | 48.62 | 33.08 | 47.75 | 32.10 | 49.21 | 33.41 | 48.08 | 31.98 |
| | 22.78 | 39.27 | 22.50 | 39.23 | 22.33 | 39.73 | 22.74 | 42.02 | 25.12 | 40.95 | 23.90 |
| | 26.91 | 44.47 | 26.67 | 46.92 | 29.22 | 46.21 | 28.55 | 46.32 | 28.70 | 45.85 | 27.86 |
| | 29.85 | 43.19 | 29.34 | 43.02 | 28.70 | 42.99 | 28.51 | 44.75 | 30.05 | 43.62 | 28.45 |
| | 31.57 | 44.55 | 26.82 | 44.67 | 26.74 | 47.11 | 29.18 | 46.09 | 28.20 | 45.26 | 27.44 |
| | 31.64 | 45.86 | 32.03 | 45.88 | 31.60 | 46.53 | 32.09 | 46.82 | 31.70 | 45.53 | 30.05 |
| | 27.88 | 45.51 | 27.66 | 45.54 | 27.54 | 45.69 | 27.69 | 46.93 | 28.93 | 46.01 | 28.01 |
| | 28.41 | 43.50 | 27.92 | 44.47 | 28.52 | 44.70 | 28.46 | 44.18 | 27.84 | 44.50 | 27.92 |
| | 26.29 | 43.79 | 25.95 | 45.82 | 27.87 | 45.24 | 27.42 | 45.19 | 27.53 | 44.44 | 26.44 |
| | 34.30 | 51.80 | 33.88 | 51.63 | 33.73 | 52.46 | 34.70 | 53.50 | 35.84 | 53.91 | 36.07 |

WASHTENAW COUNTY
PRINCIPAL TAXPAYERS
(UNAUDITED)
YEAR ENDED DECEMBER 31, 2003

| | Real Property Assessment | Personal Property Assessment | Total Assessment | Percent of Assessed Value |
|---|-----------------------------|------------------------------------|-------------------------|---------------------------------|
| Pfizer Global Research and Development | \$ 142,828,100 | \$ 89,602,756 | \$ 232,430,856 | 1.54% |
| Visteon | 39,900,400 | 160,821,200 | 200,721,600 | 1.33% |
| General Motors | 31,168,400 | 143,167,290 | 174,335,690 | 1.16% |
| Detroit Edison | 22,117,690 | 113,112,910 | 135,230,600 | 0.90% |
| Michigan Consolidated Gas Co. | 2,895,620 | 70,466,928 | 73,362,548 | 0.49% |
| Briarwood Complex (including J.C. Penney's, Sears, Hudson, Jacobson's) | 56,550,800 | 9,261,200 | 65,812,000 | 0.44% |
| Domino's | 55,039,100 | 3,450,600 | 58,489,700 | 0.39% |
| Toyota | 31,870,860 | 12,269,500 | 44,140,360 | 0.29% |
| Daimler Chrysler | 20,273,900 | 21,070,900 | 41,344,800 | 0.27% |
| Meijer Incorporated | 29,783,000 | 6,842,300 | 36,625,300 | 0.24% |
| Great Lakes Bank / Retirement LP | 36,593,500 | 6,800 | 36,600,300 | 0.24% |
| NSK Corp | 19,052,890 | 14,688,100 | 33,740,990 | 0.22% |
| Comcast/Media One | 4,209,730 | 22,394,670 | 26,604,400 | 0.18% |
| Lake in the Woods | 25,700,000 | - | 25,700,000 | 0.17% |
| Arborland LLC | 22,155,100 | - | 22,155,100 | 0.15% |
| | <u>\$ 540,139,090</u> | <u>\$ 667,155,154</u> | <u>\$ 1,207,294,244</u> | <u>8.02%</u> |

Source: Washtenaw County Equalization Department.

WASHTENAW COUNTY

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| To Fund Operations in Calendar Year | Current Assessments Due | Current Assessments Collected | Ratio of Collections/ Amount Due | Total Delinquent Assessments March 1, |
|---|-------------------------------|-------------------------------------|--|--|
| 1994 | \$ 1,502,774 | \$ 1,448,903 | 96.42 % | \$ 53,871 |
| 1995 | 1,611,227 | 1,574,140 | 97.70 | 37,087 |
| 1996 | 1,642,219 | 1,579,095 | 96.16 | 63,124 |
| 1997 | 1,796,299 | 1,731,236 | 96.38 | 65,063 |
| 1998 | 1,880,411 | 1,771,215 | 94.19 | 109,196 |
| 1999 | 1,846,206 | 1,789,068 | 96.91 | 57,138 |
| 2000 | 1,893,402 | 1,795,313 | 94.82 | 98,089 |
| 2001 | 1,554,645 | 1,512,466 | 97.23 | 42,179 |
| 2002 | 1,334,392 | 1,285,794 | 96.36 | 48,598 |
| 2003 | 1,323,027 | 1,282,808 | 96.96 | 40,219 |

All delinquent assessments are paid from the current delinquent tax revolving fund.

Source: Washtenaw County Treasurer's Office.

WASHTENAW COUNTY

COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED) DECEMBER 31, 2003

DEBT ISSUED FOR PURPOSE OF COUNTY FUNCTIONS ONLY:

| | |
|---------------------------------------|-------------------|
| General obligation tax notes | \$ 9,000,000 |
| Building authority bonds | 35,035,000 |
| Notes Payable | 292,133 |
| County share of drain bonds and notes | <u>308,044</u> |
| Total | <u>44,635,177</u> |

DEBT ISSUED FOR BENEFIT OF LOCAL IMPROVEMENTS:

| | |
|--------------------------------|-------------------|
| Drain bonds and notes | 3,922,654 |
| Public works - water and sewer | 43,577,279 |
| County Road Commission | <u>3,410,000</u> |
| Total | <u>50,909,933</u> |

TOTAL DEBT ISSUED WITH COUNTY FULL FAITH AND CREDIT \$ 95,545,110

WASHTENAW COUNTY DEBT LIMIT:

| | |
|---|-------------------|
| 2002 Assessed Value-Real and Personal Property* | \$ 15,045,690,552 |
| Constitutional debt limit | <u>10%</u> |
| County debt limit | 1,504,569,055 |
| Outstanding debt | <u>95,545,110</u> |

REMAINING DEBT LIMIT AGAINST WHICH BONDS MAY BE ISSUED \$ 1,409,023,945

COUNTY DEBT LIMIT % 0.64%

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

WASHTENAW COUNTY

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

(UNAUDITED)

TEN YEARS ENDED DECEMBER 31, 2003

| Calendar Year | Population * | Assessed Value to Fund Operations in Calendar Year # | Net Bonded Debt Dec 31 | Ratio of Debt to Assessed Value | Net Bonded Debt Per Capita |
|------------------|--------------|---|------------------------------|--|-------------------------------------|
| 1994 | 288,613 | \$ 6,456,162,804 | \$ 46,034,491 | 0.71 | \$ 159.50 |
| 1995 | 291,642 | 6,717,463,432 | 37,613,316 | 0.56 | 128.97 |
| 1996 | 295,717 | 7,063,561,166 | 31,926,244 | 0.45 | 107.96 |
| 1997 | 299,503 | 7,588,824,479 | 36,340,941 | 0.48 | 121.34 |
| 1998 | 302,787 | 8,222,788,510 | 42,798,950 | 0.52 | 141.35 |
| 1999 | 306,073 | 8,981,072,796 | 55,337,184 | 0.62 | 180.80 |
| 2000 | 322,895 | 9,955,398,867 | 47,445,534 | 0.48 | 146.94 |
| 2001 | 329,308 | 10,951,329,363 | 44,552,444 | 0.41 | 135.29 |
| 2002 | 334,351 | 12,191,018,138 | 44,326,081 | 0.36 | 132.57 |
| 2003 (a) | 334,351 | 13,702,101,826 | 44,635,117 | 0.33 | 133.50 |

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

Source: * U. S. Bureau of the Census

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

WASHTENAW COUNTY

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GOVERNMENTAL LONG-TERM DEBT TO TOTAL GENERAL EXPENDITURES (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| <u>Year</u> | <u>Annual Debt Service</u> | <u>Total General Expenditures</u> | <u>Ratio</u> |
|-------------|------------------------------------|---|--------------|
| 1994 | \$ 11,431,201 | \$ 133,681,629 | 8.6 % |
| 1995 | 12,566,675 | 133,950,748 | 9.4 |
| 1996 | 4,416,423 | 125,488,741 | 3.5 |
| 1997 | 3,981,784 | 130,843,029 | 3.0 |
| 1998 | 4,672,761 | 138,286,430 | 3.4 |
| 1999 | 5,350,054 | 143,694,941 | 3.7 |
| 2000 | 4,946,028 | 165,564,959 | 3.0 |
| 2001 | 4,754,044 | 145,479,142 | 3.3 |
| 2002 | 4,850,201 | 152,006,113 | 3.2 |
| 2003 | 5,383,800 | 161,831,901 | 3.3 |

Note: Includes the general, special revenue, debt service, and capital projects funds.

Source: Washtenaw County Finance Department.

WASHTENAW COUNTY

**COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT
(UNAUDITED)
DECEMBER 31, 2003**

| | Gross Amount Outstanding | Self-Supporting or Paid by Benefited Entity | Net Amount Outstanding |
|--|--------------------------------|--|------------------------------|
| DIRECT DEBT: | | | |
| General obligation tax notes | \$ 9,000,000 | \$ 9,000,000 | \$ - |
| Building authority bonds | 35,035,000 | - | 35,035,000 |
| Notes payable | 292,133 | - | 292,133 |
| Drain bonds and notes | 4,230,698 | 3,922,654 | 308,044 |
| Public Works - water and sewer debt | 43,577,279 | 43,577,279 | - |
| County Road Commission debt | 3,410,000 | 3,410,000 | - |
| NET DIRECT DEBT | \$ 95,545,110 | \$ 59,909,933 | 35,635,177 |
| OVERLAPPING DEBT: | | | |
| School Districts | | | 717,782,029 |
| Cities | | | 102,921,904 |
| Townships | | | 64,202,126 |
| Villages | | | 12,915,058 |
| Intermediate School District | | | 3,743 |
| Community Colleges | | | 67,182,870 |
| Library | | | 2,406,703 |
| Net overlapping debt | | | 967,414,433 |
| NET DIRECT AND OVERLAPPING DEBT | | | \$ 1,003,049,610 |

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

WASHTENAW COUNTY

DEMOGRAPHIC INFORMATION (UNAUDITED)

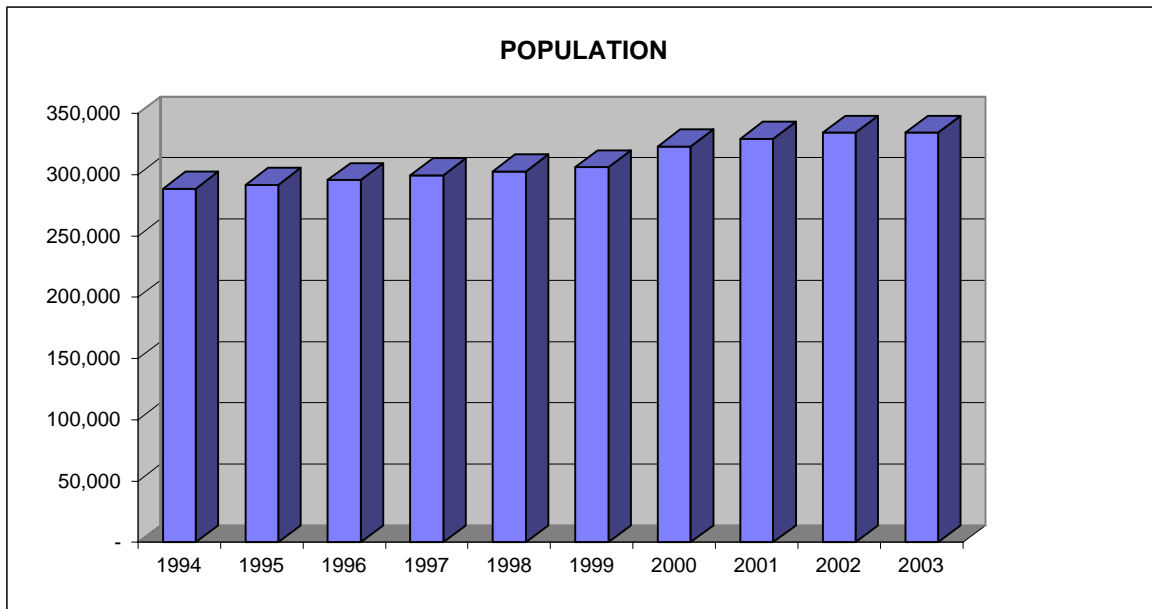
TEN YEARS ENDED DECEMBER 31, 2003

| Year | Population | Per Capita Unemployment | Per Capita Income |
|------|-------------|----------------------------|----------------------|
| 1994 | 288,613 | 3.30 % | \$ 25,648 |
| 1995 | 291,642 | 3.80 | 30,386 |
| 1996 | 295,717 | 2.30 | 31,510 |
| 1997 | 299,503 | 2.10 | 31,902 |
| 1998 | 302,787 | 1.80 | 33,305 |
| 1999 | 306,073 | 1.80 | 34,623 |
| 2000 | 322,895 | 1.60 | 36,676 |
| 2001 | 329,308 | 2.60 | (b) |
| 2002 | 334,351 | 2.90 | (b) |
| 2003 | 334,351 (a) | 3.10 | (b) |

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

(b) Data not available.

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

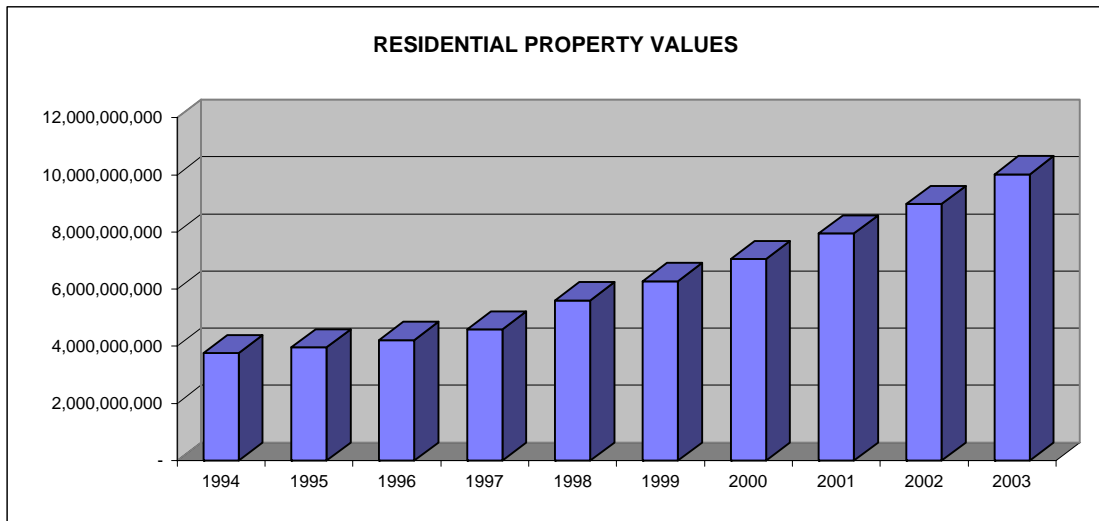


WASHTENAW COUNTY

REAL PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS (UNAUDITED) TEN YEARS ENDED DECEMBER 31, 2003

| Calendar Year | Commercial Construction (a) | | Residential Construction (b) | | Bank Deposits (June 30) (c) | Real Property Value (d) | | |
|---------------|-----------------------------|-------------|------------------------------|-------------|-----------------------------|-------------------------|------------------|----------------|
| | Number of Units | Value (000) | Number of Units | Value (000) | | Industrial/Commercial | Residential | Agriculture |
| 1994 | 191 | \$ 35,706 | 2,051 | \$ 220,028 | \$ 2,235,442,000 | \$ 1,744,395,210 | \$ 3,765,454,275 | \$ 202,530,290 |
| 1995 | 223 | 42,350 | 1,935 | 233,648 | 2,391,069,000 | 1,786,449,615 | 3,957,127,184 | 212,262,285 |
| 1996 | 288 | 51,301 | 2,412 | 290,391 | 2,354,162,000 | 1,838,875,064 | 4,218,196,537 | 216,070,681 |
| 1997 | 363 | 91,951 | 2,354 | 288,444 | 3,046,407,000 | 1,944,449,698 | 4,591,218,918 | 241,684,700 |
| 1998 | 252 | 127,724 | 2,718 | 337,802 | 3,732,011,000 | 2,058,280,892 | 5,609,646,444 | 244,315,663 |
| 1999 | 274 | 106,433 | 2,617 | 344,120 | 3,460,150,000 | 2,271,920,439 | 6,278,399,655 | 259,921,149 |
| 2000 | 235 | 157,463 | 1,980 | 319,642 | 3,582,448,000 | 2,490,881,420 | 7,047,875,148 | 294,361,526 |
| 2001 | 161 | 24,289 | 2,105 | 306,828 | 3,844,425,000 | 2,805,881,812 | 7,947,074,679 | 301,951,282 |
| 2002 | 184 | 34,283 | 2,333 | 335,847 | 3,944,332,000 | 3,140,235,806 | 8,983,152,742 | 361,894,938 |
| 2003 | 251 | 46,110 | 2,301 | 353,127 | 4,230,437,000 | 3,456,997,490 | 10,017,579,990 | 405,628,167 |

- (a) Washtenaw County Building Inspection
 - (b) Bureau of the Census - Manufacturing and Construction Division
 - (c) FDIC Data Book.
 - (d) Equalized value of one-half true cash value.
- Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.



WASHTENAW COUNTY

SCHEDULE OF INSURANCE (UNAUDITED) DECEMBER 31, 2003

| <u>Type of Coverage</u> <u>Name of Company</u> | <u>Number</u> | <u>Policy Period</u> | <u>Premium</u> | <u>Description</u> |
|--|---------------|----------------------------------|-----------------|---|
| General Liability Coregis Insurance Co. | 651-000806 | 10/1/03-10/1/04 | \$ 368,800 | Auto, general and police legal liability of the County for bodily injury, property damage and personal injury. Limit \$1,000,000 per occurrence and \$3,000,000 aggregate. Occurrence form; \$250,000 self insured retention. |
| Buildings and Contents Traveler's Insurance Co. | 651-000806 | 10/1/03-10/1/04 | 147,695 | All risk coverage on buildings and contents at replacement cost. \$60,000,000 limit \$250,000 deductible per occurrence (includes burglary). Includes perils from flood and earthquake. |
| Inland Marine Coverage International Surplus Lines | 651-000806 | 10/1/03-10/1/04 | Included | Covers scheduled portable equipment consisting of radio and video equipment, boats and trailers, etc. All risk coverage. |
| Data Processing Coverage International Surplus Lines | 651-000806 | 10/1/03-10/1/04 | Included | Covers data processing equipment, media and extra expense. Limit \$500,000 per occurrence. |
| Employee Benefit Liability | 651-000806 | 10/1/03-10/1/04 | Included | Policy limit \$1,000,000 covers employees, prospective employees, former employees, or their beneficiaries, for damages sustained in the administration of employee benefits programs. |
| Great American Ins. Co. | GVT2171348 | 10/1/03-10/1/04 | 9,566 | Covers loss to the County caused by dishonesty or fraudulent act of an employee or failure to faithfully perform the duties or the position. Limit \$500,000,000 loss deductible. All County employees covered. Public Employee Blanket Bond. |
| Public Officials Coregis Indemnity/ Mt. Airy Ins. Co. | POD000443 | 10/1/03-10/1/04 | 85,930 | Policy limit \$1,000,000 subject to \$250,000 deductible covers liability for wrongful acts, claims made form, duty to defend. |
| Umbrella Liability Coregis Ins. Company | 503-164116 | 10/1/03-10/1/04 | 185,000 | Policy limit \$5,000,000 excess primary I.S.L.I.C. program. |
| Professional Liability TIG Ins. Company Co. of Illinois | HCF39250805 | 10/1/03-10/1/04 | 146,943 | Covers Public Health and Mental Health operations (includes doctors) \$1,000,000 each medical incident. Deductible of \$250,000 does not include defense costs. |
| Boiler Machinery Policy Traveler's Ins. Comp | 340K0317 | 10/1/03-10/1/04 | 13,076 | Covers boilers and air conditioning units, broad form basis (except cast iron), including repair and/or replacement on most objects. \$1,000 deductible. |
| Lawyers Professional Lloyds/National Legal Aid and Defender Association | 0777097/16876 | 10/1/03-10/1/04 3/1/03-3/1/04 | 2,041 13,535 | Covers Employee related issues in Public Defender's Office. Professional liability limit \$1,000,000. Disciplinary proceedings limit \$5,000. Also covers Labor Relation Attorney and Corp Counsel. Personal injury \$1,000,000/1,000,000. Disciplinary proceeding \$10,000. Subject to deductible. |

Continued

WASHTENAW COUNTY

SCHEDULE OF INSURANCE (UNAUDITED) DECEMBER 31, 2003

| <u>Type of Coverage</u> <u>Name of Company</u> | <u>Number</u> | <u>Policy Period</u> | <u>Premium</u> | <u>Description</u> |
|--|---------------|----------------------|----------------------------------|--|
| Short-Term Bond Burnham & Flower Insurance Group | 81BSBCP2499 | 12/01/03-03/31/04 | \$ 27,043 | Bond was based on 40% of the tax levy for the County, schools and SET (State Education Tax). County is reimbursed for approximately 95% of the cost of the bond. |
| Judicial Liability Lloyds Ins. Com Nat'l Union Ins. Co. | 84TBA | 10/1/03-10/1/04 | 26,650 | Covers 20 Judges, Magistrates and referees \$1,000,000 liability coverage per claim. \$2,500 deductible. |
| Federal Insurance Companies | 81564369 | 10/1/03-10/1/04 | 11,000 | Fiduciary Liability Policy for Washtenaw County covering the VEBA, MPPP and WCERS Systems with limits of \$5,000,000. |
| Zurich US Insurance Group | USC9270706 | 10/1/03-10/1/04 | 456 | Provide insurance coverage for underground storage tanks with limits of \$1,000,000. |
| Workers' Compensation RSKCo | | 02/01/03-02/01/04 | 31,488 | TPA for Claims Service. |
| Safety National | | 02/01/03-02/01/04 | 41,195 | Statutory specific excess insurance above a \$350,000 retention. |
| Long-Term Disability Lafayette Life | GN90056 | Monthly | Varies with age and salary | Covers all full-time regular employees. Choice of coverage is 50%, 60%, or 67% of monthly salary with varying elimination periods. |
| Traditional with Master Medical (MM50) Blue Cross/Blue Scheild | 01334 | Monthly | Varies | Basic and Master Medical Comprehensive medical care coverage including emergency care, some out-patient treatment, and prescription co-pay. Annual deductible of \$50 (\$100 family) on Master Medical Benefits. |
| Comprehensive Major Medical (CMM 250) Blue Cross/Blue Shield | 01334 | Monthly | Varies | A cost-sharing comprehensive medical care plan including emergency care, some out-patient treatment, prescription co-pay, and annual deductible of \$250 (\$500 family) on all covered benefits. |
| Dental Delta Dental Core Plan | 1637 | Monthly | 43 | 100% basic dental, 50% other services, 50% Prosthodontics and Orthodontic services, \$750 annual limit, \$600 lifetime for Orthodontic services. |
| Dental Delta Dental Retiree Plan | 1637 | Monthly | 49 | 100% basic dental, 50% other services, 50% Prosthodontics, no Orthodontic services, \$750 or \$1,000 lifetime. |
| Dental Delta Dental Premier Plan for those in Flex Benefits who choose this option | 1637 | Monthly | 81 | 100% basic dental, 80% other services, including sealants, 50% Orthodontics services, \$1,000 annual limit and \$1,750 lifetime for Orthodontics. |
| Madison National | 503370 | Monthly | Varies | Covers death of employee and/or AD&D. All full-time employees with choice of coverage equal to 1 X annual salary, 2 X annual salary, or 3 X annual salary. |

Continued

WASHTENAW COUNTY

SCHEDULE OF INSURANCE (UNAUDITED) DECEMBER 31, 2003

| <u>Type of Coverage</u> <u>Name of Company</u> | <u>Number</u> | <u>Policy Period</u> | <u>Premium</u> | <u>Description</u> |
|---|---------------|----------------------|----------------|---|
| Vision Care Blue Cross/Blue Shield/ Vision Service Plan (VSP) | O1334 | Monthly | Varies | Vision Care option pays for certain vision care tests and supplies when obtained from a participating provider after County employee pays the provider the required co-payment amount. |
| Care Choices Catherine McAuley | #1011980001 | 01/01/03-12/31/03 | Varies | HMO offers primary care physicians, network hospitals, affiliated pharmacies and laboratories and other providers within the particular HMO network. The employee is responsible for the co-pay amounts at the time of service. All claims are handled directly between the HMO and service provider. |
| M-Care University of Michigan Hospital | #00050300000 | 01/01/03-12/31/03 | Varies | HMO offers primary care physicians, network hospitals, affiliated pharmacies and laboratories and other providers within the particular HMO network. The employee is responsible for the co-pay amounts at the time of service. All claims are handled directly between the HMO and service provider. |

Concluded

WASHTENAW COUNTY

SALARIES AND SURETY BONDS OF PRINCIPALS (UNAUDITED)

YEAR ENDED DECEMBER 31, 2003

SALARIES

Board of Commissioners:

| | |
|----------------------------------|-----------|
| Leah Gunn-Chair | \$ 20,810 |
| Barbara Levin Bergman-Vice Chair | 19,511 |
| Vivienne N. Armentrout | 17,409 |
| Robert Brakenbury | 16,674 |
| Jeff Irwin | 17,387 |
| Martha Kern | 15,993 |
| Ronnie Peterson | 15,500 |
| Wesley Prater | 20,478 |
| Rolland Sizemore, Jr. | 17,196 |
| Stephen Solowczuk | 17,182 |
| Joseph J. Yekulis | 18,016 |

Clerk/Register of Deeds:

| | |
|--------------|--------|
| Peggy Haines | 91,103 |
|--------------|--------|

Drain Commissioner:

| | |
|-----------------|--------|
| Janis A. Bobrin | 91,552 |
|-----------------|--------|

Prosecuting Attorney:

| | |
|--------------|---------|
| Brian Mackie | 106,711 |
|--------------|---------|

Sheriff:

| | |
|---------------|---------|
| Daniel Minzey | 107,262 |
|---------------|---------|

Treasurer:

| | |
|-------------------|--------|
| Catherine McClary | 91,262 |
|-------------------|--------|

SURETY BONDS

All principals are covered by a blanket commercial bond, shown on the Schedule of Insurance.
An additional individual bond exists for the Treasurer. This bond is outlined on the Schedule of Insurance.

Source: Washtenaw County Finance Department.

WASHTENAW COUNTY

DISTRIBUTION OF INCOME BY BRACKET* (UNAUDITED)

| Income in 1999 Households | Ann Arbor | | Ypsilanti | | Out County | | Total County | |
|------------------------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|----------------|-----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Less than \$10,000 | 4,805 | 10.06 % | 3,170 | 11.00 % | 1,985 | 4.06 % | 9,960 | 7.94 % |
| \$10,000 to \$14,999 | 2,578 | 5.40 | 1,732 | 6.01 | 1,405 | 2.87 | 5,715 | 4.56 |
| \$15,000 to \$24,999 | 5,323 | 11.15 | 3,378 | 11.72 | 3,687 | 7.54 | 12,388 | 9.87 |
| \$25,000 to \$34,999 | 4,964 | 10.40 | 4,070 | 14.12 | 4,543 | 9.29 | 13,577 | 10.82 |
| \$35,000 to \$49,999 | 7,081 | 14.83 | 5,127 | 17.79 | 6,285 | 12.85 | 18,493 | 14.74 |
| \$50,000 to \$74,999 | 8,422 | 17.64 | 5,556 | 19.28 | 10,161 | 20.78 | 24,139 | 19.24 |
| \$75,000 to \$99,999 | 5,323 | 11.15 | 2,999 | 10.41 | 8,043 | 16.45 | 16,365 | 13.04 |
| \$100,000 to \$149,999 | 5,530 | 11.58 | 2,051 | 7.12 | 8,379 | 17.14 | 15,960 | 12.72 |
| \$150,000 or more | 3,724 | 7.79 | 736 | 2.55 | 4,408 | 9.02 | 8,868 | 7.07 |
| Total | 47,750 | 100.00 % | 28,819 | 100.00 % | 48,896 | 100.00 % | 125,465 | 100.00 % |

Median household income (1999 dollars) \$51,990

Per capita household income (1999 dollars) \$27,173

*Source: U.S. Census Bureau

WASHTENAW COUNTY

MISCELLANEOUS COUNTY STATISTICS (UNAUDITED)

Date of Incorporation: January 3, 1827
Form of Government: Elected Board of Commissioners
Area: 710.07 square miles

Miles of Roads

Federal and State - 180 miles
Primary - 529 miles
Local - 756 miles
Subdivision - 296 miles

Police Protection

Vehicle patrol units - 117 (82 police service automobiles, 1 animal control vehicle,
6 marine safety vehicles, 16 jail vehicles & 12 motorcycles)
Sheriff's Department work force - 331 (290 FTEs, 12 PTEs, 12 seasonal marine safety officers & 17 reserve officers)

| | |
|---|------------|
| Jail - lock-up security cells (single inmate) | 144 |
| 7 medical cells, 4-inmate units, total capacity | 28 |
| maximum security cells | 24 |
| dormitory direct supervision beds | 84 |
| 16 double bunk units, total capacity | 32 |
| trustee housing (low supervision) beds | 20 |
| Total capacity | <u>332</u> |

Recreation

13 parks with approximately 1438 acres of parkland
4 Natural Area Program properties with approximately 438 acres
19 picnic areas
2 historic sites - Parker Mills & Sharon Mills
2 swimming beach areas
2 outdoor swimming pools
3 fishing structures
7 nature trails and 1 nature cabin, 1 exercise trail, 8 multiuse trail
11 pavilions available for reservation by public
1 water parks (Rolling Hills Aquatic Center)
3 spray play feature (Independence Lake)
6 traditional children's playgrounds
County recreation center with special recreation programs 51,500 square feet
Pierce Lake Golf Course-18 Holes

Education

| | |
|----------------------|---------------|
| Number of students: | |
| Kindergarten-grade 6 | 25,408 |
| Grades 7 through 12 | 22,219 |
| Total | <u>47,627</u> |

Universities/Colleges

University of Michigan
Eastern Michigan University
Cleary College
Concordia Lutheran College
Washtenaw Community College

Source: Various Washtenaw County Departments.

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