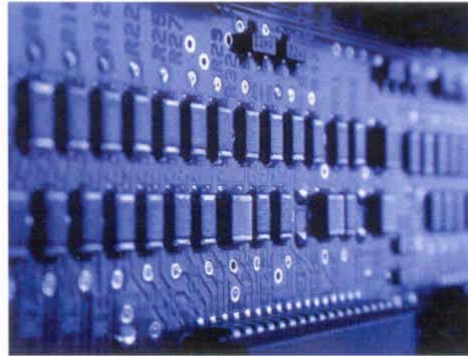
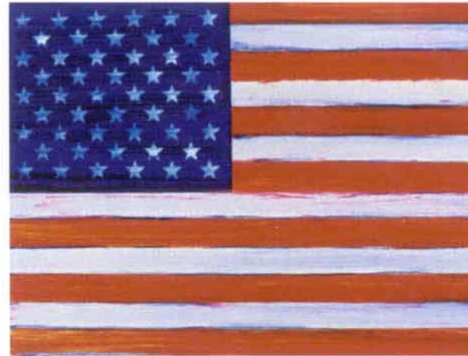


Community



Happy children – Clean environment – Business growth



Accessible services – Safe neighborhoods – Affordable housing



Healthy bodies – Continuous improvement – Involved Communities



IMPACT



WASHTENAW COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006

Prepared by the Finance Department

WASHTENAW COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2006

BOARD OF COMMISSIONERS

Wesley Prater, Chair

Barbara Levin Bergman

Mark Ouimet

Mandy Grewal

Ronnie Peterson

Leah Gunn

Rolland Sizemore Jr.

Jeff Irwin

Conan Smith

Martha Kern

Stephen Solowczuk

COUNTY ADMINISTRATOR

Robert E. Guenzel

FINANCE DIRECTOR

Peter Ballios

INDEPENDENT AUDITORS

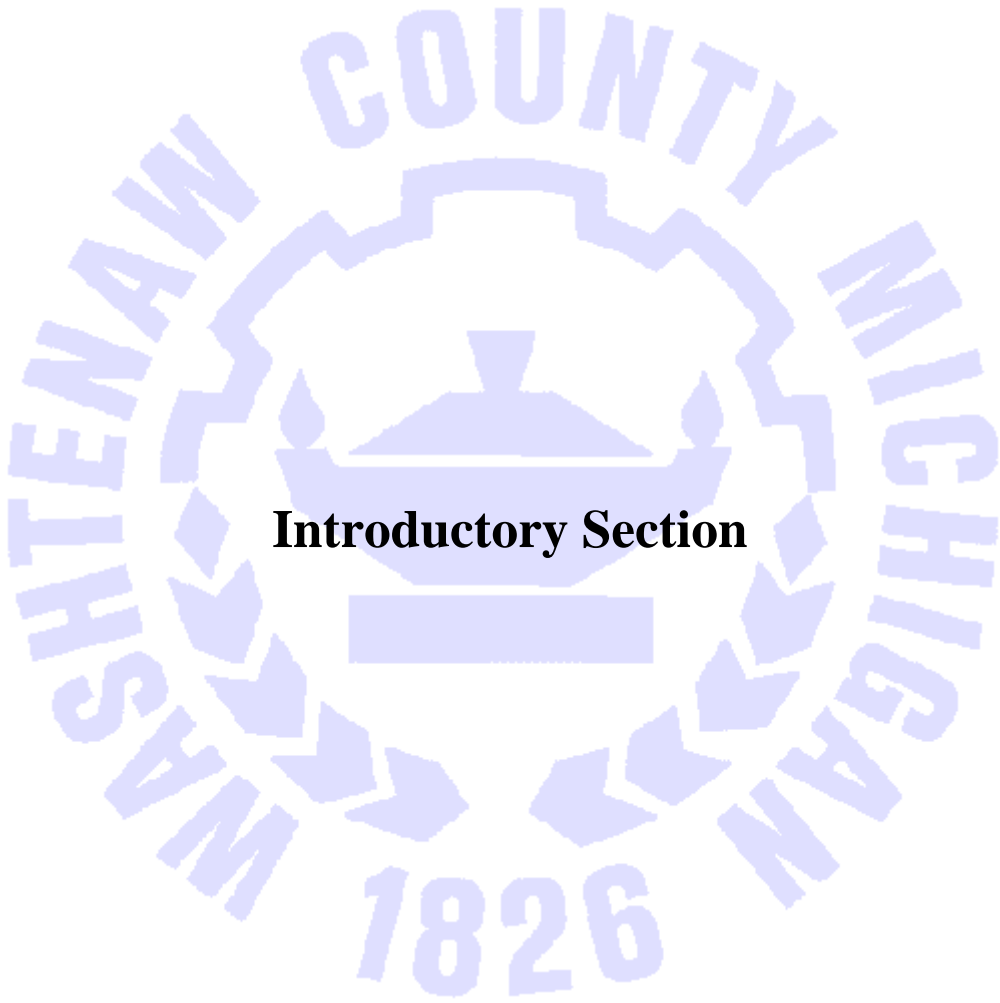
Rehmann Robson

**WASHTENAW COUNTY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED DECEMBER 31, 2006**

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Introductory Section



COUNTY ADMINISTRATOR

220 NORTH MAIN STREET, P.O. BOX 8645

ANN ARBOR, MICHIGAN 48107-8645

(734) 222-6850

FAX (734) 222-6715

<http://www.ewashtenaw.org>

March 15, 2007

**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, 2006, is submitted herewith. It was prepared by staff in the Finance Department with significant assistance from the accounting personnel in the Treasurer's Office, Drain Commissioner's Office, Public Works, Road Commission, Community Support and Treatment Services, Public Health, and other County departments. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2006.

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

Rehmann Robson, Certified Public Accountants, have issued an unqualified ("clean") opinion on Washtenaw County's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

Washtenaw County, incorporated in 1827, is located in the southeast region of Michigan's Lower Peninsula, approximately 40 miles west of Detroit. The County encompasses 28 cities, villages and townships, settings range from urban to rural and small town to suburban. It is the sixth largest county in the State of Michigan, with an estimated 2006 population of 347,111. 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 113,237 and 20,919, respectively. The County's two largest townships are Ypsilanti and Pittsfield, with estimated populations of 53,017 and 34,530, respectively. It covers an area of approximately 710 square miles. The County seat is located in the City of Ann Arbor. Washtenaw County is empowered to levy a property tax, the primary source of funding, on both real and personal property located within its boundaries.

The governmental structure of Washtenaw County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body, and its administrative body for many functions, is the County Board of Commissioners. The Board consists of eleven commissioners elected by direct vote from single-member districts every two years. In addition to the Board of Commissioners, there are fifteen elected officials serving the County in judicial, administrative, or staff officer roles. An organization chart depicting the County structure is shown on the page following this letter.

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

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

Local Economy

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

Because of its location in a region with a varied economic base, unemployment has been consistently below the state and national averages, 6.8 and 4.6 percent respectively. During the first half of the last decade, the unemployment rate decreased from 2.0 percent (1997) to a decade low of 1.6 percent (1999). Although Washtenaw County has one of the healthiest economies in the state, manufacturing layoffs and job losses in trade, transportation, and utilities affected the local unemployment rate. Since 2000, the unemployment rate steadily rose to a decade high and current rate of 4.4 percent (2006).

Unemployment is expected to increase above the national average in the wake of Pfizer Global Research & Development's decision to close its Ann Arbor operations and eliminate 2,100 positions. As the County realizes the full impact of Pfizer's departure, the trickle-down effect could result in 2,000 to 4,000 additional job eliminations for contract workers, temporary employees and lost business in the surrounding retail industries.

Even though the loss of Pfizer will be felt on multiple economic fronts and uncertainty of the future looms, unemployment is expected to remain at or below the state average for four reasons. First, state and local officials and business leaders vow for an "aggressive strategy" to make up for the impending loss and to keep the displaced workers in the County. Many believe that the opportunity has been provided to speed up the life-science industry in the area. Second, business growth continues to increase with new investments by General Motors for equipment replacement and renovations, Google for an office building to house over 1,000 employees, Hyundai for a research center and Toyota for a technology campus. Third, it is estimated that the labor force in the local region will continue increasing 3 percent annually for each of the next several years due to continued population growth and new entrants, high school and college graduates, into the work force. Finally, above average employment growth rates in the region are projected among health care, professional, construction and repair, management, sales, and service occupations. Jobs in the County are expected to increase by 39,190 or 14.8 percent by 2012.

Washtenaw County has maintained strong population growth over the past two decades. This growth is expected to continue in the foreseeable future. Our 2000 Census population was 322,770. The estimated 2030 population is 448,020. Over 48% of our residents 25 years and older have completed four or more years of college. The median household income of our residents is over 17% higher than that of the State of Michigan and over 25% higher than the United States as a whole. Personal income figures for our citizens have risen significantly in recent years, over 38% since 1995. This indicates a healthy economy and a higher standard of living for our residents.

Washtenaw County's total equalized value of taxable property has more than doubled over the last ten years. The equalized value of taxable property has realized an average 8.8% increase in growth per year for the past five consecutive years. The County remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The County's total equalized value of taxable property for 2006 was approximately \$18.5 billion, an increase over the prior year of \$1.0 billion, or roughly 5.8%. The economic base of the County is continuing to increase.

During the past six years, the government's expenses related to judicial, general government, public safety, health and social services have increased in amount, but have consistently remained within two percent of their category of total expenses (a six-year average of 13.6 percent, 10.5 percent, 27.4 percent, 22.1 percent and 16.0 percent, respectively). Judicial expenses increased for trial court operations and activities. General government expenses increased for facilities management because of higher utility costs, and risk management because of legal counsel and attorney fees for pending lawsuits. In the case of public safety, much of the increase reflects increased staffing levels and additional medical services, food and supplies being needed due to the elevated number of inmates. Increased costs for health and social services are products of continuing quality services and programs for at risk populations.

The growth in parks and recreations expenses over the past six years reflects an increase in recreational activities and programs, as well as major land acquisitions under the Natural Areas Preservation program and development of the 35-mile Border-to-Border Trail, a non-motorized multi-use trail connecting to Livingston County in the north and Wayne County in the southeast.

During the past six years, the government's expenses related to public works have decreased not only in amount, but also as a percentage of total expenses (a six-year decrease of 25 percent). This decrease is due to the discontinuation of the solid waste revenue sharing program.

During the same six-year period, charges for services increased in amount annually through 2005 and dropped 15 percent during 2006 from the previous year, but have continued to decrease as a percentage of total revenue (a six-year decrease of 6.4 percent). The reason for this decline is the relative increase in expenses related to services that are not supported by fees and charges (e.g., public safety); thus, as taxes have increased to support these services, so has the proportion of total revenue generated by taxes.

Operating grants and contributions increased in amount (a six-year increase of 43.9 percent), but has remained relatively stable, of total revenues at 31.6 percent. Operating grants and contributions revenues increased as grant awards provided additional funding of new and existing programs in the areas of health, social services, general government, and public safety activities.

Property tax revenue not only increased in amount, 88.9 percent from six years ago, but also as the percentage of total revenue (a six year average of 42.9 percent), almost half of the revenue collected during 2006. Property taxes increased by approximately \$7.4 million (8.4 percent over the prior year). This increase is the product of increased taxable values and residential growth. An increase of \$19.5 million or 37.4 percent that occurred over prior years was a result of accelerated revenue recognition pursuant to Public Act 357 of 2004, which serves as a substitute for state revenue sharing payments.

During the past six years, the government's revenues related to capital grants and contributions, and grants and contributions not restricted to specific programs have decreased not only in amount, but also as a percentage of total revenues (a six-year decrease of 93.7 percent and 95.0 percent, respectively). Decreases in both these revenue categories reflect programs that have ended, received funding reductions and/or funding has been discontinued.

Long-Term Financial Planning

Unreserved, undesignated fund balance in the general fund (8.5 percent of total general fund expenditures and transfers out) falls within policy guidelines set by the Board of Commissioners for budgetary and planning purposes. The Board has continued its commitment to plan future budgets to meet the goal of a reserve for subsequent years representing 8.0% of General Fund expenditures and transfers out.

The Board of Commissioners has committed to ensure the long-term fiscal stability of the County. The County has operated very deliberately over the past several years, making sound financial decisions to keep from having to react to a crisis situation. However, the 2006/07 adopted budget includes the use of certain non-General Fund reserves and the extra property tax revenue realized from the shift from a December to July tax levy as a means to stabilize the organization. The real challenge will be in 2008.

The five year projections demonstrate a good financial outlook, but assume an expenditure reduction by 2008. The reduction will be addressed through four identified cost saving measures that must be researched and acted upon prior to the adoption of the 2008/09 budget, including: additional police services revenue by moving to an incremental cost model; savings in salary, medical and pension costs through the identification of cost-containment strategies and negotiated labor contracts; re-evaluating the commitment to the human services departments for personnel costs; and determining if the policy to freeze/waive the cost allocation plan for human services and county grants can continue.

The County continues to struggle with the obligation to maintain our current infrastructure while striving to advance systems integration, which typically involved additions and modifications to existing infrastructure. The primary struggle revolves around the prioritization of funding for projects within fiscal constraints. There simply is not enough money to do everything that is needed, so difficult decisions must be made. Ongoing maintenance and operating costs must be provided for current business to continue. The Board of Commissioners has continued with the appropriations to the County's capital budgets, including 1/8th mill for building repair and maintenance.

The County has advanced significantly in its efforts to evaluate its operations, focus on who does what best, and identify its customer needs. These same concepts will carry Washtenaw County through these tough economic times as they continue into the future. The primary focus will be continued systems integration with Communities of Interests coupled with internal cost saving measures.

Relevant Financial Policies

In October 2004, the State legislature passed legislation that shifted the timing of property tax payments to create a revenue stream that, for the next seven years or so, will offset the reduction in state revenue sharing. The measure gradually moves up property tax collections from the winter to the summer over three years, beginning July, 2005. Counties annually transfer from this pool the exact amount of funding that would have been available through state revenue sharing. Each year the State publishes the allowable spending amount that can be transferred from the reserve fund. The allowable spending amount is calculated using the growth in the U.S. Consumer Price Index from the State's 2004 and 2005 fiscal years. The inflation rate used for fiscal year 2006 was 3.3%.

Major Initiatives

There are many internal and external variables that limit the County's financial outlook. These constraints impact the County's ability to fund requests for enhancements or increases in resource allocations. Several factors have made the overall cost of doing business higher than in the past. The major influences on the fiscal environment of the County are:

- ❑ ***Outside Agency Funding***– The County allocates a set of funds to community organizations. Outside agencies are defined as non-profit entities outside the organization with which the County contracts for the provision of services. Over 1.5 million of General Fund dollars fund outside agencies through Board of Commissioner priorities. Contracts for provision of services are executed with each agency, and each agency's performance is overseen by a County department.
- ❑ ***Police Services Methodology Review*** – The conversation about the appropriate way in which to offer police services have been ongoing for many years. The key issue is who should pay for police services; the new methodology provides for the gradual elimination of the subsidy the County has traditionally provided to contracting entities. The Board of Commissioners decided to phase in the new methodology in order to accommodate the needs of local contracting entities. During 2006, contracting costs were limited to the scheduled 6% increase. In 2007, the contracting entities will assume overtime costs associated with police services. Finally, in 2008/09, a completely different methodology will be implemented (the "incremental cost model"), in which the local units will be responsible for paying the full cost of their police services.
- ❑ ***Public Safety & Justice Initiative*** – This initiative began during 2004 with the establishment of the Criminal Justice Collaborative Council (CJCC) and the development of a comprehensive strategic plan for ending jail overcrowding and enhancing the public safety and justice system. On August 3, 2005, the Board of Commissioners adopted a plan that would expand jail beds, upgrade support areas within the jail, provide for a new district court and allow for alternative sanctions through a probation residential center and mental health diversion program. These immediate public safety and justice concerns have been incorporated in the space plan as presented below.

- ❑ **Strategic Space Plan** – The purpose of this plan is to establish long-term infrastructure discussion and a framework to assist in guiding those decisions and to identify urgent or intermediate needs and provide options for addressing them. Various efforts were used to identify needs including expert opinion, stakeholder input, and the public perspective. The result of these efforts is that eleven major infrastructure needs were identified. Major infrastructure needs include: expansion of jail beds, jail infrastructure upgrades, expansion of support systems in the jail due to increased capacity, jail diversion options, 14A-1 District Court, renovation of downtown Ann Arbor Courthouse, construction of a new facility for the Juvenile Division of Family Court, reconfiguration of 555 Towner, relocation of Employment Training and Community Services, construction of a secure data center and upgrade of the County’s network connectivity. Each of the above will be addressed within the context of the 20 year space plan. Planning principles and tying space planning with the biennial planning process will ensure that projects are aligned with Board of Commissioner priorities and other infrastructure projects.

In addition to departmental operations, each county service is dependent on the infrastructure of space, technology and professional development. Without a strong plan in each of these areas, business will not be successful. Washtenaw County has continually progressed in its approach to providing infrastructure in an integrated manner. As with all government agencies, Washtenaw County faces the challenge of ever increasing needs and opportunities with limited resources. It is essential that these resources be used in a wise manner to serve citizens. The provision of infrastructure resources revolves around one coordinated plan with three priorities:

- **Ensuring the stability of existing infrastructure** – There is a temptation to focus resources on expansion and new capabilities at the expense of maintaining what we already have. It is crucial that the County ensures that the foundation that has been built remains solid and current with the times.
- **Business continuity** - The events of the last few years have driven home the message that we live in a fundamentally different world, today. Our reliance on technology makes it critical that those capabilities are not interrupted. The County has made great advances in making plans to ensure the critical business operations are not interrupted in the case of a disaster.
- **Systems integration** - By looking at core businesses and integrating structures and processes where possible, the County can reduce redundancies and expand the capacity of the system as a whole. The progress made in systems integration has been dramatic over the last two years with major initiatives in Support Services, Planning & Environment, and Health. A primary purpose of infrastructure is to support the transitions from individual departments to integrated service delivery systems.

Finally, an infrastructure plan with technology, capital improvement, and professional development components provide strategies for employees, programs and departments in support of the organizational goals of Washtenaw County. Therefore, the governance of our infrastructure is critical in ensuring that our delivery systems are efficient and effective and that our employees have what they need to provide world class services.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washtenaw County, Michigan for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. This was the 16th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition to the Certificate of Achievement, the County also received the GFOA's Distinguished Budget Presentation Award for its budget for the biennium period beginning January 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as a policy document, a financial plan, an operations guide, and a communication device.

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

Dan Ackerman
Roberta Allen
Terry Ballantyne
Kelly Belknap
Don Bilbey

Florice Boelter
Sue Bos
Peter Collinson
Dick Eckoff
Tina Gavalier

Janet Gilkey
Kirsten Osborn
Pat Willis
Xiaohong Wu

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

Sincerely,



Robert E. Guenzel
County Administrator/Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washtenaw County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

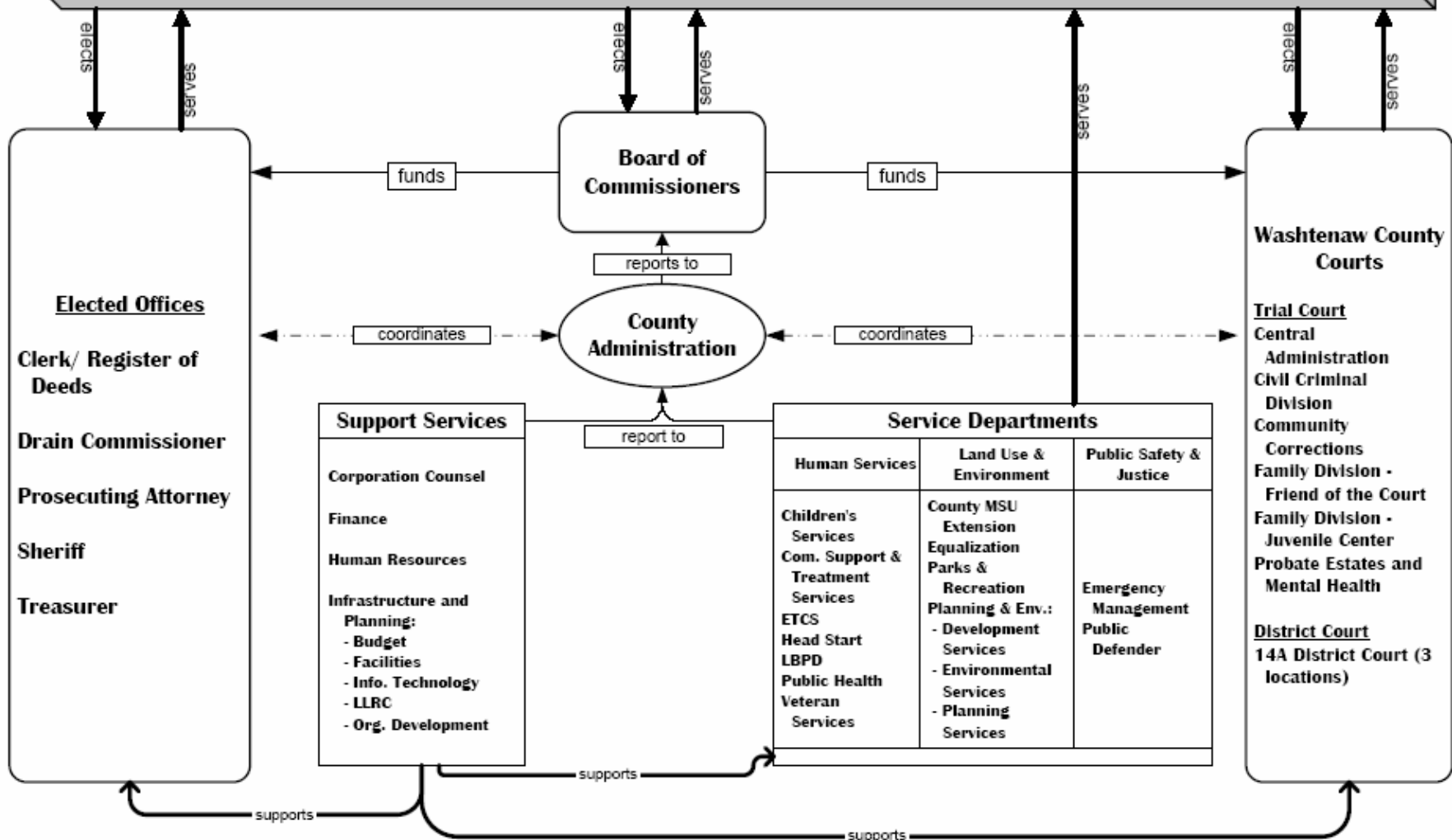
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Washtenaw County Citizens



WASHTENAW COUNTY

PRINCIPAL OFFICIALS

At December 31, 2006

Board of Commissioners

Wesley Prater, Chair

Barbara Levin Bergman
Mandy Grewal
Leah Gunn
Jeff Irwin
Martha Kern

Mark Ouimet
Ronnie Peterson
Rolland Sizemore Jr.
Conan Smith
Stephen Solowczuk

District Court Judges

Richard E. Conlin

J. Cedric Simpson

Kirk W. Tabbey

Trial Court Judges

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

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

Clerk/Register of Deeds

Lawrence Kestenbaum

Drain Commissioner

Janis A. Bobrin

Prosecuting Attorney

Brian Mackie

Sheriff

Daniel J. Minzey

Treasurer

Catherine McClary

County Administrator

Robert E. Guenzel



Financial Section



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

INDEPENDENT AUDITORS' REPORT

March 15, 2007

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, 2006, 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 4.2% of the assets and 18.9% of the revenues of the aggregate remaining fund information and 0.2% of the assets and 4.2% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 71.3% of the assets and 84.1% 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, 2006, 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 15, 2007 on our consideration of *Washtenaw County, Michigan's* internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-16 and the employees' retirement system information on pages 82 and 83 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Lehmann Johnson".



**Management's Discussion
and Analysis**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Washtenaw County, Michigan we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2006. 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 \$185,428,839 (*net assets*). Of this amount, \$88,273,601 (*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 \$21,483,268 during 2006. Approximately half of this increase is attributable to the main program revenue area of operating grants and contributions and the general revenue area of property taxes.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general, special revenue, debt service and capital projects funds) reported combined ending fund balances of 115,048,596, an increase of \$37,358,830 in comparison with the prior year. Ninety-two percent of the ending fund balances are subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. Approximately 8 percent of this total amount, \$8,352,216, is *available for spending* at the government's discretion only (*general fund unreserved, undesignated fund balance*).
- The general fund had a surplus of \$401,959 for 2006. At the end of the year, unreserved fund balance for the general fund was \$8,352,216, or approximately 8.5 percent of total general fund expenditures and transfers out. Total fund balance for the general fund was \$8,493,285.
- The County's investment in capital assets increased by \$6,891,335 during 2006.
- The County's total bonded debt, excluding delinquent tax notes, increased by \$22,785,000 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 2006, the net assets of the County increased by \$21.5 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 Materials Response Authority and the Washtenaw County Road Commission. Although legally separate, these "component units" are important because the County is financially accountable for them.

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

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

Reporting the County's Most Significant Funds

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

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

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

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

The County maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, community support and treatment services, parks and recreation, revenue sharing reserve, county debt service, and county capital project funds, each of which are considered to be major funds. Data from the other 25 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 20-30 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 31-34 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 35-36 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 39-81 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 pages 82 and 83 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 84-117 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 \$185,428,839 at December 31, 2006.

Washtenaw County's Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 146,437,976	\$ 128,440,906	\$ 22,615,409	\$ 20,037,428	\$ 169,053,385	\$ 148,478,334
Capital assets	123,301,798	116,410,463	-	-	123,301,798	116,410,463
Total assets	269,739,774	244,851,369	22,615,409	20,037,428	292,355,183	264,888,797
Long-term liabilities outstanding	69,458,113	47,905,323	12,011,586	10,011,207	81,469,699	57,916,530
Other liabilities	24,938,695	42,723,293	517,950	303,403	25,456,645	43,026,696
Total liabilities	94,396,808	90,628,616	12,529,536	10,314,610	106,926,344	100,943,226
Net assets:						
Invested in capital assets, net of related debt	90,342,374	80,296,301	-	-	90,342,374	80,296,301
Restricted	6,812,865	6,676,094	-	-	6,812,865	6,676,094
Unrestricted	78,187,727	67,250,358	10,085,873	9,722,818	88,273,600	76,973,176
Total net assets	\$ 175,342,966	\$ 154,222,753	\$ 10,085,873	\$ 9,722,818	\$ 185,428,839	\$ 163,945,571

By far, the largest portion of the County's net assets, \$90,342,374 (48.7 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, \$6,812,864 (3.7 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$88,273,601 (47.6 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. The same situation held true for the prior year.

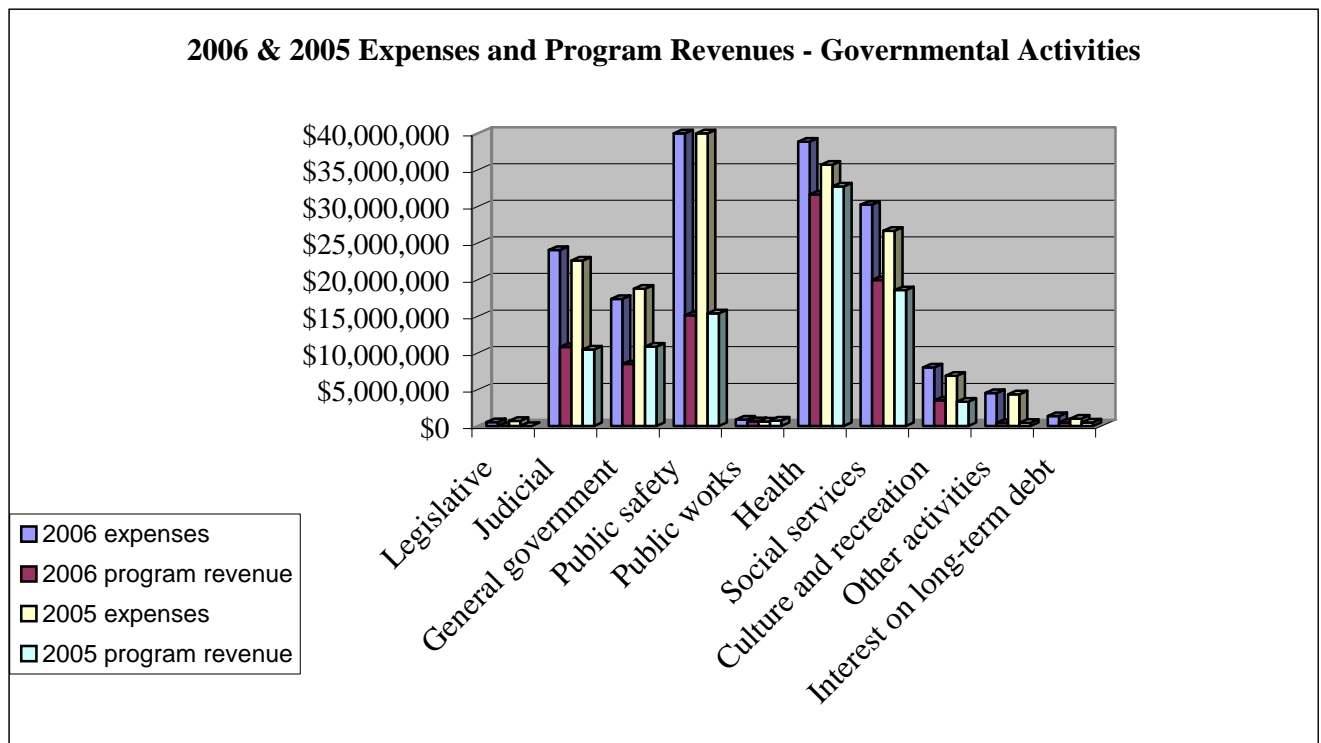
Washtenaw County's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue:						
Program revenue:						
Charges for services	\$ 29,738,776	\$ 32,766,765	\$ 3,566,189	\$ 3,048,951	\$ 33,304,965	\$ 35,815,716
Operating grants and contributions	61,329,306	60,027,293	11,960	27,424	61,341,266	60,054,717
Capital grants and contributions	76,441	211,159	-	-	76,441	211,159
General revenue:						
Property taxes	95,271,757	87,864,506	-	-	95,271,757	87,864,506
Grants and contributions not restricted to specific programs	366,250	457,637	-	-	366,250	457,637
Other	4,150,209	2,558,336	763,766	(141,666)	4,913,975	2,416,670
Total revenue	190,932,739	183,885,696	4,341,915	2,934,709	195,274,654	186,820,405
Expenses:						
Legislative	539,323	722,185	-	-	539,323	722,185
Judicial	24,021,026	22,588,152	-	-	24,021,026	22,588,152
General government	17,350,638	18,760,566	-	-	17,350,638	18,760,566
Public safety	46,907,810	45,341,263	-	-	46,907,810	45,341,263
Public works	869,372	608,029	-	-	869,372	608,029
Health	38,859,023	35,694,857	-	-	38,859,023	35,694,857
Social services	30,222,984	26,681,106	-	-	30,222,984	26,681,106
Culture and recreation	7,998,879	6,891,231	-	-	7,998,879	6,891,231
Other activities	4,506,919	4,336,497	-	-	4,506,919	4,336,497
Interest on long-term debt	1,375,511	1,027,653	-	-	1,375,511	1,027,653
Delinquent tax collections and related activities	-	-	1,218,973	905,801	1,218,973	905,801
Total expenses	172,651,485	162,651,539	1,218,973	905,801	173,870,458	163,557,340
Increase in net assets before transfers	18,281,254	21,234,157	3,122,942	2,028,908	21,404,196	23,263,065
Transfers	2,838,959	2,546,616	(2,759,887)	(1,921,574)	79,072	625,042
Increase in net assets	21,120,213	23,780,773	363,055	107,334	21,483,268	23,888,107
Net assets - beginning	154,222,753	130,441,980	9,722,818	9,615,484	163,945,571	140,057,464
Net assets - end of year	\$ 175,342,966	\$ 154,222,753	\$ 10,085,873	\$ 9,722,818	\$ 185,428,839	\$ 163,945,571

The County's net assets increased by \$21.5 million during the current fiscal year; \$21.1 million increase for governmental activities and \$0.4 million increase for business-type activities.

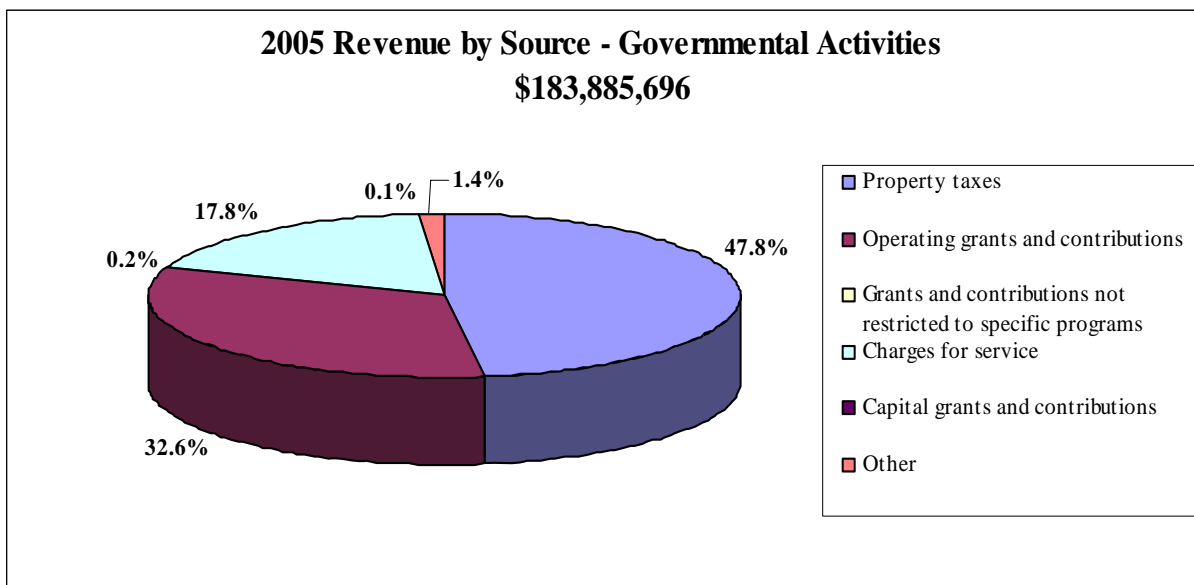
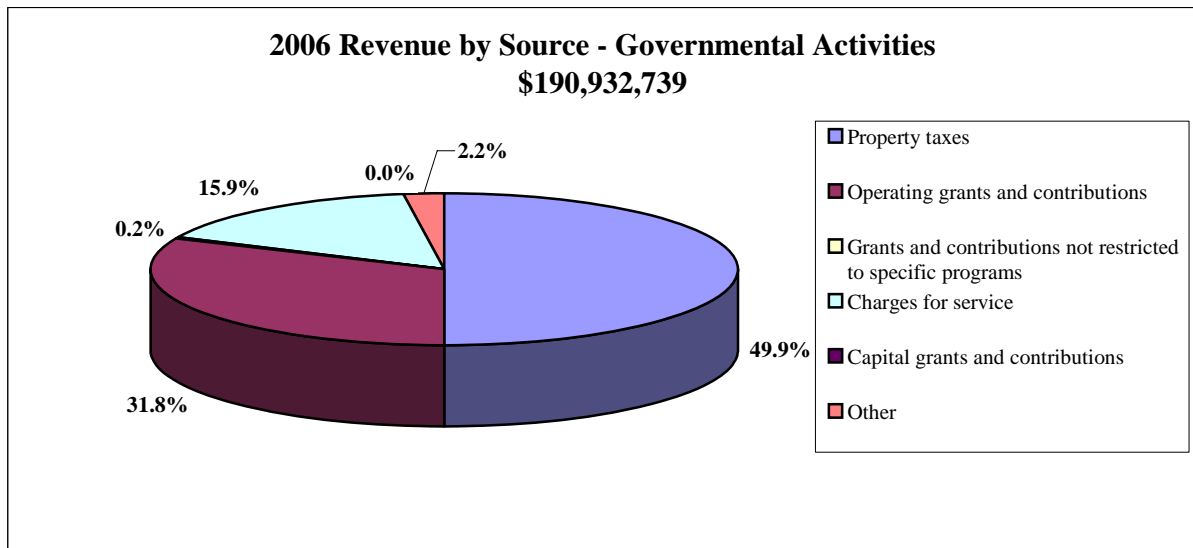
Governmental activities. Overall, total revenues exceeded total expenses by \$18.3 million, thereby accounting for 85.1 percent of the total growth in the net assets during 2006. Total revenues for governmental activities increased \$7.0 million over the prior year. Key elements of this increase are as follows:

- Property taxes increased by approximately \$7.4 million (8.4 percent) during the year. This increase is the product of increased taxable values and residential growth.
- The other revenue category increased by \$1.6 million (61.5 percent) during the year due to investment earnings.
- Operating grants and contributions for governmental activities increased by \$1.3 million (2.2 percent) during the year. Grant awards and contributions furnished additional resources to supplement programs in the area of social service activities.
- The above mentioned increases are offset by decreases in charges for services (\$3.0 million) and grants and contributions (\$.2 million) for both categories, capital and not restricted to specific programs. The 9.3 percent decrease in charges of services during 2006 was because of decreased volume in real estate transfers, new mortgages, refinancing and vital records requests for general government activities and lower immunization, maternal support and substance abuse services for health activities. The 33.8 percent decrease in grants and contributions in 2006 is a result of less miscellaneous, refund, reimbursement and rental revenues during the year.



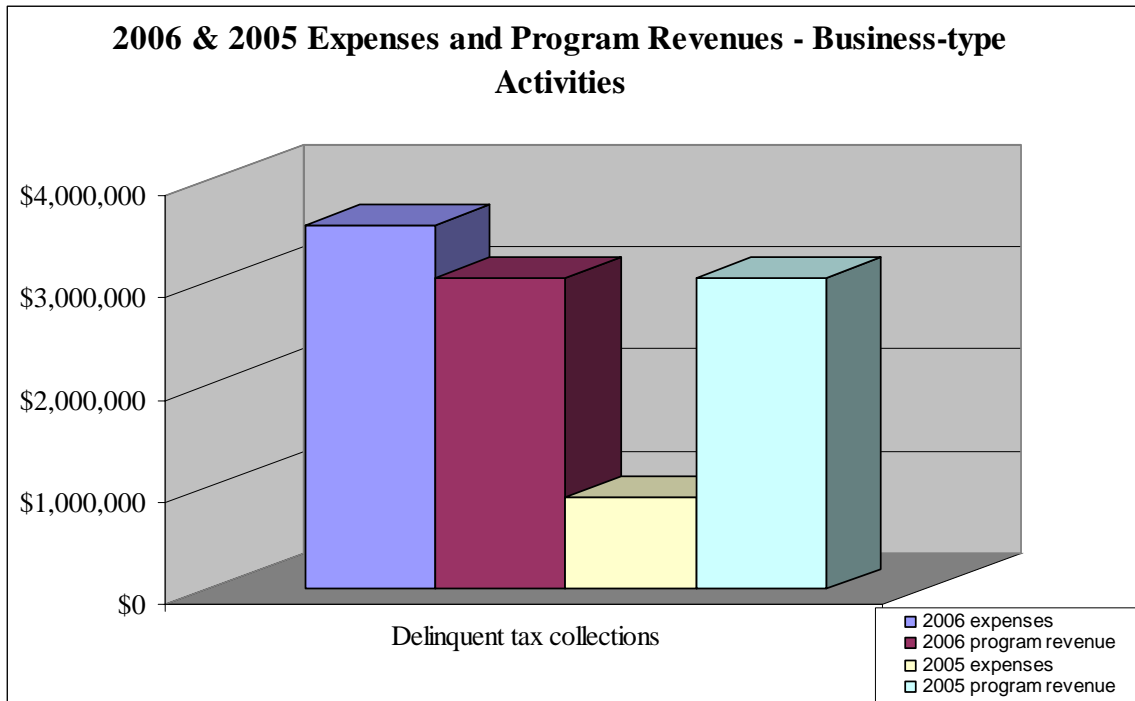
Overall, total expenses for governmental activities increased \$10.0 million during the year. The functional areas that comprise most of this increase are social services (\$3.5 million), health (\$3.2 million), public safety (\$1.6 million) and judicial (\$1.4 million) activities.

Cost increases in the social services area were for community development, community support and treatment services, and housing and homelessness initiatives. Costs increased in health operations because of the County's initiative to provide residents affordable insurance and health care services. Costs increased in Sheriff's operations because of increased staffing levels and additional medical services, food and supplies being needed due to the elevated number of inmates. Jail overcrowding also increases costs when the County boards inmates out to other jurisdictions. Costs increased in judicial activities for trial court operations. Other increases closely paralleled inflation and the growth in demand for services.



Business-type activities. Business-type activities increased the County’s net assets by \$0.36 million. Key elements of the current year increase are as follows:

- Charges for services revenue for business-type activities increased \$517,238 in comparison to the prior year due to higher delinquent tax and property foreclosure activity during 2006. Expenditures increased by \$313,172 due to salary and fringe benefit expenses for collection activity.
- The other revenue category increased by \$.9 million (61.5 percent) during the year due to investment earnings.



Financial Analysis of the County’s Funds

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$115,048,596, an increase of \$37,358,830 in comparison with the prior year. Ninety-two percent of the ending fund balances are subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. The other eight percent of this total amount, \$8,352,216, is *available for spending* at the government’s discretion only (general fund *unreserved, undesignated fund balance*). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for land acquisition under the natural area preservation program, as the funding source to replace state revenue sharing, and for improvements to existing assets and new construction for capital projects, as well as for long-term advances and prepaid items.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,352,216, while total fund balance was \$8,493,285. 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 8.5 percent of total general fund expenditures and transfers out. This level of unreserved fund balance in the general fund meets the Board of Commissioners formal adopted policy, as well as the Government Finance Officer's Association recommended practices.

The fund balance of the County's general fund increased by \$401,959 during the current fiscal year. This is primarily attributable to growth in property taxes, as previously discussed, relative to government-wide governmental activities.

The financial position of the community support and treatment services fund improved by \$142,142 during 2006. Total fund balance at the end of the year is \$1,046,464.

The parks and recreation fund had a total fund balance of \$19,129,708, which increased \$1.9 million in the current year. The growth in fund balance is attributable to a voter-approved millage for the purpose of acquiring land under the natural areas preservation program. Fund balance will be used in subsequent years as the land acquisitions are completed.

The revenue sharing reserve fund had a total fund balance of \$43,016,850, an increase of \$13.8 million during 2006. This fund is mandated by the State of Michigan and accounts for accelerated property tax collections to serve as a substitute for state revenue sharing payments. Annual tax payments, each equal to 1/3 of the annual property tax levy, were placed in this fund over the past three years, 2004-2006. Beginning in 2004 the County started withdrawing monies from this fund equal to the fiscal 2004 state revenue sharing payments adjusted for inflation. The County will continue drawing down revenue sharing from the reserve fund using an inflationary factor over the prior year amount. This fund will decline approximately \$6,000,000 per year in the future until the fund balance is exhausted.

The county debt service fund had a nominal fund balance of \$936 at year end. This fund accounts for the resources, including a voter-approved millage beginning in 2007, accumulated and payments made for principal and interest on long-term general obligation debt that financed certain building improvements and a new emergency communications system.

The county capital projects fund accounts for renovations and modification of existing facilities, new capital construction projects and the purchase of capital equipment. The county capital projects fund has a total fund balance of \$36,965,926. In addition, maintenance to existing facilities such as replacement of roof systems, carpeting, and other interior finishes are also funded by the county capital projects fund. The net increase in fund balance during the current year in the county capital projects fund was \$22,075,277 and is attributable to the issuance of capital improvement bonds in the amount of \$23.8 million to fund the County's Enhanced Emergency Communications System.

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

Unrestricted net assets of the delinquent tax, other enterprise and internal service funds at the end of the year amounted to \$8,140,331, \$1,945,542 and \$2,417,965, respectively. The delinquent tax fund had a decrease in net assets for the year of \$103,278, whereas the other enterprise funds had an increase of \$466,333 and the internal service funds had a decrease of \$813,866. Other factors concerning the finances of the delinquent tax fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

General fund revenues (including transfers in) increased by \$1.2 million from the original to the final budget. This was attributable to an increase in the budget amount of \$540,000 for property tax revenues. The shift of the County's tax levy, from December 1 to July 1, has resulted in the recognition of increased taxable values and residential growth six months sooner than in the past. The budget amount for investment income was increased by \$370,000 due to interest earnings. There was also a budget amount increase of \$294,000 for intergovernmental revenues primarily from contributions from local entities for the Washtenaw Health Plan, the County's indigent health care program (a corresponding adjustment was also made to transfers out for the disproportionate share hospital [DSH] payments), and federal grant revenue for emergency management services. Finally, other small increases in charges for services and other revenues also took place.

There was a corresponding \$1.2 million increase (1.3%) between the original and final amended expenditure budget (including transfers out). The budget amount for public safety activities increased \$1.7 million for sheriff - police services, dispatch and jail overcrowding (\$1.6 million) and a nominal increase for prosecuting attorney activities (\$155,000) for personnel services and extradition costs. The County held \$700,000 in reserves and undesignated allocation for the jail because of the history of overcrowding and the increased costs associated with it. There was a budget amount increase of \$305,000 for social services activities, primarily due to human services agency contracts. Prior to 2006 multiple human service departments provided oversight to outside agencies. This budget adjustment was made to allocate the funding from multiple oversight departments to one department (children services) to monitor. There was a budget increase of \$346,000 for general government activities in the areas of human resources (consultants and contracts for temporary services, costs associated with updating the County's equal employment opportunity plan, fit for duty evaluations and compensation analysis) and clerk register (for personnel services and agency contract costs). A small increase for probate court services also took place.

It should be noted that there was a \$1.7 million decrease in the budget for transfers out which partially offset the needed budget increase for public safety, as discussed above, after the use of jail reserves allocated to the sheriff department. In addition, there was a \$426,000 budget increase in the other unallocated expenditure category because certain budgeted transfers out were not made during 2006. Other unallocated expenditures were designated as transfers out in the original budget, then reclassified later in the year as other services and charges, and have final budget amounts in that expenditure category, but no original budget amounts.

Overall during the year, actual general fund revenues, including other financing sources, were more than the final budget. Actual general fund expenditures, including other financing uses, were less than the final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$401,959, which was more than the final amended budget amount of \$250,000.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2006, amounted to \$123,301,798 (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 5.9 percent. The County's business-type activities have no capital assets.

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

- Parks and Recreation acquired land in the amount of \$5.7 million under the Natural Areas Preservation Program.
- Construction in progress as of the close of the fiscal year had a balance of \$627,212. The County has active construction projects that include Parks and Recreation's border-to-border trail development, and capital projects that include enhancement to the emergency communications system and jail construction and improvements.
- Various building additions/improvements were completed during the year resulting in a net increase to capital assets of \$.96 million.
- Other capital improvements, including landscaping and parking lot improvements, resulted in a net increase to capital assets of \$.6 million.
- Machinery and equipment as of the close of the fiscal year had a balance of \$4.7 million. The decrease of \$.5 million from the prior year is a result of a slightly higher amount of disposals than new purchases.

Washtenaw County's Capital Assets (net of depreciation)

	<u>Governmental activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 24,854,169	\$ 19,166,242
Construction in progress	627,212	476,723
Buildings	83,484,895	82,523,165
Improvements other than buildings	9,641,094	9,045,714
Machinery and equipment	<u>4,694,428</u>	<u>5,198,619</u>
Total	<u>\$ 123,301,798</u>	<u>\$ 116,410,463</u>

Additional information on the County's capital assets can be found in note III.C on pages 60-63 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$68,400,000. 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	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 56,400,000	\$ 35,615,000	\$ -	\$ -	\$ 56,400,000	\$ 35,615,000
Delinquent tax notes	-	-	12,000,000	10,000,000	12,000,000	10,000,000
Total	\$ 56,400,000	\$ 35,615,000	\$ 12,000,000	\$ 10,000,000	\$ 68,400,000	\$ 45,615,000

The County's total debt increased by \$22,785,000 (50 percent) during the current fiscal year. The County retired debt of \$2,965,000 in general obligation bonds and \$10,000,000 in delinquent tax notes during 2006.

The only new borrowing during the year was \$23,750,000 in general obligation bonds for governmental activities for an upgrade to the County's Enhanced Emergency Communications System and \$12,000,000 in delinquent tax notes for business-type activities. Debt service requirements for general obligation bonds of \$4,205,000 and interest of \$1,873,791 are payable during 2007. The principal payment for delinquent tax notes of \$12,000,000 and an interest payment of \$570,685 are due February 15, 2007.

The County has an "Aa2" rating for both general obligation bonds and tax notes from Moody's. The County has an "AA+" rating for both general obligation bonds and tax notes from Standard & Poor's. Finally, the County has a "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 \$1,854,553,316, 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 66-71 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 2006 and 2007 fiscal years:

- The Michigan economic downturn and prior stock market declines have a continuing impact on the County's fiscal operations. Stock market declines have increased the County's funding obligation for its defined benefit pension plans. This trend will continue into the foreseeable future.
- The County has continued its commitment to the 3% annual salary increase for all employees, as negotiated in union contracts, as well as fringe benefit – health care, retirement, and others - rate increases.
- The unemployment rate for the County is currently 4.4%, slightly higher than a year ago. This compares favorably to the state's average unemployment rate of 6.8% and the national average rate of 4.6%.
- 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 2006/2007 budget the applicable inflation rate is only 3.3%. Therefore, property tax revenues are budgeted to increase 6.0% in 2006 and 2007 due to new construction being added to the tax rolls and transfers of ownership.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past three years and is projected to continue into the future, at least until 2008. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2004/05 State revenue sharing payments adjusted for inflation.
- The County has committed to maintaining a general fund balance that is at least 8.0% of operating expenditures.
- Financial trends in the region compare favorably to national indices. Analysis of revenue, expenditure, operating position, debt structure, unfunded liabilities, condition of capital plant, and community needs and resources indicators are examined across time to provide a framework for objective investigation.

Contacting the County's Financial Management

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



Basic Financial Statements



Government-wide Financial Statements

WASHTENAW COUNTY
Statement of Net Assets
December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 95,993,776	\$ 11,576,086	\$ 107,569,862	\$ 16,906,361
Receivables, net	48,762,383	11,039,323	59,801,706	49,378,145
Prepaid items and other assets	1,681,817	-	1,681,817	1,431,162
Capital assets not being depreciated	25,481,381	-	25,481,381	20,240,971
Capital assets being depreciated, net	97,820,417	-	97,820,417	175,584,680
Total assets	<u>269,739,774</u>	<u>22,615,409</u>	<u>292,355,183</u>	<u>263,541,319</u>
Liabilities				
Accounts payable and accrued expenses	8,258,220	6,081	8,264,301	9,597,606
Accrued interest payable	108,167	511,016	619,183	338,418
Unearned revenue	16,572,308	853	16,573,161	-
Long-term liabilities:				
Due within one year	6,005,655	12,002,014	18,007,669	5,586,471
Due in more than one year	63,452,458	9,572	63,462,030	44,292,099
Total liabilities	<u>94,396,808</u>	<u>12,529,536</u>	<u>106,926,344</u>	<u>59,814,594</u>
Net assets				
Invested in capital assets, net of related debt	90,342,374	-	90,342,374	166,577,582
Restricted for:				
Debt service	14,815	-	14,815	1,548,691
Capital projects	6,536,765	-	6,536,765	9,634,758
Other purposes	261,284	-	261,284	-
Unrestricted	78,187,728	10,085,873	88,273,601	25,965,694
Total net assets	<u>\$ 175,342,966</u>	<u>\$ 10,085,873</u>	<u>\$ 185,428,839</u>	<u>\$ 203,726,725</u>

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

WASHTENAW COUNTY
Statement of Activities
Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 539,323	\$ -	\$ -	\$ -	\$ (539,323)
Judicial	24,021,026	4,074,640	6,742,005	-	(13,204,381)
General government	17,350,638	5,821,567	2,609,394	37,728	(8,881,949)
Public safety	46,907,810	12,021,420	3,123,235	-	(31,763,155)
Public works	869,372	184,188	462,125	38,713	(184,346)
Health	38,859,023	3,227,343	28,427,257	-	(7,204,423)
Social services	30,222,984	1,042,936	18,896,219	-	(10,283,829)
Culture and recreation	7,998,879	3,225,036	272,680	-	(4,501,163)
Other activities	4,506,919	141,646	306,735	-	(4,058,538)
Interest on long-term debt	1,375,511	-	489,656	-	(885,855)
Total governmental activities	172,651,485	29,738,776	61,329,306	76,441	(81,506,962)
Business-type activities:					
Delinquent tax collection	908,669	2,896,431	-	-	1,987,762
Property foreclosure	288,376	660,333	-	-	371,957
Brownfield revolving loan	11,960	-	11,960	-	-
Principal residence exemption	9,968	9,425	-	-	(543)
Total business-type activities	1,218,973	3,566,189	11,960	-	2,359,176
Total primary government	\$ 173,870,458	\$ 33,304,965	\$ 61,341,266	\$ 76,441	\$ (79,147,786)
Component units					
Department of Public Works Projects	\$ 2,144,047	\$ -	\$ -	\$ 3,773,679	\$ 1,629,632
Drain Commissioner	1,379,143	162,086	-	3,537,362	2,320,305
Hazardous Materials Response Authority	66,987	56,309	23,426	-	12,748
Road Commission	26,184,431	-	43,175,830	-	16,991,399
Total component units	\$ 29,774,608	\$ 218,395	\$ 43,199,256	\$ 7,311,041	\$ 20,954,084

Continued...

WASHTENAW COUNTY
Statement of Activities (concluded)
Year Ended December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (81,506,962)	\$ 2,359,176	\$ (79,147,786)	\$ 20,954,084
General revenues:				
Property taxes	95,271,757	-	95,271,757	-
Grants and contributions not restricted to specific programs	366,250	-	366,250	-
Unrestricted investment earnings	4,150,209	763,766	4,913,975	942,686
Transfers - internal activities	2,838,959	(2,759,887)	79,072	-
 Total general revenues and transfers	 102,627,175	 (1,996,121)	 100,631,054	 942,686
 Change in net assets	 21,120,213	 363,055	 21,483,268	 21,896,770
 Net assets, beginning of year, as restated	 154,222,753	 9,722,818	 163,945,571	 181,829,955
 Net assets, end of year	 \$ 175,342,966	 \$ 10,085,873	 \$ 185,428,839	 \$ 203,726,725

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



Fund Financial Statements

WASHTENAW COUNTY
Balance Sheet - Governmental Funds
December 31, 2006

	<u>General</u>	<u>Community Support & Treatment Services</u>	<u>Parks and Recreation</u>	<u>Revenue Sharing Reserve</u>	<u>County Debt Service</u>
<u>ASSETS</u>					
Assets					
Cash and pooled investments	\$ 9,034,209	\$ -	\$ 19,617,154	\$ 23,720,315	\$ 166,381
Receivables:					
Taxes - current	3,157,984	-	10,013,320	19,296,535	2,809,175
Taxes - delinquent	260,765	-	-	-	-
Accounts	59,857	2,530,578	-	-	-
Interfund receivable	-	-	-	-	-
Due from other funds	551,801	-	-	-	-
Due from other governments	1,034,834	10,181	-	-	4,869
Notes receivable	-	-	-	-	-
Advances to other funds	141,069	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>\$ 14,240,519</u>	<u>\$ 2,540,759</u>	<u>\$ 29,630,474</u>	<u>\$ 43,016,850</u>	<u>\$ 2,980,425</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 268,238	\$ 362,522	\$ 53,356	\$ -	\$ -
Accrued liabilities	1,798,879	674,332	87,568	-	73,099
Due to other governments	-	-	-	-	-
Interfund payable	-	457,441	-	-	-
Due to other funds	730,000	-	-	-	-
Deferred revenue	2,950,117	-	10,359,842	-	2,906,390
Advances from other governments	-	-	-	-	-
	<u>5,747,234</u>	<u>1,494,295</u>	<u>10,500,766</u>	<u>-</u>	<u>2,979,489</u>
Fund balances					
Reserved:					
Reserved for land acquisition	-	-	5,020,182	-	-
Reserved for long-term advances	141,069	-	-	-	-
Reserved for prepaid items	-	-	-	-	-
Unreserved:					
Undesignated	8,352,216	1,046,464	14,109,526	43,016,850	936
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
	<u>8,493,285</u>	<u>1,046,464</u>	<u>19,129,708</u>	<u>43,016,850</u>	<u>936</u>
	<u>\$ 14,240,519</u>	<u>\$ 2,540,759</u>	<u>\$ 29,630,474</u>	<u>\$ 43,016,850</u>	<u>\$ 2,980,425</u>

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

County Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 34,008,687	\$ 5,579,134	\$ 92,125,880
-	-	35,277,014
-	-	260,765
11,861	685,262	3,287,558
3,095,188	-	3,095,188
-	-	551,801
-	5,155,800	6,205,684
-	240,687	240,687
-	-	141,069
-	26,640	26,640
<u>\$ 37,115,736</u>	<u>\$ 11,687,523</u>	<u>\$ 141,212,286</u>
\$ 111,416	\$ 999,350	\$ 1,794,882
750	798,137	3,432,765
-	434,243	434,243
-	2,637,747	3,095,188
37,644	2,130	769,774
-	337,289	16,553,638
-	83,200	83,200
<u>149,810</u>	<u>5,292,096</u>	<u>26,163,690</u>
-	-	5,020,182
-	-	141,069
-	26,640	26,640
36,965,926	-	103,491,918
-	4,838,325	4,838,325
-	13,879	13,879
-	1,516,583	1,516,583
<u>36,965,926</u>	<u>6,395,427</u>	<u>115,048,596</u>
<u>\$ 37,115,736</u>	<u>\$ 11,687,523</u>	<u>\$ 141,212,286</u>

WASHTENAW COUNTY
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
December 31, 2006

Fund balances - total governmental funds \$ 115,048,596

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	162,792,649
Deduct - accumulated depreciation	(42,270,831)

Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds.	3,094,682
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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	40,000
Deduct - bond premiums	(448,914)

Deferred charges for bond issuance costs are currently expensed in the governmental funds, whereas they are capitalized and amortized for net assets.	707,690
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Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)	1,157,904
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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.	5,197,945
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds, notes and capital leases payable	(56,962,606)
Deduct - accrued interest on bonds payable	(108,167)
Deduct - accrued compensated absences and other long-term liabilities	(12,905,982)

Net assets of governmental activities \$ 175,342,966

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, 2006

	<u>General</u>	<u>Community Support & Treatment Services</u>	<u>Parks and Recreation</u>	<u>Revenue Sharing Reserve</u>	<u>County Debt Service</u>
Revenues					
Taxes	\$ 66,237,030	\$ -	\$ 9,738,192	\$ 19,296,535	\$ -
Licenses and permits	174,530	-	-	-	-
Intergovernmental	5,308,246	19,731,075	-	-	470,151
Charges for services	16,911,965	365,040	3,221,211	-	-
Fines and forfeits	1,118,938	-	-	-	-
Investment income	1,145,749	-	1,061,558	448,842	1,134
Other	917,865	446,493	214,014	-	-
Total revenues	<u>91,814,323</u>	<u>20,542,608</u>	<u>14,234,975</u>	<u>19,745,377</u>	<u>471,285</u>
Expenditures					
Current:					
Legislative	527,328	-	-	-	-
Judicial	16,216,012	-	-	-	-
General government	11,648,323	-	-	-	-
Public safety	40,911,096	-	-	-	-
Public works	-	-	-	-	-
Health	-	21,681,372	-	-	-
Social services	1,574,522	-	-	-	-
Culture and recreation	654,343	-	12,340,075	-	-
Other	4,506,919	-	-	-	-
Debt service:					
Principal	-	-	-	-	1,369,476
Interest and fiscal charges	-	-	-	-	825,866
Bond issuance costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>76,038,543</u>	<u>21,681,372</u>	<u>12,340,075</u>	<u>-</u>	<u>2,195,342</u>
Revenues over (under) expenditures	<u>15,775,780</u>	<u>(1,138,764)</u>	<u>1,894,900</u>	<u>19,745,377</u>	<u>(1,724,057)</u>
Other financing sources (uses)					
Issuance of bonds	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Transfers in	6,958,254	1,280,906	-	-	1,723,248
Transfers out	(22,332,075)	-	-	(5,920,969)	-
Total other sources (uses)	<u>(15,373,821)</u>	<u>1,280,906</u>	<u>-</u>	<u>(5,920,969)</u>	<u>1,723,248</u>
Net change in fund balances	401,959	142,142	1,894,900	13,824,408	(809)
Fund balances:					
Beginning of year, as restated	<u>8,091,326</u>	<u>904,322</u>	<u>17,234,808</u>	<u>29,192,442</u>	<u>1,745</u>
End of year	<u>\$ 8,493,285</u>	<u>\$ 1,046,464</u>	<u>\$ 19,129,708</u>	<u>\$ 43,016,850</u>	<u>\$ 936</u>

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

County Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 95,271,757
-	2,662,811	2,837,341
-	32,397,459	57,906,931
574,489	3,600,326	24,673,031
-	66,530	1,185,468
875,171	226,765	3,759,219
418,663	3,322,943	5,319,978
<u>1,868,323</u>	<u>42,276,834</u>	<u>190,953,725</u>
-	-	527,328
-	6,682,837	22,898,849
-	312,245	11,960,568
-	5,087,227	45,998,323
-	832,179	832,179
-	16,139,353	37,820,725
-	28,190,894	29,765,416
-	844,653	13,839,071
-	-	4,506,919
-	1,615,000	2,984,476
-	374,385	1,200,251
183,585	-	183,585
<u>7,136,562</u>	<u>67,375</u>	<u>7,203,937</u>
<u>7,320,147</u>	<u>60,146,148</u>	<u>179,721,627</u>
<u>(5,451,824)</u>	<u>(17,869,314)</u>	<u>11,232,098</u>
23,750,000	-	23,750,000
236,004	-	236,004
18,829,469	19,513,999	48,305,876
<u>(15,288,372)</u>	<u>(2,623,732)</u>	<u>(46,165,148)</u>
<u>27,527,101</u>	<u>16,890,267</u>	<u>26,126,732</u>
22,075,277	(979,047)	37,358,830
<u>14,890,649</u>	<u>7,374,474</u>	<u>77,689,766</u>
<u>\$ 36,965,926</u>	<u>\$ 6,395,427</u>	<u>\$ 115,048,596</u>

WASHTENAW COUNTY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2006

Net change in fund balances - total governmental funds \$ 37,358,830

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	11,070,484
Deduct - depreciation expense	(3,657,839)
Deduct - loss on disposal of capital assets	(925,743)

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.	(411,976)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Deduct - bond proceeds	(23,750,000)
Add - bond issuance costs	183,585
Deduct - premium on bonds	(236,004)
Add - principal payments on long-term liabilities	2,984,476
Add - principal payments on capital leases	152,524

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	16,962
Amortization of bond issuance costs	(67,013)
Amortization of discount on bonds	(2,500)
Amortization of premium on bonds	49,484
Amortization of deferred loss on refunding	(120,459)

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

Deduct - net operating income from governmental activities in internal service funds	(1,819,597)
Add - interest revenue from governmental internal service funds	390,990
Deduct - net loss on disposal of capital assets in governmental internal service funds	(31,756)
Deduct - interest expense and fiscal charges from governmental internal service funds	(51,734)
Add - net transfer from governmental internal service fund to debt service fund	698,231

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	(710,732)
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Change in net assets of governmental activities \$ 21,120,213

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, 2006

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 65,693,161	\$ 66,233,161	\$ 66,237,030	\$ 3,869
Licenses and permits	123,200	123,200	174,530	51,330
Intergovernmental	4,972,023	5,266,295	5,308,246	41,951
Charges for services	16,670,818	16,675,850	16,911,965	236,115
Fines and forfeits	1,262,100	1,262,100	1,118,938	(143,162)
Investment income	754,400	1,124,400	1,145,749	21,349
Other	1,065,839	1,066,172	917,865	(148,307)
Total revenues	90,541,541	91,751,178	91,814,323	63,145
Expenditures				
Legislative -				
Board of commissioners	592,070	554,070	527,328	26,742
Judicial:				
Circuit court	4,713,308	4,713,308	4,687,654	25,654
District court	4,644,795	4,644,795	4,631,397	13,398
Probate court	946,061	1,116,061	1,114,423	1,638
Probate court - juvenile	2,980,586	2,950,586	2,945,413	5,173
Probation department	145,272	145,272	125,476	19,796
Public defender	2,716,025	2,716,025	2,711,649	4,376
Total judicial	16,146,047	16,286,047	16,216,012	70,035
General government:				
Information technology	6,711,561	6,711,561	6,604,084	107,477
Building authority	7,697	7,697	6,097	1,600
Clerk / Register	4,722,288	4,881,288	4,879,314	1,974
Human resources	1,777,108	1,968,108	1,958,161	9,947
Drain commissioner	2,496,869	2,336,869	2,310,436	26,433
Equalization	1,460,738	1,434,738	1,414,307	20,431
Planning	1,839,402	1,874,402	1,853,407	20,995
Finance	2,921,893	2,987,893	2,969,361	18,532
Corporation counsel	246,335	247,335	246,501	834
Treasurer	1,206,669	1,206,669	1,180,958	25,711
Administrator	766,591	846,591	844,924	1,667
Allocated to other departments	(12,758,377)	(12,758,377)	(12,619,227)	(139,150)
Total general government	11,398,774	11,744,774	11,648,323	96,451

Continued...

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2006

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Emergency management	\$ 438,589	\$ 443,218	\$ 430,463	\$ 12,755
Sheriff	33,937,586	35,527,586	35,460,140	67,446
Prosecuting attorney	4,866,323	5,021,323	5,020,493	830
Total public safety	<u>39,242,498</u>	<u>40,992,127</u>	<u>40,911,096</u>	<u>81,031</u>
Social Services:				
Children's services	605,477	875,477	873,240	2,237
Veterans counselor	667,694	702,726	701,282	1,444
Total social services	<u>1,273,171</u>	<u>1,578,203</u>	<u>1,574,522</u>	<u>3,681</u>
Culture - county extension	<u>679,359</u>	<u>679,359</u>	<u>654,343</u>	<u>25,016</u>
Other unallocated expenditures	<u>4,034,405</u>	<u>4,460,111</u>	<u>4,506,919</u>	<u>(46,808)</u>
Total expenditures	<u>73,366,324</u>	<u>76,294,691</u>	<u>76,038,543</u>	<u>256,148</u>
Revenues over expenditures	<u>17,175,217</u>	<u>15,456,487</u>	<u>15,775,780</u>	<u>319,293</u>
Other financing sources (uses)				
Transfers in	7,003,291	7,003,291	6,958,254	(45,037)
Transfers out	<u>(23,928,508)</u>	<u>(22,209,778)</u>	<u>(22,332,075)</u>	<u>(122,297)</u>
Total other sources (uses)	<u>(16,925,217)</u>	<u>(15,206,487)</u>	<u>(15,373,821)</u>	<u>(167,334)</u>
Net change in fund balance	250,000	250,000	401,959	151,959
Fund balance, beginning of year, as restated	<u>8,091,326</u>	<u>8,091,326</u>	<u>8,091,326</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 8,341,326</u></u>	<u><u>\$ 8,341,326</u></u>	<u><u>\$ 8,493,285</u></u>	<u><u>\$ 151,959</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, 2006

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 18,490,610	\$ 19,511,246	\$ 19,731,075	\$ 219,829
Charges for services	581,354	581,354	365,040	(216,314)
Other	431,112	431,112	446,493	15,381
	<u>19,503,076</u>	<u>20,523,712</u>	<u>20,542,608</u>	<u>18,896</u>
Expenditures				
Health	<u>21,352,910</u>	<u>21,837,106</u>	<u>21,681,372</u>	<u>155,734</u>
Revenues over (under) expenditures	(1,849,834)	(1,313,394)	(1,138,764)	174,630
Other financing sources				
Transfers in	<u>1,849,834</u>	<u>1,313,394</u>	<u>1,280,906</u>	<u>(32,488)</u>
Net change in fund balance	-	-	142,142	142,142
Fund balance, beginning of year	<u>904,322</u>	<u>904,322</u>	<u>904,322</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 904,322</u></u>	<u><u>\$ 904,322</u></u>	<u><u>\$ 1,046,464</u></u>	<u><u>\$ 142,142</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
Parks and Recreation Special Revenue Fund
Year Ended December 31, 2006

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 9,544,419	\$ 9,544,419	\$ 9,738,192	\$ 193,773
Charges for services	2,985,000	2,978,000	3,221,211	243,211
Investment income	286,500	286,500	1,061,558	775,058
Other	2,000	9,000	214,014	205,014
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	12,817,919	12,817,919	14,234,975	1,417,056
Expenditures				
Culture and recreation	13,250,805	13,250,805	12,340,075	910,730
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(432,886)	(432,886)	1,894,900	2,327,786
Fund balance, beginning of year	17,234,808	17,234,808	17,234,808	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 16,801,922</u>	<u>\$ 16,801,922</u>	<u>\$ 19,129,708</u>	<u>\$ 2,327,786</u>

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

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Fund
Year Ended December 31, 2006

	<u>Budget</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget -
				Positive
				(Negative)
Revenues				
Taxes	\$ 19,506,856	\$ 19,506,856	\$ 19,296,535	\$ (210,321)
Investment income	738,118	738,118	448,842	(289,276)
Total revenues	20,244,974	20,244,974	19,745,377	(499,597)
Other financing uses				
Transfers out	(5,903,774)	(5,903,774)	(5,920,969)	17,195
Net change in fund balance	14,341,200	14,341,200	13,824,408	(516,792)
Fund balance, beginning of year	29,192,442	29,192,442	29,192,442	-
Fund balance, end of year	<u>\$ 43,533,642</u>	<u>\$ 43,533,642</u>	<u>\$ 43,016,850</u>	<u>\$ (516,792)</u>

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

WASHTENAW COUNTY
Statement of Net Assets
Proprietary Funds
December 31, 2006

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Delinquent Tax Revolving</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Assets				
Current assets:				
Cash and pooled investments	\$ 9,613,881	\$ 1,962,205	\$ 11,576,086	\$ 3,867,896
Receivables:				
Delinquent taxes	9,251,059	-	9,251,059	-
Interest and collection fees	1,788,264	-	1,788,264	-
Accounts	-	-	-	388,957
Due from other funds	-	-	-	2,484,774
Due from other governments	-	-	-	7,036
Inventories	-	-	-	140,806
Prepaid items	-	-	-	806,681
Total current assets	<u>20,653,204</u>	<u>1,962,205</u>	<u>22,615,409</u>	<u>7,696,150</u>
Noncurrent assets -				
Capital assets, net	-	-	-	2,779,980
Total assets	<u>20,653,204</u>	<u>1,962,205</u>	<u>22,615,409</u>	<u>10,476,130</u>
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	310,791
Accrued liabilities	1,857	4,224	6,081	2,202,339
Due to other funds	-	-	-	2,266,801
Unearned revenue	-	853	853	18,670
Interest payable	511,016	-	511,016	-
Accrued compensated absences, current portion	-	2,014	2,014	-
General obligation notes payable	<u>12,000,000</u>	-	<u>12,000,000</u>	-
Total current liabilities	<u>12,512,873</u>	<u>7,091</u>	<u>12,519,964</u>	<u>4,798,601</u>
Long-term liabilities:				
Accrued compensated absences	-	9,572	9,572	338,515
Advances from other funds	-	-	-	141,069
Total long-term liabilities	<u>-</u>	<u>9,572</u>	<u>9,572</u>	<u>479,584</u>
Total liabilities	<u>12,512,873</u>	<u>16,663</u>	<u>12,529,536</u>	<u>5,278,185</u>
Net assets				
Invested in capital assets	-	-	-	2,779,980
Unrestricted	<u>8,140,331</u>	<u>1,945,542</u>	<u>10,085,873</u>	<u>2,417,965</u>
	<u>\$ 8,140,331</u>	<u>\$ 1,945,542</u>	<u>\$ 10,085,873</u>	<u>\$ 5,197,945</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, 2006

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	Delinquent Tax Revolving	Other Enterprise Funds	Total	Activities - Internal Service Funds
Operating revenues				
Charges for services	\$ 522	\$ 660,333	\$ 660,855	\$ 30,324,736
Intergovernmental revenue	-	11,960	11,960	-
Investment income	1,944,748	9,425	1,954,173	-
Collection fees on taxes	951,161	-	951,161	-
	<u>2,896,431</u>	<u>681,718</u>	<u>3,578,149</u>	<u>30,324,736</u>
Total operating revenues				
Operating expenses				
Personnel services	95,307	184,400	279,707	2,789,895
Contractual services	51,968	70,310	122,278	1,798,794
Supplies	3,782	16,832	20,614	1,658,618
Occupancy	-	-	-	2,678,669
Telephone	-	413	413	442,686
Equipment repair and rental	-	3,029	3,029	518,578
Building repair and rental	-	-	-	313,181
Benefits and insurance premiums	-	-	-	20,047,240
Other	-	35,320	35,320	1,108,000
Depreciation	-	-	-	788,672
	<u>151,057</u>	<u>310,304</u>	<u>461,361</u>	<u>32,144,333</u>
Total operating expenses				
Operating income (loss)	<u>2,745,374</u>	<u>371,414</u>	<u>3,116,788</u>	<u>(1,819,597)</u>
Non-operating income (expense)				
Investment earnings	668,847	94,919	763,766	390,990
Interest expense and fiscal charges	(757,612)	-	(757,612)	(51,734)
Loss on disposal of equipment	-	-	-	(31,756)
	<u>(88,765)</u>	<u>94,919</u>	<u>6,154</u>	<u>307,500</u>
Total non-operating income (expense)				
Income (loss) before transfers	2,656,609	466,333	3,122,942	(1,512,097)
Transfers in	-	-	-	795,000
Transfers out	<u>(2,759,887)</u>	<u>-</u>	<u>(2,759,887)</u>	<u>(96,769)</u>
Change in net assets	(103,278)	466,333	363,055	(813,866)
Net assets, beginning of year	<u>8,243,609</u>	<u>1,479,209</u>	<u>9,722,818</u>	<u>6,011,811</u>
Net assets, end of year	<u>\$ 8,140,331</u>	<u>\$ 1,945,542</u>	<u>\$ 10,085,873</u>	<u>\$ 5,197,945</u>

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

WASHTENAW COUNTY
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2006

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Delinquent Tax Revolving</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Cash flows from operating activities				
Cash received from customers	\$ 23,116,107	\$ 682,523	\$ 23,798,630	\$ 546,174
Cash received from interfund services	-	-	-	30,296,315
Cash payments for delinquent taxes	(21,928,897)	-	(21,928,897)	-
Cash payments to employees	(95,742)	(182,317)	(278,059)	(2,983,923)
Cash payments to suppliers	(55,750)	(125,904)	(181,654)	(28,025,849)
Cash payments for interfund services	-	-	-	(428,871)
Net cash provided (used) by operating activities	<u>1,035,718</u>	<u>374,302</u>	<u>1,410,020</u>	<u>(596,154)</u>
Cash flows from noncapital financing activities				
Transfers in	-	-	-	795,000
Transfers out	(2,759,887)	-	(2,759,887)	(96,769)
Advances from other funds	-	-	-	(1,653,576)
Proceeds from issuing long term debt	12,000,000	-	12,000,000	-
Principal paid on long term debt	(10,000,000)	-	(10,000,000)	-
Interest paid on long term debt	(544,336)	-	(544,336)	-
Net cash provided (used) by noncapital financing activities	<u>(1,304,223)</u>	<u>-</u>	<u>(1,304,223)</u>	<u>(955,345)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of equipment	-	-	-	105,925
Payments for equipment acquisitions	-	-	-	(1,367,998)
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,262,073)</u>
Cash flows from investing activities				
Investment earnings	<u>668,847</u>	<u>94,919</u>	<u>763,766</u>	<u>339,256</u>
Net increase (decrease) in cash and cash equivalents	400,342	469,221	869,563	(2,474,316)
Cash and cash equivalents, beginning of year	<u>9,213,539</u>	<u>1,492,984</u>	<u>10,706,523</u>	<u>6,342,212</u>
Cash and cash equivalents, end of year	<u>\$ 9,613,881</u>	<u>\$ 1,962,205</u>	<u>\$ 11,576,086</u>	<u>\$ 3,867,896</u>

Continued...

WASHTENAW COUNTY
Statement of Cash Flows (concluded)
Proprietary Funds
Year Ended December 31, 2006

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Delinquent Tax Revolving</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 2,745,374	\$ 371,414	\$ 3,116,788	\$ (1,819,597)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	-	-	788,672
Changes in assets and liabilities:				
Receivables	(1,791,021)	-	(1,791,021)	56,388
Interfund receivable	-	-	-	440,000
Due from other funds	-	-	-	(2,484,774)
Due from other governments	81,800	20,802	102,602	460,327
Inventories	-	-	-	(19,040)
Prepaid items	-	-	-	392,379
Accounts payable	-	-	-	(79,383)
Accrued liabilities	(435)	601	166	(153,390)
Due to other funds	-	-	-	2,101,801
Interfund payable	-	(20,000)	(20,000)	(255,000)
Unearned revenue	-	853	853	18,670
Accrued compensated absences	-	632	632	(43,207)
Net cash provided (used) by operating activities	<u>\$ 1,035,718</u>	<u>\$ 374,302</u>	<u>\$ 1,410,020</u>	<u>\$ (596,154)</u>

The accompanying notes are an integral part of these financial statements

WASHTENAW COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006

	Pension and Other Employee Benefit Trust Funds	Agency Fund
Assets		
Cash and pooled investments	\$ 1,518,713	\$ 20,542,863
Investments, at fair value:		
Equities	118,602,443	-
United States treasuries	2,368,064	-
United States treasury strips	10,855,541	-
United States agencies	23,062,640	-
Corporate securities	17,366,913	-
Mutual funds	71,226,326	-
Money market funds	17,950,217	-
Accounts receivable	49,738	-
Accrued interest and dividends	540,739	-
	263,541,334	\$ 20,542,863
Total assets	263,541,334	\$ 20,542,863
Liabilities		
Accounts payable	98,276	\$ -
Accrued liabilities	240,952	-
Undistributed receipts	-	20,542,863
	339,228	\$ 20,542,863
Total liabilities	339,228	\$ 20,542,863
Net assets		
Held in trust for pension and other employee benefits	\$ 263,202,106	

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, 2006

Additions

Investment income:

From investing activities:

Net appreciation in fair value of investments	\$ 17,746,610
Interest and dividends	9,108,422
Investment management fees	(850,379)
Net income from investing activities	26,004,653

From securities lending activities:

Gross earnings	810,525
Borrower rebates	(768,219)
Securities fees	(16,895)
Net income from securities lending activities	25,411

Total net investment income	26,030,064
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Contributions:

Employer	16,727,724
Employees	3,903,152
On behalf - federal Medicare Part D subsidy	180,362
Total contributions	20,811,238

Other additions	35,645
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Total additions	46,876,947
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Deductions

Participant benefits	21,909,933
Administrative expenses	551,923
Total deductions	22,461,856

Net additions (deductions) to net assets held in trust

Employees' pension benefits	\$ 16,100,821
Postemployment healthcare benefits	8,053,075
Other employee benefits	261,195
Total net additions to net assets held in trust	24,415,091

Net assets held in trust for benefits, beginning of year	238,787,015
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Net assets held in trust for benefits, end of year

Restricted for employees' pension benefits	218,662,598
Restricted for employees' postemployment healthcare benefits	43,752,041
Restricted for other employees' benefits	787,467
Total net assets held in trust for benefits, end of year	\$ 263,202,106

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

WASHTENAW COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2006

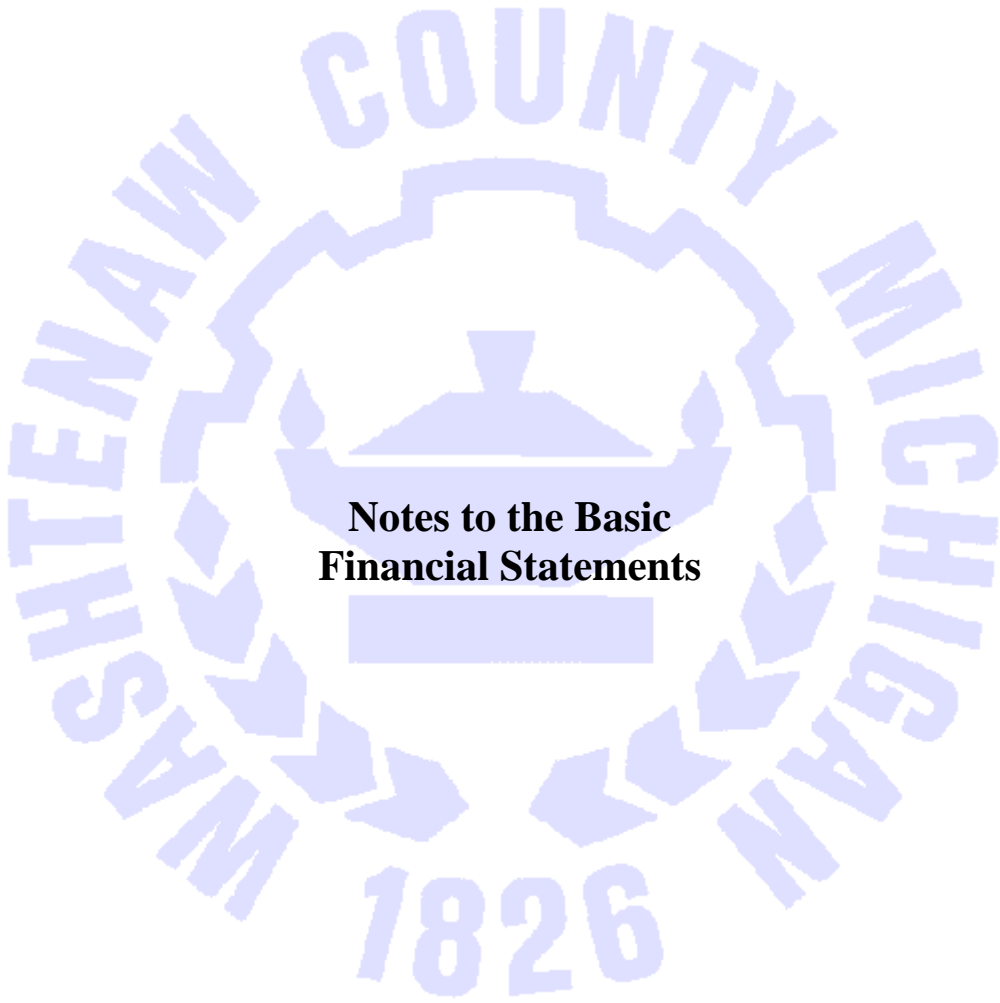
	Department of Public Works Projects	Drain Commissioner	Hazardous Materials Response Authority	Road Commissioner	Total
Assets					
Cash and pooled investments	\$ 2,190,723	\$ 10,602,278	\$ 158,221	\$ 3,955,139	\$ 16,906,361
Receivables, net	39,345,535	5,933,783	-	4,098,827	49,378,145
Prepaid items and other assets	243,632	75,296	-	1,112,234	1,431,162
Capital assets not being depreciated	-	1,827,665	-	18,413,306	20,240,971
Capital assets being depreciated	-	15,384,984	-	160,199,696	175,584,680
Total assets	41,779,890	33,824,006	158,221	187,779,202	263,541,319
Liabilities					
Accounts payable and accrued expenses	31,529	5,414,788	-	4,151,289	9,597,606
Accrued interest payable	281,664	56,754	-	-	338,418
Long-term liabilities:					
Due within one year	3,145,000	1,579,550	-	861,921	5,586,471
Due in more than one year	34,132,523	5,396,017	-	4,763,559	44,292,099
Total liabilities	37,590,716	12,447,109	-	9,776,769	59,814,594
Net assets					
Invested in capital assets, net of related debt	-	10,237,082	-	156,340,500	166,577,582
Restricted for:					
Debt service	42,691	1,506,000	-	-	1,548,691
Acquisition/construction of capital assets	4,146,483	5,488,275	-	-	9,634,758
Unrestricted	-	4,145,540	158,221	21,661,933	25,965,694
Total net assets	\$ 4,189,174	\$ 21,376,897	\$ 158,221	\$ 178,002,433	\$ 203,726,725

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

WASHTENAW COUNTY
Combining Statement of Activities
Component Units
Year Ended December 31, 2006

	Department of Public Works Projects	Drain Commissioner	Hazardous Materials Response Authority	Road Commission	Total
Expenses					
Public safety	\$ -	\$ -	\$ 66,987	\$ -	\$ 66,987
Public works	2,144,047	1,379,143	-	-	3,523,190
Highways and streets	-	-	-	26,184,431	26,184,431
Total expenses	<u>2,144,047</u>	<u>1,379,143</u>	<u>66,987</u>	<u>26,184,431</u>	<u>29,774,608</u>
Program revenues					
Charges for services	-	162,086	56,309	-	218,395
Operating grants and contributions	-	-	23,426	43,175,830	43,199,256
Capital grants and contributions	<u>3,773,679</u>	<u>3,537,362</u>	<u>-</u>	<u>-</u>	<u>7,311,041</u>
Total program revenues	<u>3,773,679</u>	<u>3,699,448</u>	<u>79,735</u>	<u>43,175,830</u>	<u>50,728,692</u>
Net program (expense) revenue	1,629,632	2,320,305	12,748	16,991,399	20,954,084
General revenues					
Unrestricted investment earnings	<u>122,991</u>	<u>529,224</u>	<u>7,953</u>	<u>282,518</u>	<u>942,686</u>
Change in net assets	1,752,623	2,849,529	20,701	17,273,917	21,896,770
Net assets, beginning of year	<u>2,436,551</u>	<u>18,527,368</u>	<u>137,520</u>	<u>160,728,516</u>	<u>181,829,955</u>
Net assets, end of year	<u>\$ 4,189,174</u>	<u>\$ 21,376,897</u>	<u>\$ 158,221</u>	<u>\$ 178,002,433</u>	<u>\$ 203,726,725</u>

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



**Notes to the Basic
Financial Statements**

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The *Washtenaw County Hazardous Materials Response Team Authority (WCHMRTA)* is managed by an 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. The Washtenaw County Board of Commissioners approves the operating budget and the Authority has delegated fiscal powers to the County.

The *Washtenaw County Brownfield Redevelopment Authority (WCBRA)* is governed by a nine-member board appointed by the Washtenaw County Board of Commissioners. Its purpose is to encourage and support the redevelopment of under-utilized and environmentally contaminated properties in partnership with member communities in Washtenaw County. The County Board of Commissioners approves WCBRA's operating budget; WCBRA has delegated fiscal powers to the County. The WCBRA had minimal financial activity during 2006 and therefore, no separate financial report was issued.

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

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

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

Funds with Another Year End

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

The County reports the following major governmental funds:

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

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

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

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

The *county debt service fund* accounts for the resources, including a voter-approved millage beginning for 2007, accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds that financed certain building improvements and an enhanced emergency communications system.

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

The government reports the following major proprietary fund:

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Additionally, the government reports the following fund types:

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

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

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

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

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

The *agency 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.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Receivables and Payables

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

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

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

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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

5. Compensated Absences

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

6. Long-Term Obligations

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

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

7. Fund Equity

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

8. Reclassifications

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

B. Excess of Expenditures over Appropriations

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
General fund			
Other unallocated expenditures	\$ 4,460,111	\$ 4,506,919	\$ 46,808
Transfers out	22,209,778	22,332,075	122,297
Revenue sharing reserve fund - transfer out	5,903,774	5,920,969	17,195
Nonmajor special revenue funds			
Child care - social services	11,728,112	12,175,719	447,607
Community development - transfer out	-	20,415	20,415
ETCS - transfer out	-	46,315	46,315
Inmate concessions - public safety	270,972	307,110	36,138
Other special revenue:			
Judicial	8,500	30,320	21,820
Culture and recreation	-	1,328	1,328
Transfers out	-	524,722	524,722
Public works solid waste program:			
Public works	425,000	522,443	97,443
Transfer out	-	185,000	185,000
Sheriff's grants - public safety	511,891	574,839	62,948

These over-expenditures were funded by available fund balance.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2006:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and pooled investments	\$ 107,569,862	\$ 16,906,361	\$ 124,476,223
Statement of Fiduciary Net Assets:			
Cash and pooled investments	22,061,576	-	22,061,576
Investments	<u>261,432,144</u>	<u>-</u>	<u>261,432,144</u>
Total	<u>\$ 391,063,582</u>	<u>\$ 16,906,361</u>	<u>\$ 407,969,943</u>

Deposits and Investments:

Bank deposits (checking accounts and certificates of deposit)	\$ 12,175,960
Investments in securities, mutual funds and similar vehicles:	
Treasurer's investment pool	132,480,802
Employees retirement system	160,535,138
Money purchase pension plan	57,703,520
Voluntary employees benefit association	43,193,486
Cash on hand	43,453
Net effect of funds with different fiscal year ends	<u>1,837,584</u>

Total **\$ 407,969,943**

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2006, \$11,400,491 of the County's total bank balance of \$11,906,672 (total book balance was \$12,175,960) was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2006:

U.S. treasuries	\$ 43,630,290
U.S. agencies	26,805,950
Commercial paper	32,720,620
Washtenaw County tax notes	12,000,000
Money market	<u>17,323,942</u>
Total	<u>\$ 132,480,802</u>

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

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

As of December 31, 2006, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's. Of the County's holdings in commercial paper, \$19,000,000 was rated A-1+ and \$11,000,000 was rated A-1 by Standard & Poor's; all of the County's commercial paper was rated P-1 by Moody's. Of the County's investments in money market funds, \$8,839,192 was rated AAA by Standard & Poor's and the remaining \$8,484,750, was not rated. The County's investment in its own general obligation limited tax notes was rated F1+ by Fitch.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At December 31, 2006, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	6.7%
	Federal Home Loan Mortgage Corporation	7.5%
	Federal National Mortgage Association	6.0%
Commercial paper	UBS Financial	5.2%
Local government	Washtenaw County tax notes	9.1%

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

As of December 31, 2006, maturities of the County's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 43,630,290	\$ 38,663,290	\$ 4,967,000	\$ -	\$ -
U.S. agencies	26,805,950	21,845,280	4,960,670	-	-
Commercial paper	32,720,620	32,720,620	-	-	-
Local government	12,000,000	12,000,000	-	-	-
	<u>\$ 115,156,860</u>	<u>\$ 105,229,190</u>	<u>\$ 9,927,670</u>	<u>\$ -</u>	<u>\$ -</u>

Employees Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2006:

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

Equities:	
Not on securities loan	\$ 86,030,930
On securities loan	2,540,553
U.S. treasuries	2,217,429
U.S. treasury strips	10,565,936
U.S. agencies:	
Not on securities loan	19,859,171
On securities loan	2,947,661
Corporate securities	16,874,850
Mutual funds	6,123,894
Money market funds	<u>13,374,714</u>
Total investments	<u>\$ 160,535,138</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Total realized and unrealized gains and losses for the year ended December 31, 2006, are as follows:

	Realized Gain (Loss)	Unrealized Gain (Loss)	Net Appreciation (Depreciation)
Equities	\$ 10,512,626	\$ 493,818	\$ 11,006,444
Corporate and U.S. securities	<u>(59,057)</u>	<u>(122,196)</u>	<u>(181,253)</u>
Total	<u>\$ 10,453,569</u>	<u>\$ 371,622</u>	<u>\$ 10,825,191</u>

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

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

As of December 31, 2006, all of the System's investments in securities of U.S. agencies that are implicitly guaranteed by the U.S. government (\$2,406,451 of U.S. agencies are explicitly guaranteed) were rated AAA by Standard & Poor's, except for \$156,328 in securities which were rated AA.

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

AAA	\$	6,812,883
AA		3,071,453
A		3,226,352
BBB		2,087,808
BB		60,128
Not Rated		<u>1,616,226</u>
	\$	<u>16,874,850</u>

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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

At December 31, 2006, the System's investment portfolio is concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
Equities	Wells Real Estate Investment Trust Inc.	6.9%
U.S. agencies	Federal National Mortgage Association	7.1%
	Federal Home Loan Mortgage Association	5.5%

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2006, maturities of the System's debt securities are as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 2,217,429	\$ 196,570	\$ 1,024,983	\$ -	\$ 995,876
U.S. treasury strips	10,565,936	-	1,919,969	7,081,769	1,564,198
U.S. agencies	22,806,832	149,625	819,029	2,957,349	18,880,829
Corporate securities	16,874,850	572,821	7,552,576	1,189,454	7,559,999
	<u>\$ 52,465,047</u>	<u>\$ 919,016</u>	<u>\$ 11,316,557</u>	<u>\$ 11,228,572</u>	<u>\$ 29,000,902</u>

Of the above balances, \$9,615,607 of the U.S. agencies securities and \$11,314,139 of corporate securities are callable.

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

Collateralized mortgage obligations:	
Interest-only strips	\$ 159,859
Principal-only strips	2,568,103
Variable-rate securities	1,382,231
Inverse variable-rate securities	1,315,369

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

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

A variable-rate investment's coupon amount enhances or amplifies the effects of interest rate changes by greater than a one-to-one basis. The multiplier makes the fair value of these investments highly sensitive to interest rate changes. As of December 31, 2006, the System held three variable-rate investments with a fair value of \$1,382,231. The coupon rates for these investments range from 0.0% to 6.71%; the benchmark indexes include one-month, six month, and twelve month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco); and Federal Reserve US H.15 Treasury Note Constant Maturity One Year; the reset frequency is monthly, semi-annually, or annually; the coupon payment frequency is monthly; and coupon multipliers range from 1.0 to 44.8 times the benchmark index, minus 268.8% to plus 20.40%.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2006, the System held four inverse variable-rate investments with a fair value of \$1,315,369. With inverse variable-rate securities, coupon payments decline as interest rates increase. The coupon rates for these investments range from 0.01% to 7,548.50%; the benchmark indexes include one-month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), and three-month and ten-year treasury rate; the reset and coupon payment frequency is monthly; and coupon multipliers range from negative 2,253.07 to negative .60 times the benchmark index, plus 5.05% to 22,541.20%.

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

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

Money Purchase Pension Plan Investments

The Plan's investments are held by its trustee, a third-party financial institution. The management agreement between the Plan and the trustee requires fifteen separate mutual funds, including eleven stock funds, one balanced fund, one bond fund, one guaranteed interest fund, and a self-directed brokerage option. Participants select the particular funds into which their contributions and the related County matching contributions are made. All of the Plan's investments totaling \$57,703,520 are in mutual funds.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2006 the Plan's bond mutual fund is not rated by a nationally recognized statistical rating organization. The Plan's investment policy does not address credit risk.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. At December 31, 2006, the Plan's bond mutual fund is an open-end mutual fund. Accordingly, the Plan's investments are not exposed to custodial credit risk. The Plan's investment policy does not address custodial credit risk.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2006, the weighted average maturity of the Plan's bond mutual fund is 5.03 years. The Plan's investment policy does not address interest rate risk.

Voluntary Employees Beneficiary Association (VEBA) Investments

The VEBA's investments are held by an independent investment management company. Following is a summary of its investments as of December 31, 2006:

Investments at fair value, as determined by quoted market prices:	
Equities	\$ 30,030,960
United States treasuries	150,635
United States treasury strips	289,605
United States agencies	255,808
Corporate securities	492,063
Bond mutual fund	7,398,912
Money market funds	<u>4,575,503</u>
Total investments	<u>\$ 43,193,486</u>

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

As of December 31, 2006, the VEBA's investments in securities of U.S. agencies and the bond mutual fund are rated AAA by Standard & Poor's. The VEBA's investments in money market funds are also rated AAA by Standard & Poor's. The VEBA's investments in corporate securities are rated by Standard & Poor's as follows:

B+	\$	109,773
CCC+		247,560
Not Rated		<u>134,730</u>
	\$	<u>492,063</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the VEBA's investment in a single issuer. The VEBA's investment policy requires that no more than ten percent of its assets be invested in money market funds or short-term U.S. treasuries, no more than five percent in any one issuer and no more than twenty percent in any one industry. At December 31, 2006, the VEBA's investment portfolio is not exposed to concentration credit risk.

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

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 150,635	\$ -	\$ -	\$ -	\$ 150,635
U.S. treasury strips	289,605	-	-	-	289,605
U.S. agencies	255,808	-	33,983	-	221,825
Corporate securities	492,063	209,168	30,473	252,422	-
	<u><u>\$ 1,188,111</u></u>	<u><u>\$ 209,168</u></u>	<u><u>\$ 64,456</u></u>	<u><u>\$ 252,422</u></u>	<u><u>\$ 662,065</u></u>

The bond mutual fund has a weighted average maturity of 5.54 years as of December 31, 2006. Of the above balances, \$125,327 of the U.S. treasuries and all of the corporate securities are callable.

The VEBA's portfolio of U.S. agencies securities includes one inverse variable-rate note with a par value of \$50,000 that matures November, 2008. The fair value of the note as of December 31, 2006 is \$4,321. The amount of the monthly coupon is calculated at negative 2.592 times the Eleventh District Monthly Weighted Average Cost of Funds Index (San Francisco) plus 18.144%, with a cap of 18.144%; thus, as interest rates increase, the coupon rate paid declines. The frequency of the coupon's reset date is monthly.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Receivables

Receivables in the governmental activities are as follows:

Taxes	\$ 35,537,779
Accounts	4,028,902
Leases	3,335,369
Intergovernmental	6,212,720
Less: allowance for uncollectible accounts	<u>(352,387)</u>
	<u><u>\$ 48,762,383</u></u>

The only amount not expected to be collected within one year is \$2,851,118 of leases receivable.

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

The aggregate component unit receivables totaling \$49,378,145 are comprised of leases receivable (75.8 percent), special assessments receivable (14.9 percent), and due from other governments (9.3 percent).

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

Property taxes receivable:	
General fund	\$ 2,950,117
Parks and recreation fund	10,359,842
Nonmajor governmental funds	2,906,390
Grant drawdowns prior to meeting all eligibility requirements	<u>355,959</u>
	<u><u>\$ 16,572,308</u></u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Primary Government - Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 19,166,242	\$ 5,687,927	\$ -	\$ 24,854,169
Construction in progress	476,723	482,582	(332,093)	627,212
Total capital assets, not being depreciated	<u>19,642,965</u>	<u>6,170,509</u>	<u>(332,093)</u>	<u>25,481,381</u>
Capital assets, being depreciated:				
Buildings	110,905,094	3,474,749	-	114,379,843
Improvement other than buildings	12,701,718	931,723	-	13,633,441
Machinery and equipment	15,232,399	2,124,654	(1,716,197)	15,640,856
Total capital assets being depreciated	<u>138,839,211</u>	<u>6,531,126</u>	<u>(1,716,197)</u>	<u>143,654,140</u>
Less accumulated depreciation for:				
Buildings	(28,381,929)	(2,513,019)	-	(30,894,948)
Improvements other than buildings	(3,656,004)	(336,343)	-	(3,992,347)
Machinery and equipment	(10,033,780)	(1,597,149)	684,501	(10,946,429)
Total accumulated depreciation	<u>(42,071,713)</u>	<u>(4,446,511)</u>	<u>684,501</u>	<u>(45,833,723)</u>
Total capital assets being depreciated, net	<u>96,767,498</u>	<u>2,084,615</u>	<u>(1,031,696)</u>	<u>97,820,417</u>
Governmental activities capital assets, net	<u>\$116,410,463</u>	<u>\$ 8,255,124</u>	<u>\$ (1,363,789)</u>	<u>\$123,301,798</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

Governmental activities:

Legislative	\$ 5,128
Judicial	722,158
General government	1,002,062
Public safety	673,797
Health	314,197
Social services	257,170
Culture and recreation	683,327
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>788,672</u>

Total depreciation expense-governmental activities \$ 4,446,511

Construction Commitments

The County has three active construction projects as of December 31, 2006. The Parks and Recreation department project is for border-to-border trail development. The commitments for the project are financed by Parks and Recreation revenues and reserves, along with state and federal grants. The Enhanced Emergency Communications System and Jail Construction and Improvements projects include costs for architecture and design services, and construction. The commitments for these projects are financed by general obligation bonds and reserves.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Border-to-Border Trail Recreation Development	\$ 1,663,856	\$ 8,336,144
Enhanced Emergency Communications System	183,585	23,802,419
Jail Construction and Improvements	-	21,800,148
Total	<u><u>\$ 1,847,441</u></u>	<u><u>\$ 53,938,711</u></u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Discretely Presented Component Units

Drain Commissioner. Capital asset activity for the Drain Commissioner for the year ended December 31, 2006 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	\$ 665,564	\$ 3,443,420	\$ (2,281,319)	\$ 1,827,665
Capital assets, being depreciated-				
Infrastructure	19,504,794	2,281,319	-	21,786,113
Less accumulated depreciation for-				
Infrastructure	<u>(6,007,448)</u>	<u>(393,681)</u>	<u>-</u>	<u>(6,401,129)</u>
Total capital assets being depreciated, net	<u>13,497,346</u>	<u>1,887,638</u>	<u>-</u>	<u>15,384,984</u>
Drain Commissioner capital assets, net	<u><u>\$14,162,910</u></u>	<u><u>\$ 5,331,058</u></u>	<u><u>\$ (2,281,319)</u></u>	<u><u>\$17,212,649</u></u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Road Commission. Capital asset activity for the Road Commission for the year ended December 31, 2006 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	\$17,388,549	\$1,024,757	\$ -	\$18,413,306
Capital assets, being depreciated:				
Buildings and storage bins	12,782,074	232,769	-	13,014,843
Road equipment	12,108,798	543,385	(64,413)	12,586,770
Other equipment	1,857,345	79,501	-	1,936,846
Brine wells and gravel pits	136,386	-	-	136,386
Infrastructure	<u>218,472,929</u>	<u>26,056,362</u>	<u>-</u>	<u>244,529,291</u>
Total capital assets being depreciated	<u>245,357,532</u>	<u>26,912,017</u>	<u>(64,413)</u>	<u>272,204,136</u>
Less accumulated depreciation for:				
Buildings and storage bins	(3,217,434)	(314,111)	-	(3,531,545)
Road equipment	(9,596,615)	(907,356)	65,377	(10,438,594)
Other equipment	(1,267,341)	(152,018)	-	(1,419,359)
Brine wells and gravel pits	(136,386)	-	-	(136,386)
Infrastructure	<u>(87,382,096)</u>	<u>(9,096,460)</u>	<u>-</u>	<u>(96,478,556)</u>
Total accumulated depreciation	<u>(101,599,872)</u>	<u>(10,469,945)</u>	<u>65,377</u>	<u>(112,004,440)</u>
Total capital assets being depreciated, net	<u>143,757,660</u>	<u>16,442,072</u>	<u>(36)</u>	<u>160,199,696</u>
Road Commission capital assets, net	<u>\$161,146,209</u>	<u>\$17,466,829</u>	<u>\$ (36)</u>	<u>\$178,613,002</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

D. Payables

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

Accounts	\$ 2,105,673
Wages, fringe benefits and other accrued liabilities	5,635,104
Intergovernmental	517,443
	<u>\$ 8,258,220</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2006, is as follows:

Due to/from other funds	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 551,801	\$ 730,000
County Capital Projects	-	37,644
Nonmajor governmental funds	-	2,130
Internal service funds	2,484,774	2,266,801
Total	<u>\$ 3,036,575</u>	<u>\$ 3,036,575</u>
Advances to/from other funds		
General Fund	\$ 141,069	\$ -
Internal service funds	-	141,069
Total	<u>\$ 141,069</u>	<u>\$ 141,069</u>
Interfund receivable/payable		
County Capital Projects	\$ 3,067,073	\$ -
Community Support & Treatment Services	-	457,441
Nonmajor governmental funds	-	2,609,632
Total	<u>\$ 3,067,073</u>	<u>\$ 3,067,073</u>

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

A summary of interfund transfers for the year ended December 31, 2006, is as follows:

Interfund transfers	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 6,958,254	\$22,332,075
Community Support & Treatment Services	1,280,906	-
Revenue Sharing Reserve	-	5,920,969
County Capital Projects	18,829,469	15,288,372
Nonmajor governmental funds	21,237,247	2,623,732
Delinquent Tax Revolving	-	2,759,887
Internal service funds	<u>795,000</u>	<u>96,769</u>
Total per financial statements	49,100,876	49,021,804
Adjustments for September 30 year end	<u>(79,072)</u>	<u>-</u>
Total	<u>\$49,021,804</u>	<u>\$49,021,804</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 \$49,100,876 and total transfers out were \$49,021,804. The difference between these amounts, \$79,072, is attributable to transactions with the Public Health and Community Support & Treatment Services funds, which are reported on a September 30 year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

F. Leases

Capital Leases - The County acquired certain computer equipment under a capital lease. The original amount of the lease obligation and the gross value of the assets acquired was \$499,162. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. Capital leases outstanding at year-end amounted to \$309,424. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2006, were as follows:

2007	\$ 167,796
2008	<u>153,813</u>
Total minimum lease payments	321,603
Less amount representing interest	<u>12,179</u>
Present value of minimum lease payments	<u>\$309,424</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

2007	\$ 760,930
2008	448,927
2009	381,832
2010	217,500
2011	225,000
2012	232,500
2013	240,000
2014	247,500
2015	255,000
2016	262,500
Total	<u><u>\$ 3,271,689</u></u>

Rental expense for all operating leases aggregated \$723,274 for the year ended December 31, 2006. In addition, for the year ended December 31, 2006, the County leased 325 spaces for employee parking that cost \$327,240; this is not included above or in the aforementioned cost for the year since the County is reimbursed by the employees through payroll deductions.

Lessor Leases – The County has leased certain land to Huron Valley Ambulance, Inc. (HVA) under a capital lease agreement. HVA has commitments under the lease which provide for annual minimum lease payments of \$51,802 during 2006 and continuing for the next three 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 \$79,660,000. 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 \$12,000,000.

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:

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.0 – 5.5%	\$ 32,980,000
Governmental activities - refunding	2.0 - 4.75%	23,420,000
Business-type activities	7.130%	12,000,000
		<u>\$ 68,400,000</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>
2007	\$ 4,205,000	\$ 1,873,791	\$ 12,000,000	\$ 570,685
2008	4,325,000	1,890,828	-	-
2009	4,590,000	1,761,008	-	-
2010	4,885,000	1,617,784	-	-
2011	5,185,000	1,457,333	-	-
2012-2016	25,685,000	4,463,410	-	-
2017-2021	5,960,000	933,042	-	-
2022-2024	1,565,000	130,900	-	-
Total	<u>\$ 56,400,000</u>	<u>\$ 14,188,096</u>	<u>\$ 12,000,000</u>	<u>\$ 570,685</u>

In addition to general obligation bonds and notes, the County has an interest-free loan from the Michigan Economic Development Corporation in the original amount of \$292,133. The borrowed monies were used in conjunction with funds received under a federal Community Development Block Grant to fund renovation work in Hanger 1 at Willow Run Airport. The loan will be repaid in 60 quarterly installments of \$4,869 beginning in the first quarter of 2005 and ending in the fourth quarter of 2019. The total remaining amount outstanding at December 31, 2006 is \$253,182. Willow Run Airport Authority will be reimbursing the County for the debt service payments made by the County.

Defeased debt. In prior years, the County defeased certain bonds by placing the proceeds of the new bond issue in an irrevocable trust to provide for all future debt service payments on the old bond issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2006, the amount of bonds outstanding that are considered defeased is \$10,550,000; these bonds are scheduled to be redeemed on September 1, 2007.

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 \$57,668,594.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

These bonds are direct obligations, and pledge the full faith and credit, of the County and the associated municipalities and/or authorities. The bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year through June 1, 2025 and bear interest at varying rates from 2.0% to 7.625%. General obligation bonds currently outstanding are summarized as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.25 - 7.625%	\$ 31,742,279
Governmental activities - refunding	3.35 - 5.1%	<u>5,710,000</u>
		<u>\$ 37,452,279</u>

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 3,145,000	\$ 1,593,099
2008	2,715,000	1,480,356
2009	2,650,000	1,368,420
2010	2,720,000	1,250,667
2011	2,635,000	1,137,352
2012-2016	13,345,000	3,911,716
2017-2021	9,052,279	1,242,981
2022-2025	1,190,000	27,922
Total	<u>\$ 37,452,279</u>	<u>\$ 12,012,513</u>

Drain Commissioner. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$9,115,000. During the year general obligation notes totaling \$3,607,446 were issued.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.625 - 6.5%	\$7,003,256

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

Year Ending December 31	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,579,550	\$ 265,669
2008	740,910	198,581
2009	722,100	161,968
2010	604,350	134,045
2011	457,150	113,196
2012-2016	1,531,750	375,423
2017-2021	877,446	182,087
2022-2026	490,000	57,637
Total	<u>\$ 7,003,256</u>	<u>\$ 1,488,606</u>

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

Following is a summary of debt currently outstanding:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.75 - 7.0%	\$ 4,845,000

Annual principal and interest maturities as of December 31, 2006 are as follows:

Year Ending December 31	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 775,000	\$ 174,877
2008	770,000	148,732
2009	780,000	121,714
2010	675,000	93,438
2011	695,000	69,288
2012-2013	1,150,000	58,651
Total	<u>\$ 4,845,000</u>	<u>\$ 666,700</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2006 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	\$ 272,658	\$ -	\$ (19,476)	\$ 253,182	\$ 19,476
Capital leases	461,948	-	(152,524)	309,424	158,564
General obligation bonds	35,615,000	23,750,000	(2,965,000)	56,400,000	4,205,000
Less deferred amounts for:					
Issuance discounts	(42,500)	-	2,500	(40,000)	-
Issuance premiums	262,394	236,004	(49,484)	448,914	-
Refunding loss	(1,278,363)	-	120,459	(1,157,904)	-
Compensated absences	<u>12,576,972</u>	<u>9,140,840</u>	<u>(8,473,315)</u>	<u>13,244,497</u>	<u>1,622,615</u>
	<u>\$ 47,868,109</u>	<u>\$ 33,126,844</u>	<u>\$ (11,536,840)</u>	<u>\$ 69,458,113</u>	<u>\$ 6,005,655</u>
Business-type activities:					
Delinquent Tax -					
General obligation notes	\$ 10,000,000	\$ 12,000,000	\$ (10,000,000)	\$ 12,000,000	\$12,000,000
Compensated absences	<u>11,207</u>	<u>10,389</u>	<u>(10,010)</u>	<u>11,586</u>	<u>2,014</u>
	<u>\$ 10,011,207</u>	<u>\$ 12,010,389</u>	<u>\$ (10,010,010)</u>	<u>\$ 12,011,586</u>	<u>\$12,002,014</u>
Component Units					
Department of Public Works Projects:					
General obligation bonds	\$ 41,107,279	\$ -	\$ (3,655,000)	\$ 37,452,279	\$ 3,145,000
Less deferred amounts for issuance discounts	<u>(186,229)</u>	<u>-</u>	<u>11,473</u>	<u>(174,756)</u>	<u>-</u>
	<u>\$ 40,921,050</u>	<u>\$ -</u>	<u>\$ (3,643,527)</u>	<u>\$ 37,277,523</u>	<u>\$ 3,145,000</u>
Drain Commissioner:					
General obligation bonds	\$ 2,215,000	\$ 3,607,446	\$ (405,000)	\$ 5,417,446	\$ 560,000
Notes payable	1,324,805	938,100	(677,095)	1,585,810	1,019,550
Less deferred amounts for issuance discounts	<u>(4,291)</u>	<u>(25,008)</u>	<u>1,610</u>	<u>(27,689)</u>	<u>-</u>
	<u>\$ 3,535,514</u>	<u>\$ 4,520,538</u>	<u>\$ (1,080,485)</u>	<u>\$ 6,975,567</u>	<u>\$ 1,579,550</u>
Road Commission:					
Michigan transportation fund notes	\$ 2,480,000	\$ -	\$ (395,000)	\$ 2,085,000	\$ 395,000
Lease payable	3,120,000	-	(360,000)	2,760,000	380,000
Less deferred amounts for refunding loss	(108,376)	-	13,547	(94,829)	-
Compensated absences	<u>816,193</u>	<u>777,851</u>	<u>(718,735)</u>	<u>875,309</u>	<u>86,921</u>
	<u>\$ 6,307,817</u>	<u>\$ 777,851</u>	<u>\$ (1,460,188)</u>	<u>\$ 5,625,480</u>	<u>\$ 861,921</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, \$338,515 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 \$250,000 for each general liability, police liability or property claim, with no loss fund. The internal service funds also provide coverage up to \$250,000 for any settlement, with all attorney fees being covered under the insurance policy for public officials and employee liability claims, up to \$375,000 for each worker's compensation claim, and up to \$250,000 for each professional liability claim. The County purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the internal service funds based on rates established to fund estimated actual liabilities. The total claims liability of \$2,139,000 reported in the funds at December 31, 2006, 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>2006</u>	<u>2005</u>
Balance at beginning of year	\$ 2,273,000	\$ 1,806,000
Current year claims and changes in estimates	17,864,459	17,474,178
Claims paid	<u>(17,998,459)</u>	<u>(17,007,178)</u>
Balance at end of year	<u>\$ 2,139,000</u>	<u>\$ 2,273,000</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

B. Contingent Liabilities

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

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

C. Property Taxes

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

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

For the year ended December 31, 2006, the County recognized the December 1, 2005 tax levy and the July 1, 2006 tax levy. As required, an amount equal to one-third of the December 2004 tax levy was placed in the Revenue Sharing Reserve Fund.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

The taxable value of real and personal property for the December 1, 2005 levy was \$13.7 billion. The general operating tax rate for this levy was at the maximum rate of 4.5713 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.4744 mills for parks and recreation purposes and 0.2421 mills for purchase of selected natural areas in the County.

The taxable value of real and personal property for the July 1, 2006 levy was \$14.6 billion. The general operating tax rate for this levy was at the maximum rate of 4.5493 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable. These receivables (\$9.3 million at December 31, 2006, not including accrued interest and collection fees) are pledged to a bank for payment of the notes payable and subsequent collection of the receivables, interest and collection fees thereon, and investment earnings are used to extinguish the debt.

D. Joint Venture

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

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

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

E. Jointly Governed Organizations

The *Washtenaw Central Dispatch and Technology Authority (WCDTA)* was originally established to provide centralized public safety dispatching for law enforcement, fire and emergency medical services to the Sheriff’s Department, the Michigan State Police, Northfield Township Police, Huron Valley Ambulance, the townships of Ann Arbor, Augusta, Manchester, Northfield, Salem, Scio and Superior, and Dexter Area Fire Department. The organization is governed by a 12-member board. There was no financial activity for the Authority for the year ended December 31, 2006. Public safety dispatching services for the Sheriff’s Department, Northfield Township Police and the Michigan State Police were provided by the County during 2006.

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

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

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

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 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.

The *Washtenaw Urban County* was created by a formal cooperation agreement between the County, City of Ypsilanti and the following townships: Ann Arbor, Bridgewater, Northfield, Pittsfield, Salem, Scio, Superior, York and Ypsilanti. The Urban County jurisdictions receive HOME (Home Investment Partnership Program) funds and CDBG (Community Development Block Grant) funds for use in those jurisdictions to address community development and housing needs. The chairperson of the Washtenaw County Board of Commissioners and the chief elected officials of the ten jurisdictions participating in the Urban County have joined together to form the Urban County Executive Committee. The Urban County Executive Committee serves as the decision-making body for those funds.

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.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

Employees Retirement System (ERS). The County has a single-employer defined benefit retirement plan which provides pension benefits to all full-time, regular employees hired prior to January 1, 1989. County Ordinances assign the authority to establish and amend benefit provisions and contribution requirements to the County Board of Commissioners, subject to the terms of collective bargaining agreements. Sheriff and non-Sheriff department Plan members are required to contribute 7% and 5%, respectively, of their annual compensation to the System for pension benefits. The County’s contribution for the Sheriff and non-Sheriff department Plan members for the year ended December 31, 2006, represents 57.28% and 30.46%, respectively, of annual covered payroll.

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

Annual required contribution / retirement benefit cost	\$ 3,845,384
Contributions made	3,845,384
Increase (decrease) in net retirement benefit obligation	-
Net retirement benefit obligation, beginning of year	-
Net retirement benefit obligation, end of year	\$ -

The annual required contribution for the current year was determined as part of the December 31, 2004, 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, 2005.

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>
12/31/04	\$ 2,451,764	100%	\$ -
12/31/05	2,700,525	100%	-
12/31/06	3,845,384	100%	-

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

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Money Purchase Pension Plan (MPPP). The Washtenaw County Money Purchase Pension Plan (MPPP; the “Plan”) is a defined contribution pension plan established and administered by Washtenaw County to provide benefits at retirement to all regular employees of the County hired on or after January 1, 1989 who work greater than 50% hours. Plan members are required to contribute 6% or 7.5% of covered salary depending on the particular collective bargaining unit. 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 \$3.5 million and \$3.2 million, respectively, for the year ended December 31, 2006.

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 or comparable medical insurance coverage under the Plan as was in effect at the time of their employment. At such time that participants become Medicare eligible, the benefits under the Plan change to Medicare Supplemental coverage.

Employer contributions to fund the Plan are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. Employer contributions for the year ended December 31, 2006 are \$7,855,525. Although an actuarial valuation of the Plan was completed during 2006, the County has determined that it will establish an annual employer contribution rate using the actuarial valuation as a reference, but not as a definitive requirement. Employees are not required to contribute to the Plan.

As of December 31, 2006, 629 members received healthcare benefits under the Plan, and the cost of those benefits amounted to \$4,600,201.

As required, the VEBA adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as of and for the year ended December 31, 2006. Required disclosures under this new standard are presented in the separate report issued by the VEBA. The County will be required to adopt GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended December 31, 2007.

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

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 6.91% 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, 2006, the County's annual pension cost of \$1,187,154 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2005, 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>
12/31/04	\$ 956,387	100%	-
12/31/05	972,278	100%	-
12/31/06	1,187,154	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>
12/31/96	\$ 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%
12/31/03	15,087,281	18,117,442	3,030,161	84%	14,256,334	22%
12/31/04	17,732,213	22,080,360	4,348,147	80%	15,616,254	28%
12/31/05	20,743,229	25,523,316	4,780,087	81%	15,716,990	30%

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.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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

For the year ended December 31, 2006, the Road Commission's annual pension cost of \$928,690 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, 2005, using the entry age normal cost method. Significant actuarial assumptions used include: (a) an 8.0% investment rate of return; (b) projected salary increases of 4.5% to 12.9% per year, which 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>
12/31/04	\$ 633,502	100%	-
12/31/05	823,729	100%	-
12/31/06	928,690	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%
12/31/03	23,848,237	31,276,579	7,428,342	76%	6,790,857	109%
12/31/04	25,129,965	33,025,576	7,895,611	76%	6,911,250	114%
12/31/05	26,441,658	36,027,271	9,585,613	73%	7,568,848	127%

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

G. Restatements

The beginning fund balance of the General Fund was decreased by \$255,423 to correct for prior year revenue recognition errors. Also, the beginning net assets of the governmental activities was increased by a net amount of \$1,717,995; this included the above General Fund decrease and an increase of \$1,973,418 to correct for an error in the calculation of depreciation on building and other improvements.

H. Subsequent Event

In February 2007, the County issued \$21,675,000 of general obligation limited tax bonds in order to expand and upgrade its corrections facility.

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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) <u>Actuarial Value of Assets</u>	(2) <u>Actuarial Accrued Liability (AAL) Entry Age</u>	(3) <u>Unfunded AAL (UAAL) (2-1)</u>	(4) <u>Funded Ratio (1/2)</u>	(5) <u>Covered Payroll</u>	(6) <u>UAAL as a % of Covered Payroll (3/5)</u>
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%
2003	157,237,691	173,989,111	16,751,420	90.4%	12,332,026	135.8%
2004	150,576,655	177,524,551	26,947,896	84.8%	12,134,962	222.1%
2005	145,093,140	177,684,410	32,591,270	81.7%	11,076,300	294.2%

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

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Annual Actual Contribution</u>	<u>Percentage Contributed</u>
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%
2004	2,451,764	2,451,764	100.0%
2005	2,700,525	2,700,525	100.0%
2006	3,845,384	3,845,384	100.0%

WASHTENAW COUNTY
Voluntary Employees Beneficiary Association
Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

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



Supplementary Information

WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2006

Special Revenue Funds

<u>ASSETS</u>	<u>Aerial Photo</u>	<u>Building Services</u>	<u>Child Care</u>	<u>Community Corrections</u>	<u>Community Development</u>	<u>County Library</u>
Assets						
Cash and pooled investments	\$ 249,029	\$ 223	\$ -	\$ -	\$ -	\$ 107,238
Receivables:						
Taxes - current	-	-	-	-	-	-
Accounts	-	8,215	2,936	-	-	350
Due from other governments	-	-	824,083	137,754	437,973	-
Notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 249,029</u>	<u>\$ 8,438</u>	<u>\$ 827,019</u>	<u>\$ 137,754</u>	<u>\$ 437,973</u>	<u>\$ 107,588</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 68,123	\$ 58,794	\$ 12,732	\$ -
Accrued liabilities	-	8,438	122,740	16,072	15,789	19,582
Due to other governments	-	-	-	-	-	-
Interfund payable	-	-	611,492	19,765	407,322	-
Due to other funds	-	-	-	-	2,130	-
Deferred revenue	-	-	-	11,377	-	-
Advances from other governments	-	-	-	-	-	-
Total liabilities	-	8,438	802,355	106,008	437,973	19,582
Fund balances						
Reserved for prepaid items	-	-	-	-	-	-
Unreserved, undesignated	249,029	-	24,664	31,746	-	88,006
Total fund balances	249,029	-	24,664	31,746	-	88,006
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 249,029</u>	<u>\$ 8,438</u>	<u>\$ 827,019</u>	<u>\$ 137,754</u>	<u>\$ 437,973</u>	<u>\$ 107,588</u>

Special Revenue Funds

Drain Commission Grants	E-911	Employment Training and Community Services	Environ- mental Health	Department of Human Services	Friend of the Court	Head Start	Homeland Security Grants
\$ 346,103	\$ 659,217	\$ 107,675	\$ 116,377	\$ 84,451	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
6,549	6,490	-	-	-	-	-	-
-	106,966	477,881	121,797	64,856	845,711	559,627	660,936
-	-	-	-	-	-	-	-
-	-	26,640	-	-	-	-	-
<u>\$ 352,652</u>	<u>\$ 772,673</u>	<u>\$ 612,196</u>	<u>\$ 238,174</u>	<u>\$ 149,307</u>	<u>\$ 845,711</u>	<u>\$ 559,627</u>	<u>\$ 660,936</u>
\$ 104,778	\$ 255,275	\$ 27	\$ 1,540	\$ -	\$ 497	\$ 280,638	\$ -
-	6,387	53,096	68,805	-	117,647	58,192	1,578
-	-	55,239	-	-	1,822	-	-
-	-	-	-	-	614,506	68,060	601,493
-	-	-	-	-	-	-	-
167,777	-	138,536	-	-	-	-	-
-	-	-	-	82,000	-	-	-
<u>272,555</u>	<u>261,662</u>	<u>246,898</u>	<u>70,345</u>	<u>82,000</u>	<u>734,472</u>	<u>406,890</u>	<u>603,071</u>
-	-	26,640	-	-	-	-	-
80,097	511,011	338,658	167,829	67,307	111,239	152,737	57,865
<u>80,097</u>	<u>511,011</u>	<u>365,298</u>	<u>167,829</u>	<u>67,307</u>	<u>111,239</u>	<u>152,737</u>	<u>57,865</u>
<u>\$ 352,652</u>	<u>\$ 772,673</u>	<u>\$ 612,196</u>	<u>\$ 238,174</u>	<u>\$ 149,307</u>	<u>\$ 845,711</u>	<u>\$ 559,627</u>	<u>\$ 660,936</u>

Continued...

WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds (Concluded)
December 31, 2006

	<u>Special Revenue Funds</u>					
	<u>Inmate Concessions</u>	<u>Juvenile Grants</u>	<u>Other Special Revenue Funds</u>	<u>Planning Grants</u>	<u>Prosecuting Attorney Grants</u>	<u>Public Health</u>
<u>ASSETS</u>						
Assets						
Cash and pooled investments	\$ 282,936	\$ -	\$ 995,716	\$ -	\$ -	\$ 420,104
Receivables:						
Taxes - current	-	-	-	-	-	-
Accounts	-	-	-	-	-	541,722
Due from other governments	-	70,491	37,700	152,022	248,170	301,729
Notes receivable	-	-	240,687	-	-	-
Prepaid items	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 282,936</u>	<u>\$ 70,491</u>	<u>\$ 1,274,103</u>	<u>\$ 152,022</u>	<u>\$ 248,170</u>	<u>\$ 1,263,555</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 2,615	\$ 321	\$ -	\$ -	\$ -	\$ 158,516
Accrued liabilities	-	103	75,943	240	14,024	208,967
Due to other governments	-	-	-	-	250	373,521
Interfund payable	-	67,427	-	147,239	93,057	-
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	2,476	-	-	-	3,000
Advances from other governments	-	-	-	-	-	-
Total liabilities	<u>2,615</u>	<u>70,327</u>	<u>75,943</u>	<u>147,479</u>	<u>107,331</u>	<u>744,004</u>
Fund balances						
Reserved for prepaid items	-	-	-	-	-	-
Undesignated	<u>280,321</u>	<u>164</u>	<u>1,198,160</u>	<u>4,543</u>	<u>140,839</u>	<u>519,551</u>
Total fund balances	<u>280,321</u>	<u>164</u>	<u>1,198,160</u>	<u>4,543</u>	<u>140,839</u>	<u>519,551</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 282,936</u>	<u>\$ 70,491</u>	<u>\$ 1,274,103</u>	<u>\$ 152,022</u>	<u>\$ 248,170</u>	<u>\$ 1,263,555</u>

Special Revenue Funds			Debt Service	Capital Projects	Total Other Governmental Funds
Public Works Solid Waste Program	Sheriff's Grants	Veterans' Trust	Building Authority	Building Authority	
\$ -	\$ 674,064	\$ 5,539	\$ 13,879	\$ 1,516,583	\$ 5,579,134
-	-	-	-	-	-
119,000	-	-	-	-	685,262
-	108,104	-	-	-	5,155,800
-	-	-	-	-	240,687
-	-	-	-	-	26,640
<u>\$ 119,000</u>	<u>\$ 782,168</u>	<u>\$ 5,539</u>	<u>\$ 13,879</u>	<u>\$ 1,516,583</u>	<u>\$ 11,687,523</u>
\$ 100	\$ 55,394	\$ -	\$ -	\$ -	\$ 999,350
4,622	5,822	90	-	-	798,137
-	3,411	-	-	-	434,243
7,386	-	-	-	-	2,637,747
-	-	-	-	-	2,130
-	14,123	-	-	-	337,289
-	1,200	-	-	-	83,200
<u>12,108</u>	<u>79,950</u>	<u>90</u>	<u>-</u>	<u>-</u>	<u>5,292,096</u>
-	-	-	-	-	26,640
<u>106,892</u>	<u>702,218</u>	<u>5,449</u>	<u>13,879</u>	<u>1,516,583</u>	<u>6,368,787</u>
<u>106,892</u>	<u>702,218</u>	<u>5,449</u>	<u>13,879</u>	<u>1,516,583</u>	<u>6,395,427</u>
<u>\$ 119,000</u>	<u>\$ 782,168</u>	<u>\$ 5,539</u>	<u>\$ 13,879</u>	<u>\$ 1,516,583</u>	<u>\$ 11,687,523</u>

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds
Year Ended December 31, 2006

Special Revenue Funds

	Aerial Photo	Building Services	Child Care	Community Corrections	Community Development	County Library
Revenues						
Licenses and permits	\$ -	\$ 1,181,460	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	5,336,223	728,614	1,524,004	55,107
Charges for services	26,170	299	-	325,701	-	-
Fines and forfeits	-	-	-	-	-	3,825
Investment income (loss)	12,322	(2,098)	-	-	(1)	-
Other	-	-	1,042,933	2,082	93,843	3,559
Total revenues	38,492	1,179,661	6,379,156	1,056,397	1,617,846	62,491
Expenditures						
Current:						
Judicial	-	-	-	1,258,529	-	-
General government	-	-	-	-	-	-
Public safety	-	1,125,853	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	300,815	-	-	-	-
Social services	-	-	12,175,719	-	1,739,763	-
Culture and recreation	-	-	-	-	-	843,325
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	1,426,668	12,175,719	1,258,529	1,739,763	843,325
Revenues over (under) expenditures	38,492	(247,007)	(5,796,563)	(202,132)	(121,917)	(780,834)
Other financing sources (uses)						
Transfers in	-	55,603	5,462,264	153,436	102,272	740,036
Transfers out	-	-	(2,981)	-	(20,415)	-
Total other sources (uses)	-	55,603	5,459,283	153,436	81,857	740,036
Net change in fund balances	38,492	(191,404)	(337,280)	(48,696)	(40,060)	(40,798)
Fund balances, beginning of year	210,537	191,404	361,944	80,442	40,060	128,804
Fund balances, end of year	\$ 249,029	\$ -	\$ 24,664	\$ 31,746	\$ -	\$ 88,006

Special Revenue Funds

Drain Commission Grants	E-911	Employment Training and Community Service	Environ- mental Health	Department of Human Services	Friend of the Court	Head Start	Homeland Security Grants
\$ -	\$ -	\$ -	\$ 1,481,351	\$ -	\$ -	\$ -	\$ -
153,955	-	7,796,103	784,292	739,019	3,705,246	3,598,774	1,175,420
-	1,926,210	-	28,989	-	241,401	-	-
-	-	-	9,535	-	899	-	-
4,526	39,488	-	5,333	-	-	-	1
75,414	38,201	279,905	5,471	-	15,210	450,648	-
<u>233,895</u>	<u>2,003,899</u>	<u>8,076,008</u>	<u>2,314,971</u>	<u>739,019</u>	<u>3,962,756</u>	<u>4,049,422</u>	<u>1,175,421</u>
-	-	-	-	-	5,393,988	-	-
-	-	-	-	-	-	-	-
-	1,050,360	-	-	-	-	-	1,188,656
309,736	-	-	-	-	-	-	-
-	-	-	3,596,095	-	-	-	-
-	-	8,609,228	-	772,912	-	4,515,841	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>309,736</u>	<u>1,050,360</u>	<u>8,609,228</u>	<u>3,596,095</u>	<u>772,912</u>	<u>5,393,988</u>	<u>4,515,841</u>	<u>1,188,656</u>
<u>(75,841)</u>	<u>953,539</u>	<u>(533,220)</u>	<u>(1,281,124)</u>	<u>(33,893)</u>	<u>(1,431,232)</u>	<u>(466,419)</u>	<u>(13,235)</u>
95,552	136,874	341,694	1,273,392	49,848	936,084	661,575	35,304
-	(949,346)	(46,315)	-	-	-	(150,212)	-
<u>95,552</u>	<u>(812,472)</u>	<u>295,379</u>	<u>1,273,392</u>	<u>49,848</u>	<u>936,084</u>	<u>511,363</u>	<u>35,304</u>
19,711	141,067	(237,841)	(7,732)	15,955	(495,148)	44,944	22,069
<u>60,386</u>	<u>369,944</u>	<u>603,139</u>	<u>175,561</u>	<u>51,352</u>	<u>606,387</u>	<u>107,793</u>	<u>35,796</u>
<u>\$ 80,097</u>	<u>\$ 511,011</u>	<u>\$ 365,298</u>	<u>\$ 167,829</u>	<u>\$ 67,307</u>	<u>\$ 111,239</u>	<u>\$ 152,737</u>	<u>\$ 57,865</u>

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds (Concluded)
Year Ended December 31, 2006

	Special Revenue Funds					
	Inmate Concessions	Juvenile Grants	Other Special Revenue Funds	Planning Grants	Prosecuting Attorney Grants	Public Health
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	126,262	200,396	291,969	628,710	5,036,297
Charges for services	-	-	185,028	-	-	826,825
Fines and forfeits	-	-	8,500	-	15,929	-
Investment income	15,894	151	64,936	238	-	-
Other	341,549	43,797	59,915	20,277	2	396,975
	<u>357,443</u>	<u>170,210</u>	<u>518,775</u>	<u>312,484</u>	<u>644,641</u>	<u>6,260,097</u>
Expenditures						
Current:						
Judicial	-	-	30,320	-	-	-
General government	-	-	-	312,245	-	-
Public safety	307,110	-	-	-	840,409	-
Public works	-	-	-	-	-	-
Health	-	-	259,703	-	-	11,982,740
Social services	-	184,888	163,620	-	-	-
Culture and recreation	-	-	1,328	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
	<u>307,110</u>	<u>184,888</u>	<u>454,971</u>	<u>312,245</u>	<u>840,409</u>	<u>11,982,740</u>
Revenues over (under) expenditures	<u>50,333</u>	<u>(14,678)</u>	<u>63,804</u>	<u>239</u>	<u>(195,768)</u>	<u>(5,722,643)</u>
Other financing sources (uses)						
Transfers in	-	7,719	475,558	-	159,104	5,366,725
Transfers out	-	-	(524,722)	-	-	-
	<u>-</u>	<u>7,719</u>	<u>(49,164)</u>	<u>-</u>	<u>159,104</u>	<u>5,366,725</u>
Net change in fund balances	50,333	(6,959)	14,640	239	(36,664)	(355,918)
Fund balances, beginning of year	<u>229,988</u>	<u>7,123</u>	<u>1,183,520</u>	<u>4,304</u>	<u>177,503</u>	<u>875,469</u>
Fund balances, end of year	<u>\$ 280,321</u>	<u>\$ 164</u>	<u>\$ 1,198,160</u>	<u>\$ 4,543</u>	<u>\$ 140,839</u>	<u>\$ 519,551</u>

Special Revenue Funds			Debt Service	Capital Projects	Total Other Governmental Funds
Public Works Solid Waste Program	Sheriff's Grants	Veterans' Trust	Building Authority	Building Authority	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,662,811
8,961	444,512	24,614	38,981	-	32,397,459
-	39,703	-	-	-	3,600,326
-	27,842	-	-	-	66,530
12,839	31,606	-	1,018	40,512	226,765
453,164	1	-	(3)	-	3,322,943
<u>474,964</u>	<u>543,664</u>	<u>24,614</u>	<u>39,996</u>	<u>40,512</u>	<u>42,276,834</u>
-	-	-	-	-	6,682,837
-	-	-	-	-	312,245
-	574,839	-	-	-	5,087,227
522,443	-	-	-	-	832,179
-	-	-	-	-	16,139,353
-	-	28,923	-	-	28,190,894
-	-	-	-	-	844,653
-	-	-	1,615,000	-	1,615,000
-	-	-	374,385	-	374,385
-	-	-	-	67,375	67,375
<u>522,443</u>	<u>574,839</u>	<u>28,923</u>	<u>1,989,385</u>	<u>67,375</u>	<u>60,146,148</u>
<u>(47,479)</u>	<u>(31,175)</u>	<u>(4,309)</u>	<u>(1,949,389)</u>	<u>(26,863)</u>	<u>(17,869,314)</u>
-	-	-	1,949,422	1,511,537	19,513,999
(185,000)	-	-	-	(744,741)	(2,623,732)
<u>(185,000)</u>	<u>-</u>	<u>-</u>	<u>1,949,422</u>	<u>766,796</u>	<u>16,890,267</u>
(232,479)	(31,175)	(4,309)	33	739,933	(979,047)
<u>339,371</u>	<u>733,393</u>	<u>9,758</u>	<u>13,846</u>	<u>776,650</u>	<u>7,374,474</u>
<u>\$ 106,892</u>	<u>\$ 702,218</u>	<u>\$ 5,449</u>	<u>\$ 13,879</u>	<u>\$ 1,516,583</u>	<u>\$ 6,395,427</u>

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2006

	Aerial Photo			Building Services		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ 1,703,425	\$ 1,181,460	\$ (521,965)
Intergovernmental	-	-	-	-	-	-
Charges for services	80,000	26,170	(53,830)	600	299	(301)
Fines and forfeits	-	-	-	-	-	-
Investment income	-	12,322	12,322	-	(2,098)	(2,098)
Other	-	-	-	-	-	-
Total revenues	80,000	38,492	(41,508)	1,704,025	1,179,661	(524,364)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	80,000	-	80,000	-	-	-
Public safety	-	-	-	1,343,444	1,125,853	217,591
Public works	-	-	-	-	-	-
Health	-	-	-	330,581	300,815	29,766
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	80,000	-	80,000	1,674,025	1,426,668	247,357
Revenues over (under) expenditures	-	38,492	38,492	30,000	(247,007)	(277,007)
Other financing sources (uses)						
Transfers in	-	-	-	-	55,603	55,603
Transfers out	-	-	-	(30,000)	-	30,000
Total other sources (uses)	-	-	-	(30,000)	55,603	85,603
Net change in fund balances	-	38,492	38,492	-	(191,404)	(191,404)
Fund balances, beginning of year	210,537	210,537	-	191,404	191,404	-
Fund balances, end of year	\$ 210,537	\$ 249,029	\$ 38,492	\$ 191,404	\$ -	\$ (191,404)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Child Care			Community Corrections		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,139,161	5,336,223	197,062	728,071	728,614	543
Charges for services	-	-	-	405,748	325,701	(80,047)
Fines and forfeits	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	1,091,626	1,042,933	(48,693)	-	2,082	2,082
Total revenues	6,230,787	6,379,156	148,369	1,133,819	1,056,397	(77,422)
Expenditures						
Current:						
Judicial	-	-	-	1,354,338	1,258,529	95,809
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	11,728,112	12,175,719	(447,607)	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	11,728,112	12,175,719	(447,607)	1,354,338	1,258,529	95,809
Revenues over (under) expenditures	(5,497,325)	(5,796,563)	(299,238)	(220,519)	(202,132)	18,387
Other financing sources (uses)						
Transfers in	5,512,261	5,462,264	(49,997)	153,434	153,436	2
Transfers out	(14,936)	(2,981)	11,955	-	-	-
Total other sources (uses)	5,497,325	5,459,283	(38,042)	153,434	153,436	2
Net change in fund balances	-	(337,280)	(337,280)	(67,085)	(48,696)	18,389
Fund balances, beginning of year	361,944	361,944	-	80,442	80,442	-
Fund balances, end of year	\$ 361,944	\$ 24,664	\$ (337,280)	\$ 13,357	\$ 31,746	\$ 18,389

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Community Development			County Library		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,653,044	1,524,004	(129,040)	45,980	55,107	9,127
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	1,100	3,825	2,725
Investment income	-	(1)	(1)	-	-	-
Other	150,443	93,843	(56,600)	-	3,559	3,559
Total revenues	1,803,487	1,617,846	(185,641)	47,080	62,491	15,411
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	1,803,487	1,739,763	63,724	-	-	-
Culture and recreation	-	-	-	845,115	843,325	1,790
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,803,487	1,739,763	63,724	845,115	843,325	1,790
Revenues over (under) expenditures	-	(121,917)	(121,917)	(798,035)	(780,834)	17,201
Other financing sources (uses)						
Transfers in	-	102,272	102,272	798,035	740,036	(57,999)
Transfers out	-	(20,415)	(20,415)	-	-	-
Total other sources (uses)	-	81,857	81,857	798,035	740,036	(57,999)
Net change in fund balances	-	(40,060)	(40,060)	-	(40,798)	(40,798)
Fund balances, beginning of year	40,060	40,060	-	128,804	128,804	-
Fund balances, end of year	\$ 40,060	\$ -	\$ (40,060)	\$ 128,804	\$ 88,006	\$ (40,798)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Drain Commission Grants			E-911		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,779,399	153,955	(1,625,444)	-	-	-
Charges for services	-	-	-	2,100,000	1,926,210	(173,790)
Fines and forfeits	-	-	-	-	-	-
Investment income	-	4,526	4,526	-	39,488	39,488
Other	1,698,732	75,414	(1,623,318)	36,000	38,201	2,201
Total revenues	3,478,131	233,895	(3,244,236)	2,136,000	2,003,899	(132,101)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	1,232,946	1,050,360	182,586
Public works	3,573,681	309,736	3,263,945	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	3,573,681	309,736	3,263,945	1,232,946	1,050,360	182,586
Revenues over (under) expenditures	(95,550)	(75,841)	19,709	903,054	953,539	50,485
Other financing sources (uses)						
Transfers in	95,550	95,552	2	105,000	136,874	31,874
Transfers out	-	-	-	(1,008,054)	(949,346)	58,708
Total other sources (uses)	95,550	95,552	2	(903,054)	(812,472)	90,582
Net change in fund balances	-	19,711	19,711	-	141,067	141,067
Fund balances, beginning of year	60,386	60,386	-	369,944	369,944	-
Fund balances, end of year	\$ 60,386	\$ 80,097	\$ 19,711	\$ 369,944	\$ 511,011	\$ 141,067

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Employment Training and Community Services			Environmental Health		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ 1,697,368	\$ 1,481,351	\$ (216,017)
Intergovernmental	7,985,151	7,796,103	(189,048)	812,397	784,292	(28,105)
Charges for services	-	-	-	126,241	28,989	(97,252)
Fines and forfeits	-	-	-	8,926	9,535	609
Investment income	-	-	-	-	5,333	5,333
Other	168,820	279,905	111,085	7,180	5,471	(1,709)
Total revenues	8,153,971	8,076,008	(77,963)	2,652,112	2,314,971	(337,141)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	3,910,504	3,596,095	314,409
Social services	8,735,968	8,609,228	126,740	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	8,735,968	8,609,228	126,740	3,910,504	3,596,095	314,409
Revenues over (under) expenditures	(581,997)	(533,220)	48,777	(1,258,392)	(1,281,124)	(22,732)
Other financing sources (uses)						
Transfers in	341,694	341,694	-	1,258,392	1,273,392	15,000
Transfers out	-	(46,315)	(46,315)	-	-	-
Total other sources (uses)	341,694	295,379	(46,315)	1,258,392	1,273,392	15,000
Net change in fund balances	(240,303)	(237,841)	2,462	-	(7,732)	(7,732)
Fund balances, beginning of year	603,139	603,139	-	175,561	175,561	-
Fund balances, end of year	\$ 362,836	\$ 365,298	\$ 2,462	\$ 175,561	\$ 167,829	\$ (7,732)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Department of Human Services			Friend of the Court		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	800,000	739,019	(60,981)	3,971,320	3,705,246	(266,074)
Charges for services	-	-	-	185,000	241,401	56,401
Fines and forfeits	-	-	-	-	899	899
Investment income	-	-	-	-	-	-
Other	-	-	-	3,000	15,210	12,210
Total revenues	800,000	739,019	(60,981)	4,159,320	3,962,756	(196,564)
Expenditures						
Current:						
Judicial	-	-	-	5,708,754	5,393,988	314,766
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	854,109	772,912	81,197	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	854,109	772,912	81,197	5,708,754	5,393,988	314,766
Revenues over (under) expenditures	(54,109)	(33,893)	20,216	(1,549,434)	(1,431,232)	118,202
Other financing sources (uses)						
Transfers in	54,109	49,848	(4,261)	1,549,434	936,084	(613,350)
Transfers out	-	-	-	-	-	-
Total other sources (uses)	54,109	49,848	(4,261)	1,549,434	936,084	(613,350)
Net change in fund balances	-	15,955	15,955	-	(495,148)	(495,148)
Fund balances, beginning of year	51,352	51,352	-	606,387	606,387	-
Fund balances, end of year	\$ 51,352	\$ 67,307	\$ 15,955	\$ 606,387	\$ 111,239	\$ (495,148)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Head Start			Homeland Security Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,677,802	3,598,774	(79,028)	1,419,755	1,175,420	(244,335)
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	-	-	-	1	1
Other	417,666	450,648	32,982	-	-	-
Total revenues	4,095,468	4,049,422	(46,046)	1,419,755	1,175,421	(244,334)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	1,459,463	1,188,656	270,807
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	4,603,100	4,515,841	87,259	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	4,603,100	4,515,841	87,259	1,459,463	1,188,656	270,807
Revenues over (under) expenditures	(507,632)	(466,419)	41,213	(39,708)	(13,235)	26,473
Other financing sources (uses)						
Transfers in	660,947	661,575	628	39,708	35,304	(4,404)
Transfers out	(153,315)	(150,212)	3,103	-	-	-
Total other sources (uses)	507,632	511,363	3,731	39,708	35,304	(4,404)
Net change in fund balances	-	44,944	44,944	-	22,069	22,069
Fund balances, beginning of year	107,793	107,793	-	35,796	35,796	-
Fund balances, end of year	\$ 107,793	\$ 152,737	\$ 44,944	\$ 35,796	\$ 57,865	\$ 22,069

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Inmate Concessions			Juvenile Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	659,947	126,262	(533,685)
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	15,894	15,894	-	151	151
Other	270,972	341,549	70,577	552,658	43,797	(508,861)
Total revenues	270,972	357,443	86,471	1,212,605	170,210	(1,042,395)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	270,972	307,110	(36,138)	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	1,224,466	184,888	1,039,578
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	270,972	307,110	(36,138)	1,224,466	184,888	1,039,578
Revenues over (under) expenditures	-	50,333	50,333	(11,861)	(14,678)	(2,817)
Other financing sources (uses)						
Transfers in	-	-	-	11,861	7,719	(4,142)
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	-	-	11,861	7,719	(4,142)
Net change in fund balances	-	50,333	50,333	-	(6,959)	(6,959)
Fund balances, beginning of year	229,988	229,988	-	7,123	7,123	-
Fund balances, end of year	\$ 229,988	\$ 280,321	\$ 50,333	\$ 7,123	\$ 164	\$ (6,959)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Other Special Revenue Funds			Planning Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	167,751	200,396	32,645	437,092	291,969	(145,123)
Charges for services	-	185,028	185,028	-	-	-
Fines and forfeits	8,500	8,500	-	-	-	-
Investment income	-	64,936	64,936	-	238	238
Other	61,804	59,915	(1,889)	31,932	20,277	(11,655)
Total revenues	238,055	518,775	280,720	469,024	312,484	(156,540)
Expenditures						
Current:						
Judicial	8,500	30,320	(21,820)	-	-	-
General government	70,000	-	70,000	470,224	312,245	157,979
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	802,973	259,703	543,270	-	-	-
Social services	451,304	163,620	287,684	-	-	-
Culture and recreation	-	1,328	(1,328)	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,332,777	454,971	877,806	470,224	312,245	157,979
Revenues over (under) expenditures	(1,094,722)	63,804	1,158,526	(1,200)	239	1,439
Other financing sources (uses)						
Transfers in	1,070,000	475,558	(594,442)	-	-	-
Transfers out	-	(524,722)	(524,722)	-	-	-
Total other sources (uses)	1,070,000	(49,164)	(1,119,164)	-	-	-
Net change in fund balances	(24,722)	14,640	39,362	(1,200)	239	1,439
Fund balances, beginning of year	1,183,520	1,183,520	-	4,304	4,304	-
Fund balances, end of year	\$ 1,158,798	\$ 1,198,160	\$ 39,362	\$ 3,104	\$ 4,543	\$ 1,439

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Prosecuting Attorney Grants			Public Health		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,525,110	628,710	(896,400)	5,452,385	5,036,297	(416,088)
Charges for services	-	-	-	1,092,235	826,825	(265,410)
Fines and forfeits	-	15,929	15,929	-	-	-
Investment income	-	-	-	-	-	-
Other	-	2	2	360,412	396,975	36,563
Total revenues	1,525,110	644,641	(880,469)	6,905,032	6,260,097	(644,935)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,734,212	840,409	893,803	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	12,373,126	11,982,740	390,386
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,734,212	840,409	893,803	12,373,126	11,982,740	390,386
Revenues over (under) expenditures	(209,102)	(195,768)	13,334	(5,468,094)	(5,722,643)	(254,549)
Other financing sources (uses)						
Transfers in	209,102	159,104	(49,998)	5,338,479	5,366,725	28,246
Transfers out	-	-	-	-	-	-
Total other sources (uses)	209,102	159,104	(49,998)	5,338,479	5,366,725	28,246
Net change in fund balances	-	(36,664)	(36,664)	(129,615)	(355,918)	(226,303)
Fund balances, beginning of year	177,503	177,503	-	875,469	875,469	-
Fund balances, end of year	\$ 177,503	\$ 140,839	\$ (36,664)	\$ 745,854	\$ 519,551	\$ (226,303)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2006

	Public Works Solid Waste Program			Sheriff's Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	8,961	8,961	460,717	444,512	(16,205)
Charges for services	-	-	-	48,000	39,703	(8,297)
Fines and forfeits	-	-	-	-	27,842	27,842
Investment income	7,000	12,839	5,839	-	31,606	31,606
Other	417,175	453,164	35,989	-	1	1
Total revenues	424,175	474,964	50,789	508,717	543,664	34,947
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	511,891	574,839	(62,948)
Public works	425,000	522,443	(97,443)	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	425,000	522,443	(97,443)	511,891	574,839	(62,948)
Revenues over (under) expenditures	(825)	(47,479)	(46,654)	(3,174)	(31,175)	(28,001)
Other financing sources (uses)						
Transfers in	-	-	-	3,174	-	(3,174)
Transfers out	-	(185,000)	(185,000)	-	-	-
Total other sources (uses)	-	(185,000)	(185,000)	3,174	-	(3,174)
Net change in fund balances	(825)	(232,479)	(231,654)	-	(31,175)	(31,175)
Fund balances, beginning of year	339,371	339,371	-	733,393	733,393	-
Fund balances, end of year	\$ 338,546	\$ 106,892	\$ (231,654)	\$ 733,393	\$ 702,218	\$ (31,175)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Concluded)
Year Ended December 31, 2006

	Veterans' Trust		
	Final Budget	Actual	Variance with Final Budget + (-)
Revenues			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	29,264	24,614	(4,650)
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment income	-	-	-
Other	-	-	-
Total revenues	29,264	24,614	(4,650)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health	-	-	-
Social services	29,264	28,923	341
Culture and recreation	-	-	-
Other	-	-	-
Capital outlay	-	-	-
Total expenditures	29,264	28,923	341
Revenues over (under) expenditures	-	(4,309)	(4,309)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other sources (uses)	-	-	-
Net change in fund balances	-	(4,309)	(4,309)
Fund balances, beginning of year	9,758	9,758	-
Fund balances, end of year	\$ 9,758	\$ 5,449	\$ (4,309)

WASHTENAW COUNTY
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2006

	<u>Property Foreclosure</u>	<u>Brownfield Revolving Loan Fund</u>	<u>Principal Residence Exemption</u>	<u>Total</u>
Assets				
Current assets:				
Cash and pooled investments	\$ 1,942,788	\$ 1,009	\$ 18,408	\$ 1,962,205
Liabilities				
Current liabilities:				
Accrued liabilities	3,358	156	710	4,224
Unearned revenue	-	853	-	853
Accrued compensated absences, current portion	2,014	-	-	2,014
Total current liabilities	5,372	1,009	710	7,091
Long-term liabilities -				
Accrued compensated absences	9,572	-	-	9,572
Total liabilities	14,944	1,009	710	16,663
Net assets - unrestricted	<u>\$ 1,927,844</u>	<u>\$ -</u>	<u>\$ 17,698</u>	<u>\$ 1,945,542</u>

WASHTENAW COUNTY
Combining Statement of Revenues, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended December 31, 2006

	<u>Property Foreclosure</u>	<u>Brownfield Revolving Loan Fund</u>	<u>Principal Residence Exemption</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 660,333	\$ -	\$ -	\$ 660,333
Intergovernmental revenue	-	11,960	-	11,960
Investment income	-	-	9,425	9,425
Total operating revenues	<u>660,333</u>	<u>11,960</u>	<u>9,425</u>	<u>681,718</u>
Operating expenses				
Personnel services	162,472	11,960	9,968	184,400
Contractual services	70,310	-	-	70,310
Supplies	16,832	-	-	16,832
Telephone	413	-	-	413
Equipment repair and rental	3,029	-	-	3,029
Other	35,320	-	-	35,320
Total operating expenses	<u>288,376</u>	<u>11,960</u>	<u>9,968</u>	<u>310,304</u>
Operating income (loss)	<u>371,957</u>	<u>-</u>	<u>(543)</u>	<u>371,414</u>
Non-operating income				
Investment earnings	<u>94,668</u>	<u>-</u>	<u>251</u>	<u>94,919</u>
Total non-operating income (expense)	<u>94,668</u>	<u>-</u>	<u>251</u>	<u>94,919</u>
Change in net assets	466,625	-	(292)	466,333
Net assets, beginning of year	<u>1,461,219</u>	<u>-</u>	<u>17,990</u>	<u>1,479,209</u>
Net assets, end of year	<u>\$ 1,927,844</u>	<u>\$ -</u>	<u>\$ 17,698</u>	<u>\$ 1,945,542</u>

WASHTENAW COUNTY
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2006

	<u>Property Foreclosure</u>	<u>Brownfield Revolving Loan Fund</u>	<u>Principal Residence Exemption</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 660,336	\$ 12,762	\$ 9,425	\$ 682,523
Cash payments to employees	(160,484)	(11,892)	(9,941)	(182,317)
Cash payments to suppliers	(125,904)	-	-	(125,904)
Net cash provided (used) by operating activities	373,948	870	(516)	374,302
Cash flows from investing activities				
Investment earnings	94,668	-	251	94,919
Net increase (decrease) in cash and cash equivalents	468,616	870	(265)	469,221
Cash and cash equivalents, beginning of year	1,474,172	139	18,673	1,492,984
Cash and cash equivalents, end of year	<u>\$ 1,942,788</u>	<u>\$ 1,009</u>	<u>\$ 18,408</u>	<u>\$ 1,962,205</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 371,957	\$ -	\$ (543)	\$ 371,414
Adjustments to reconcile operating income to net cash provided by operating activities:				
Changes in assets and liabilities:				
Due from other governments	-	20,802	-	20,802
Accrued liabilities	1,359	(785)	27	601
Interfund payable	-	(20,000)	-	(20,000)
Deferred revenue	-	853	-	853
Accrued compensated absences	632	-	-	632
Net cash provided (used) by operating activities	<u>\$ 373,948</u>	<u>\$ 870</u>	<u>\$ (516)</u>	<u>\$ 374,302</u>

WASHTENAW COUNTY
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006

	<u>Facilities Management Revolving</u>	<u>Fleet Management Revolving</u>	<u>Fringe Benefit Revolving</u>
Assets			
Current assets:			
Cash and pooled investments	\$ 529,491	\$ 1,143,986	\$ 318,375
Accounts receivable	141,069	-	170,888
Due from other funds	104,774	-	-
Due from other governments	-	-	2,468
Inventories	-	117,000	-
Prepaid items	27,540	-	-
	<hr/>	<hr/>	<hr/>
Total current assets	802,874	1,260,986	491,731
Noncurrent assets:			
Capital assets, net	-	2,545,418	-
	<hr/>	<hr/>	<hr/>
Total assets	802,874	3,806,404	491,731
Liabilities			
Current liabilities:			
Accounts payable	-	-	216,179
Accrued liabilities	47,950	3,757	10,207
Due to other funds	51,802	1,200,000	-
Unearned revenue	18,670	-	-
	<hr/>	<hr/>	<hr/>
Total current liabilities	118,422	1,203,757	226,386
Long-term liabilities:			
Accrued compensated absences	305,722	32,793	-
Advances from other funds	141,069	-	-
	<hr/>	<hr/>	<hr/>
Total long-term liabilities	446,791	32,793	-
	<hr/>	<hr/>	<hr/>
Total liabilities	565,213	1,236,550	226,386
Net assets			
Invested in capital assets	-	2,545,418	-
Unrestricted	237,661	24,436	265,345
	<hr/>	<hr/>	<hr/>
Total net assets	<u>\$ 237,661</u>	<u>\$ 2,569,854</u>	<u>\$ 265,345</u>

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ 234,563	\$ 14,304	\$ 1,031,208	\$ 16,117	\$ 579,852	\$ 3,867,896
-	-	-	-	77,000	388,957
-	730,000	1,650,000	-	-	2,484,774
4,568	-	-	-	-	7,036
23,806	-	-	-	-	140,806
-	779,141	-	-	-	806,681
262,937	1,523,445	2,681,208	16,117	656,852	7,696,150
234,562	-	-	-	-	2,779,980
497,499	1,523,445	2,681,208	16,117	656,852	10,476,130
34,495	-	-	16,117	44,000	310,791
-	1,055,954	595,000	-	489,471	2,202,339
65,000	450,000	499,999	-	-	2,266,801
-	-	-	-	-	18,670
99,495	1,505,954	1,094,999	16,117	533,471	4,798,601
-	-	-	-	-	338,515
-	-	-	-	-	141,069
-	-	-	-	-	479,584
99,495	1,505,954	1,094,999	16,117	533,471	5,278,185
234,562	-	-	-	-	2,779,980
163,442	17,491	1,586,209	-	123,381	2,417,965
<u>\$ 398,004</u>	<u>\$ 17,491</u>	<u>\$ 1,586,209</u>	<u>\$ -</u>	<u>\$ 123,381</u>	<u>\$ 5,197,945</u>

WASHTENAW COUNTY
Combining Statement of Revenues,
Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2006

	<u>Facilities Management Revolving</u>	<u>Fleet Management Revolving</u>	<u>Fringe Benefit Revolving</u>
Operating revenues			
Charges for services	\$ 6,988,188	\$ 2,107,643	\$ 3,013,787
Operating expenses			
Personnel services	2,319,703	243,860	-
Contractual services	162,952	53,160	30,913
Supplies	500,636	752,039	-
Occupancy	2,319,590	324,685	-
Telephone	41,615	754	-
Equipment repair and rental	314,848	114,000	-
Building repair and rental	313,181	-	-
Benefit payments and insurance premiums	-	-	2,772,123
Other	973,675	-	131,518
Depreciation	-	673,055	-
Total operating expenses	<u>6,946,200</u>	<u>2,161,553</u>	<u>2,934,554</u>
Operating income (loss)	<u>41,988</u>	<u>(53,910)</u>	<u>79,233</u>
Nonoperating revenues (expenses)			
Interest income	34,575	57,680	16,956
Interest expense	-	(49,686)	-
Gain (loss) on sale of capital assets	-	(31,906)	-
Total nonoperating revenues (expenses)	<u>34,575</u>	<u>(23,912)</u>	<u>16,956</u>
Income (loss) before transfers	76,563	(77,822)	96,189
Transfers in	65,000	-	-
Transfers out	<u>(31,769)</u>	<u>-</u>	<u>-</u>
Change in net assets	109,794	(77,822)	96,189
Net assets, beginning of year	<u>127,867</u>	<u>2,647,676</u>	<u>169,156</u>
Net assets, end of year	<u>\$ 237,661</u>	<u>\$ 2,569,854</u>	<u>\$ 265,345</u>

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ 749,131	\$ 2,243,701	\$ 14,043,787	\$ 390,506	\$ 787,993	\$ 30,324,736
-	139,880	-	-	86,452	2,789,895
-	1,478,427	29,188	-	44,154	1,798,794
405,027	116	-	-	800	1,658,618
-	34,394	-	-	-	2,678,669
-	9,811	-	390,506	-	442,686
89,730	-	-	-	-	518,578
-	-	-	-	-	313,181
-	1,467,396	15,005,509	-	802,212	20,047,240
-	2,807	-	-	-	1,108,000
115,617	-	-	-	-	788,672
<u>610,374</u>	<u>3,132,831</u>	<u>15,034,697</u>	<u>390,506</u>	<u>933,618</u>	<u>32,144,333</u>
<u>138,757</u>	<u>(889,130)</u>	<u>(990,910)</u>	<u>-</u>	<u>(145,625)</u>	<u>(1,819,597)</u>
4,127	11,493	229,423	-	36,736	390,990
(2,048)	-	-	-	-	(51,734)
150	-	-	-	-	(31,756)
<u>2,229</u>	<u>11,493</u>	<u>229,423</u>	<u>-</u>	<u>36,736</u>	<u>307,500</u>
140,986	(877,637)	(761,487)	-	(108,889)	(1,512,097)
-	730,000	-	-	-	795,000
<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,769)</u>
75,986	(147,637)	(761,487)	-	(108,889)	(813,866)
<u>322,018</u>	<u>165,128</u>	<u>2,347,696</u>	<u>-</u>	<u>232,270</u>	<u>6,011,811</u>
<u>\$ 398,004</u>	<u>\$ 17,491</u>	<u>\$ 1,586,209</u>	<u>\$ -</u>	<u>\$ 123,381</u>	<u>\$ 5,197,945</u>

WASHTENAW COUNTY
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2006

	Facilities Management Revolving	Fleet Management Revolving	Fringe Benefit Revolving
Cash flows from operating activities			
Cash received from customers	\$ 420,236	\$ -	\$ 125,938
Cash received from interfund services	7,051,353	3,307,642	3,002,304
Cash payments to employees	(2,367,766)	(258,308)	(131,518)
Cash payments to suppliers	(4,569,824)	(986,629)	(2,904,360)
Cash payments for interfund services	(56,420)	(325,439)	-
	<u>477,579</u>	<u>1,737,266</u>	<u>92,364</u>
Net cash provided (used) by operating activities			
Cash flows from noncapital financing activities			
Transfers in	65,000	-	-
Transfers out	(31,769)	-	-
Advances from other funds	(1,623,576)	-	(30,000)
	<u>(1,590,345)</u>	<u>-</u>	<u>(30,000)</u>
Net cash provided (used) by noncapital financing activities			
Cash flows from capital and related financing activities			
Proceeds from sale of equipment	-	105,775	-
Payments for equipment acquisitions	-	(1,338,999)	-
	<u>-</u>	<u>(1,233,224)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities			
Cash flows from investing activities			
Interest on investments	34,575	7,994	16,956
	<u>34,575</u>	<u>7,994</u>	<u>16,956</u>
Net increase in cash and pooled investments	(1,078,191)	512,036	79,320
Cash and pooled investments, beginning of year	1,607,682	631,950	239,055
	<u>1,607,682</u>	<u>631,950</u>	<u>239,055</u>
Cash and pooled investments, end of year	<u>\$ 529,491</u>	<u>\$ 1,143,986</u>	<u>\$ 318,375</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 41,988	\$ (53,910)	\$ 79,233
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	673,055	-
Changes in assets and liabilities:			
Accounts receivable	66,909	-	(10,521)
Interfund receivable	-	-	-
Due from other funds	(104,774)	-	-
Due from other governments	465,239	-	(2,310)
Inventories	-	(32,000)	-
Prepaid items	52,414	-	87,700
Accounts payable	-	(35,431)	(64,974)
Accrued liabilities	(19,104)	(1,806)	3,236
Due to other funds	51,802	1,200,000	-
Interfund payable	(65,000)	-	-
Deferred revenue	18,670	-	-
Accrued compensated absences	(30,565)	(12,642)	-
	<u>(30,565)</u>	<u>(12,642)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 477,579</u>	<u>\$ 1,737,266</u>	<u>\$ 92,364</u>

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 546,174
689,031	1,798,699	13,268,786	390,506	787,994	30,296,315
-	(139,879)	-	-	(86,452)	(2,983,923)
(466,949)	(2,865,249)	(15,033,075)	(386,493)	(813,270)	(28,025,849)
-	(47,012)	-	-	-	(428,871)
<u>222,082</u>	<u>(1,253,441)</u>	<u>(1,764,289)</u>	<u>4,013</u>	<u>(111,728)</u>	<u>(596,154)</u>
-	730,000	-	-	-	795,000
(65,000)	-	-	-	-	(96,769)
-	-	-	-	-	(1,653,576)
<u>(65,000)</u>	<u>730,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(955,345)</u>
150	-	-	-	-	105,925
(28,999)	-	-	-	-	(1,367,998)
<u>(28,849)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,262,073)</u>
2,079	11,493	229,423	-	36,736	339,256
130,312	(511,948)	(1,534,866)	4,013	(74,992)	(2,474,316)
104,251	526,252	2,566,074	12,104	654,844	6,342,212
<u>\$ 234,563</u>	<u>\$ 14,304</u>	<u>\$ 1,031,208</u>	<u>\$ 16,117</u>	<u>\$ 579,852</u>	<u>\$ 3,867,896</u>
\$ 138,757	\$ (889,130)	\$ (990,910)	\$ -	\$ (145,625)	\$ (1,819,597)
115,617	-	-	-	-	788,672
-	-	-	-	-	56,388
65,000	-	375,000	-	-	440,000
-	(730,000)	(1,650,000)	-	-	(2,484,774)
(2,602)	-	-	-	-	460,327
12,960	-	-	-	-	(19,040)
2,341	(70,698)	320,622	-	-	392,379
15,009	-	-	4,013	2,000	(79,383)
-	151,387	(319,000)	-	31,897	(153,390)
65,000	285,000	499,999	-	-	2,101,801
(190,000)	-	-	-	-	(255,000)
-	-	-	-	-	18,670
-	-	-	-	-	(43,207)
<u>\$ 222,082</u>	<u>\$ (1,253,441)</u>	<u>\$ (1,764,289)</u>	<u>\$ 4,013</u>	<u>\$ (111,728)</u>	<u>\$ (596,154)</u>

WASHTENAW COUNTY
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2006

	<u>Employees' Retirement System</u>	<u>Money Purchase Pension Plan</u>	<u>Voluntary Employees Beneficiary Association</u>	<u>Severance Benefits</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 528,484	\$ 512,843
Investments:				
Equities	88,571,483	-	30,030,960	-
United States treasuries	2,217,429	-	150,635	-
United States treasury strips	10,565,936	-	289,605	-
United States agencies	22,806,832	-	255,808	-
Corporate securities	16,874,850	-	492,063	-
Mutual funds	6,123,894	57,703,520	7,398,912	-
Money market funds	13,374,714	-	4,575,503	-
Accounts receivable	-	-	49,738	-
Accrued interest and dividends	519,320	17,329	-	2,074
Total assets	<u>161,054,458</u>	<u>57,720,849</u>	<u>43,771,708</u>	<u>514,917</u>
Liabilities				
Accounts payable	98,276	-	-	-
Accrued liabilities	-	14,433	19,667	1,513
Total liabilities	<u>98,276</u>	<u>14,433</u>	<u>19,667</u>	<u>1,513</u>
Net assets held in trust for pension and health benefits	<u>\$ 160,956,182</u>	<u>\$ 57,706,416</u>	<u>\$ 43,752,041</u>	<u>\$ 513,404</u>

<u>Unemployment Benefits</u>	<u>Total</u>
\$ 477,386	\$ 1,518,713
-	118,602,443
-	2,368,064
-	10,855,541
-	23,062,640
-	17,366,913
-	71,226,326
-	17,950,217
-	49,738
2,016	540,739
479,402	263,541,334
-	98,276
205,339	240,952
205,339	339,228
\$ 274,063	\$ 263,202,106

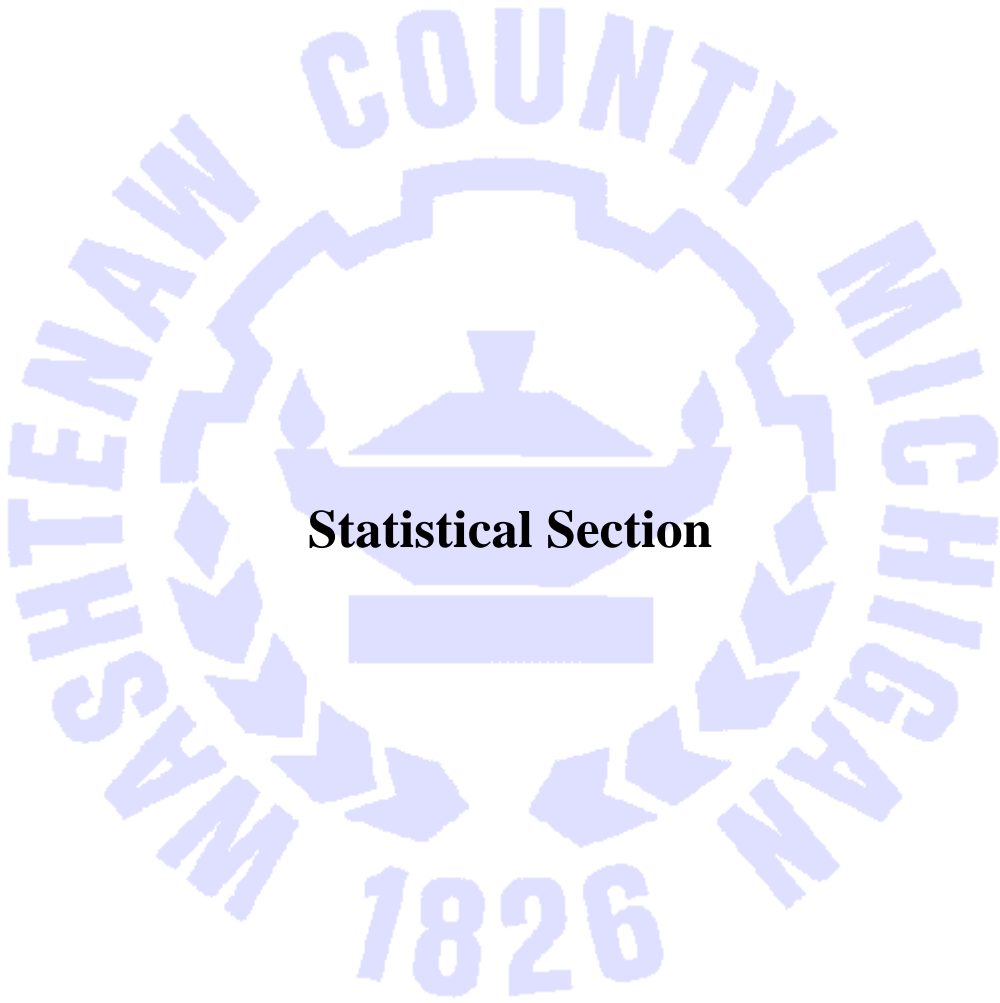
WASHTENAW COUNTY
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2006

	<u>Employees' Retirement System</u>	<u>Money Purchase Pension Plan</u>	<u>Voluntary Employees Beneficiary Association</u>	<u>Severance Benefits</u>
Additions				
Investment income:				
<i>From investing activities:</i>				
Net appreciation in fair value of investments	\$ 10,825,191	\$ 2,954,584	\$ 3,966,835	\$ -
Interest and dividends	5,457,523	2,605,109	998,911	23,446
Investment management fees	(621,679)	-	(228,700)	-
Net income from investing activities	<u>15,661,035</u>	<u>5,559,693</u>	<u>4,737,046</u>	<u>23,446</u>
<i>From securities lending activities:</i>				
Gross earnings	810,525	-	-	-
Borrower rebates	(768,219)	-	-	-
Securities fees	(16,895)	-	-	-
Net income from securities lending activities	<u>25,411</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net investment income	<u>15,686,446</u>	<u>5,559,693</u>	<u>4,737,046</u>	<u>23,446</u>
Contributions:				
Employer	3,845,384	3,552,494	7,855,525	1,139,667
Employees	727,097	3,176,055	-	-
On behalf - federal Medicare Part D subsidy	-	-	180,362	-
Total contributions	<u>4,572,481</u>	<u>6,728,549</u>	<u>8,035,887</u>	<u>1,139,667</u>
Other additions	<u>-</u>	<u>35,645</u>	<u>-</u>	<u>-</u>
Total additions	<u>20,258,927</u>	<u>12,323,887</u>	<u>12,772,933</u>	<u>1,163,113</u>
Deductions				
Participant benefits	13,108,597	2,941,130	4,600,201	1,054,666
Administrative expenses	301,740	130,526	119,657	-
Total deductions	<u>13,410,337</u>	<u>3,071,656</u>	<u>4,719,858</u>	<u>1,054,666</u>
Net additions (deductions) to net assets held in trust	6,848,590	9,252,231	8,053,075	108,447
Net assets held in trust for benefits:				
Beginning of year	<u>154,107,592</u>	<u>48,454,185</u>	<u>35,698,966</u>	<u>404,957</u>
End of year	<u>\$ 160,956,182</u>	<u>\$ 57,706,416</u>	<u>\$ 43,752,041</u>	<u>\$ 513,404</u>

Unemployment Benefits	Total
\$ -	\$ 17,746,610
23,433	9,108,422
-	(850,379)
<u>23,433</u>	<u>26,004,653</u>
-	810,525
-	(768,219)
-	(16,895)
<u>-</u>	<u>25,411</u>
<u>23,433</u>	<u>26,030,064</u>
334,654	16,727,724
-	3,903,152
-	180,362
<u>334,654</u>	<u>20,811,238</u>
<u>-</u>	<u>35,645</u>
<u>358,087</u>	<u>46,876,947</u>
205,339	21,909,933
-	551,923
<u>205,339</u>	<u>22,461,856</u>
152,748	24,415,091
<u>121,315</u>	<u>238,787,015</u>
<u>\$ 274,063</u>	<u>\$ 263,202,106</u>

WASHTENAW COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended December 31, 2006

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance December 31, 2006</u>
<u>Agency Fund</u>				
Assets				
Cash and pooled investments	\$ 24,872,484	\$ 351,781,439	\$ (356,111,060)	\$ 20,542,863
Liabilities				
Undistributed receipts	\$ 24,872,484	\$ 351,781,439	\$ (356,111,060)	\$ 20,542,863



Statistical Section

STATISTICAL SECTION

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

Contents	Page
Financial Trends (schedules 1 thru 5)	118
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity (schedules 6 thru 9)	126
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity (schedules 10 thru 12)	130
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information (schedules 13 and 14)	133
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information (schedules 15 thru 18)	135
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

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

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

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

Source: Washtenaw County Finance Department

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses						
Governmental activities:						
Legislative	\$ 588,623	\$ 638,162	\$ 597,651	\$ 647,373	\$ 722,185	\$ 539,323
Judicial	16,940,482	18,074,212	19,584,218	21,443,309	22,588,152	24,021,026
General government	13,223,113	13,966,388	16,429,079	15,145,084	18,760,566	17,350,638
Public safety	34,060,565	36,228,288	40,927,414	42,748,613	45,341,263	46,907,810
Public works	1,154,023	1,413,125	2,246,625	611,126	608,029	869,372
Health	29,462,897	31,477,846	30,669,892	31,869,261	35,694,857	38,859,023
Social services	20,944,476	22,484,108	21,672,601	22,006,150	26,681,106	30,222,984
Culture and recreation	5,605,340	6,382,489	6,634,291	7,064,861	6,891,231	7,998,879
Other activities	4,642,941	6,062,374	6,088,589	4,036,568	4,336,497	4,506,919
Interest on long-term debt	1,485,302	1,791,363	1,643,952	1,273,833	1,027,653	1,375,511
Total governmental activities expenses	<u>128,107,762</u>	<u>138,518,355</u>	<u>146,494,312</u>	<u>146,846,178</u>	<u>162,651,539</u>	<u>172,651,485</u>
Business-type activities:						
Delinquent tax collection	456,868	489,348	180,046	241,083	591,362	908,669
Property foreclosure	456,868	-	228,598	189,756	314,439	288,376
Brownfield revolving loan	-	-	-	-	-	11,960
Principal residence exemption	-	-	-	-	-	9,968
Total business-type activities expenses	<u>913,736</u>	<u>489,348</u>	<u>408,644</u>	<u>430,839</u>	<u>905,801</u>	<u>1,218,973</u>
Total primary government expenses	<u>129,021,498</u>	<u>139,007,703</u>	<u>146,902,956</u>	<u>147,277,017</u>	<u>163,557,340</u>	<u>173,870,458</u>
Program revenues						
Governmental activities:						
Charges for services:						
Judicial	3,305,460	3,176,945	3,352,989	3,613,380	3,763,939	4,074,640
General government	5,365,352	5,995,338	7,406,625	6,992,302	7,572,808	5,821,567
Public safety	10,363,234	11,449,421	11,049,685	12,141,274	12,110,959	12,021,420
Public works	650,755	1,025,351	187,780	169,811	167,094	184,188
Health	4,260,570	3,627,541	3,279,950	3,504,205	4,716,287	3,227,343
Social services	507,997	1,219,687	359,584	1,195,278	1,031,688	1,042,936
Culture and recreation	2,564,996	2,601,704	2,958,441	2,823,269	3,253,314	3,225,036
Other activities	636,161	724,019	145,126	148,876	150,676	141,646
Operating grants and contributions	42,221,235	46,297,193	52,695,000	53,642,415	60,027,293	61,329,306
Capital grants and contributions	1,218,521	1,091,143	3,473,175	960,689	211,159	76,441
Total governmental activities program revenues	<u>71,094,281</u>	<u>77,208,342</u>	<u>84,908,355</u>	<u>85,191,499</u>	<u>93,005,217</u>	<u>91,144,523</u>
Business-type activities:						
Charges for services:						
Delinquent tax collection	2,600,927	3,435,482	2,563,993	2,398,603	2,636,271	2,896,431
Property foreclosure	-	-	646,920	284,980	412,680	660,333
Principal residence exemption	-	-	-	-	-	9,425
Operating grants and contributions	-	-	-	-	27,424	11,960
Total business-type activities program revenues	<u>2,600,927</u>	<u>3,435,482</u>	<u>3,210,913</u>	<u>2,683,583</u>	<u>3,076,375</u>	<u>3,578,149</u>
Total primary government program revenues	<u>73,695,208</u>	<u>80,643,824</u>	<u>88,119,268</u>	<u>87,875,082</u>	<u>96,081,592</u>	<u>94,722,672</u>
Net (Expense)/Revenue						
Government activities	(56,932,523)	(61,300,153)	(61,585,957)	(61,654,679)	(69,646,322)	(81,506,962)
Business-type activities	<u>2,144,059</u>	<u>2,946,134</u>	<u>2,802,269</u>	<u>2,252,744</u>	<u>2,170,574</u>	<u>2,359,176</u>
Total primary government net expense	<u>(54,788,464)</u>	<u>(58,354,019)</u>	<u>(58,783,688)</u>	<u>(59,401,935)</u>	<u>(67,475,748)</u>	<u>(79,147,786)</u>

Continued...

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

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

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

Source: Washtenaw County Finance Department

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

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

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

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

(modified accrual basis of accounting)

	1997	1998	1999	2000	2001
Revenues					
Taxes	\$ 39,512,285	\$ 41,805,726	\$ 44,620,398	\$ 47,877,830	\$ 50,424,580
Special assessments	-	17,634	33,829	27,043	-
Licenses and permits	2,614,065	3,003,375	3,180,792	2,948,645	3,062,605
Intergovernmental	41,387,272	42,586,141	42,674,681	48,223,102	51,149,556
Charges for services	35,456,534	37,294,079	42,948,659	46,220,352	19,605,316
Fines and forfeits	1,134,481	1,353,128	1,355,827	1,153,337	1,212,956
Investment income	1,363,997	2,530,738	3,232,954	4,871,889	4,098,437
Other revenues	6,715,495	5,777,814	5,196,355	5,032,923	4,190,175
Total revenues	128,184,129	134,368,635	143,243,495	156,355,121	133,743,625
Expenditures					
Legislative	433,125	397,893	402,723	490,648	576,886
Judicial	15,008,775	14,946,849	15,336,297	16,507,494	16,525,671
General government	7,629,256	8,799,555	9,860,291	10,441,919	11,143,730
Public safety	26,668,838	26,570,886	28,211,509	31,702,183	33,799,524
Public works	841,693	928,240	1,031,029	1,361,687	1,146,764
Health	48,767,045	46,990,073	50,169,991	54,118,438	29,038,088
Social services	15,830,425	17,439,105	17,551,932	22,027,437	20,796,935
Culture and recreation	4,122,227	4,538,645	6,074,255	7,507,217	9,190,778
Other activities	2,274,338	1,758,783	1,649,209	2,208,163	2,386,345
Capital outlay	5,285,523	11,243,640	8,057,651	14,253,745	16,120,377
Debt service					
Principal	3,100,000	3,390,000	3,770,000	2,910,000	2,760,000
Interest and fiscal charges	881,784	1,282,761	1,580,054	2,036,028	1,994,044
Bond issuance costs	-	-	-	-	-
Total expenditures	130,843,029	138,286,430	143,694,941	165,564,959	145,479,142
Revenues over (under) expenditures	(2,658,900)	(3,917,795)	(451,446)	(9,209,838)	(11,735,517)
Other financing sources (uses)					
Issuance of bonds	11,276,696	9,625,952	14,786,625	-	-
Issuance of refunding bonds	-	-	-	-	-
Discount on bonds	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-
Transfers in	22,101,769	26,950,055	30,720,493	27,745,642	23,380,841
Transfers out	(18,301,249)	(21,679,908)	(22,622,907)	(22,123,359)	(20,642,934)
Total other financing sources (uses)	15,077,216	14,896,099	22,884,211	5,622,283	2,737,907
Net changes in fund balances	\$ 12,418,316	\$ 10,978,304	\$ 22,432,765	\$ (3,587,555)	\$ (8,997,610)
Debt services as a percentage of noncapital expenditures	3.2%	3.7%	3.9%	3.3%	3.7%

Source: Washtenaw County Finance Department

Schedule 4
UNAUDITED

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 56,462,144	\$ 60,406,712	\$ 82,991,160	\$ 87,864,506	\$ 95,271,757
-	-	-	-	-
3,489,426	3,417,281	3,582,066	3,413,829	2,837,341
55,289,575	55,515,317	53,442,839	56,934,231	57,906,931
20,917,283	23,770,669	23,964,870	27,153,376	24,673,031
1,043,636	1,192,646	1,846,181	1,167,872	1,185,468
2,208,254	1,498,295	1,380,964	2,282,039	3,759,219
4,347,661	7,927,593	5,588,048	5,187,022	5,319,978
<u>143,757,979</u>	<u>153,728,513</u>	<u>172,796,128</u>	<u>184,002,875</u>	<u>190,953,725</u>
630,172	578,996	639,574	642,291	527,328
17,711,346	19,154,639	20,414,926	21,176,406	22,898,849
12,287,273	14,705,178	11,651,589	12,935,801	12,038,575
36,324,964	39,767,190	41,600,021	44,163,259	45,998,323
1,410,098	2,291,765	613,201	600,718	832,179
31,222,165	30,148,915	31,486,496	35,254,194	37,820,725
22,350,481	21,963,095	22,412,894	26,238,219	29,687,409
9,474,501	11,120,549	10,234,930	12,382,181	13,839,071
2,204,195	3,634,853	4,223,737	4,473,369	4,506,919
13,540,717	13,085,312	5,105,824	11,795,834	7,203,937
2,985,000	3,605,000	3,475,000	3,449,476	2,984,476
1,865,201	1,632,341	1,309,370	1,059,088	1,200,251
-	146,459	294,511	235,176	183,585
<u>152,006,113</u>	<u>161,834,292</u>	<u>153,462,073</u>	<u>174,406,012</u>	<u>179,721,627</u>
<u>(8,248,134)</u>	<u>(8,105,779)</u>	<u>19,334,055</u>	<u>9,596,863</u>	<u>11,232,098</u>
3,000,000	-	6,365,000	-	23,750,000
-	8,705,000	7,835,000	11,475,000	-
(52,500)	-	-	-	-
-	-	-	-	236,004
-	151,271	79,167	95,406	-
-	(8,748,421)	(7,857,903)	(11,336,730)	-
26,079,580	24,406,361	39,613,259	44,521,956	48,305,876
(21,747,483)	(21,173,427)	(36,708,800)	(43,308,404)	(46,165,148)
<u>7,279,597</u>	<u>3,340,784</u>	<u>9,325,723</u>	<u>1,447,228</u>	<u>26,126,732</u>
<u>\$ (968,537)</u>	<u>\$ (4,764,995)</u>	<u>\$ 28,659,778</u>	<u>\$ 11,044,091</u>	<u>\$ 37,358,830</u>
<u>3.5%</u>	<u>3.6%</u>	<u>3.4%</u>	<u>2.9%</u>	<u>2.5%</u>

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues					
Taxes	\$ 36,186,668	\$ 38,286,244	\$ 40,865,238	\$ 43,376,837	\$ 45,683,776
Licenses and permits	1,633,865	1,992,862	2,117,549	102,966	129,816
Intergovernmental	8,919,571	9,445,552	9,511,542	10,704,930	11,578,947
Charges for services	9,932,938	11,103,292	11,626,324	12,410,195	13,421,880
Fines and forfeits	1,013,050	1,182,655	1,203,933	1,127,708	1,191,936
Investment income	769,134	1,041,596	1,147,169	1,287,098	1,185,820
Other revenues	632,400	742,603	807,741	914,803	1,003,157
Total revenues	<u>59,087,626</u>	<u>63,794,804</u>	<u>67,279,496</u>	<u>69,924,537</u>	<u>74,195,332</u>
Expenditures					
Legislative	433,125	397,893	402,723	490,648	576,886
Judicial	10,511,302	10,747,283	11,093,975	11,343,377	11,681,080
General government	7,481,046	8,410,232	8,666,643	9,455,488	10,869,970
Public safety	24,236,366	24,669,635	25,931,237	26,689,224	28,509,433
Public works	259,868	223,296	226,578	284,395	274,615
Health	-	-	-	-	1,691,809
Social services	327,285	850,991	851,513	1,055,274	1,001,111
Culture and recreation	572,690	576,621	606,884	643,018	674,524
Other activities	2,274,338	1,758,783	1,649,209	2,208,163	2,386,345
Total expenditures	<u>46,096,020</u>	<u>47,634,734</u>	<u>49,428,762</u>	<u>52,169,587</u>	<u>57,665,773</u>
Revenues over (under) expenditures	<u>12,991,606</u>	<u>16,160,070</u>	<u>17,850,734</u>	<u>17,754,950</u>	<u>16,529,559</u>
Other financing sources (uses)					
Transfers in	2,125,771	2,383,034	94,696	68,475	-
Transfers out	<u>(14,612,927)</u>	<u>(18,109,971)</u>	<u>(17,078,613)</u>	<u>(17,447,274)</u>	<u>(16,223,931)</u>
Total other financing sources (uses)	<u>(12,487,156)</u>	<u>(15,726,937)</u>	<u>(16,983,917)</u>	<u>(17,378,799)</u>	<u>(16,223,931)</u>
Net changes in fund balances	<u>\$ 504,450</u>	<u>\$ 433,133</u>	<u>\$ 866,817</u>	<u>\$ 376,151</u>	<u>\$ 305,628</u>

Source: Washtenaw County Finance Department

Schedule 5
UNAUDITED

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 48,813,596	\$ 52,227,354	\$ 54,883,846	\$ 59,645,096	\$ 66,237,030
111,912	169,388	171,524	161,907	174,530
11,714,821	10,563,759	7,758,214	5,641,139	5,308,246
14,974,369	16,262,412	16,165,713	17,521,139	16,911,965
1,003,693	1,125,425	1,226,872	1,106,638	1,118,938
824,979	612,244	544,005	628,154	1,145,749
790,671	1,084,307	941,153	1,032,874	917,865
<u>78,234,041</u>	<u>82,044,889</u>	<u>81,691,327</u>	<u>85,736,947</u>	<u>91,814,323</u>
630,172	578,996	639,574	642,291	527,328
12,657,027	13,602,187	14,235,820	14,916,715	16,216,012
11,910,251	13,284,578	9,619,781	10,553,533	11,648,323
30,810,238	33,285,150	36,535,457	38,948,971	40,911,096
406,286	402,840	-	-	-
1,732,474	-	-	-	-
1,100,806	1,243,477	1,178,913	1,263,782	1,574,522
709,564	718,738	820,124	628,307	654,343
2,204,195	3,634,853	4,223,737	4,473,369	4,506,919
<u>62,161,013</u>	<u>66,750,819</u>	<u>67,253,406</u>	<u>71,426,968</u>	<u>76,038,543</u>
<u>16,073,028</u>	<u>15,294,070</u>	<u>14,437,921</u>	<u>14,309,979</u>	<u>15,775,780</u>
1,028,662	925,501	4,620,356	6,611,427	6,958,254
<u>(16,837,786)</u>	<u>(16,150,909)</u>	<u>(18,615,493)</u>	<u>(20,481,873)</u>	<u>(22,332,075)</u>
<u>(15,809,124)</u>	<u>(15,225,408)</u>	<u>(13,995,137)</u>	<u>(13,870,446)</u>	<u>(15,373,821)</u>
<u>\$ 263,904</u>	<u>\$ 68,662</u>	<u>\$ 442,784</u>	<u>\$ 439,533</u>	<u>\$ 401,959</u>

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

Year	Assessed Values					Total Assessed Value	Total Actual Estimated Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other	Personal Property			
1997	\$ 5,028,948	\$ 1,482,195	\$ 462,254	\$ 300,034	\$ 949,356	\$ 8,222,787	\$ 16,445,577	5.4967
1998	5,609,646	1,549,552	508,729	311,021	1,002,125	8,981,073	17,962,146	5.4963
1999	6,278,400	1,714,592	557,328	330,014	1,075,064	9,955,398	19,980,896	5.4957
2000	7,047,875	1,903,334	587,548	353,442	1,059,130	10,951,329	21,966,049	5.5197
2001	7,947,075	2,164,528	641,354	352,969	1,085,093	12,191,019	24,472,414	5.4759
2002	8,983,153	2,382,889	757,346	433,528	1,145,185	13,702,101	27,492,263	5.6772
2003	10,017,580	2,652,147	804,851	478,542	1,092,571	15,045,691	30,196,516	5.6186
2004	11,016,278	2,820,335	848,380	533,236	1,096,757	16,314,986	32,758,847	5.5819
2005	11,886,410	3,106,081	885,397	564,140	1,092,596	17,534,624	35,184,135	5.5493
2006	12,712,166	3,278,326	912,147	559,299	1,083,615	18,545,553	37,208,917	5.5024

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

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

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

		<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
County direct rates											
Operation		\$ 4.83	\$ 4.83	\$ 4.83	\$ 4.80	\$ 4.76	\$ 4.72	\$ 4.67	\$ 4.64	\$ 4.61	\$ 4.57
County imposed and debt		-	-	-	-	-	-	0.49	-	-	-
Special voted		0.67	0.67	0.67	0.72	0.72	0.96	0.46	0.94	0.94	0.93
Total direct rate		<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.52</u>	<u>5.48</u>	<u>5.68</u>	<u>5.62</u>	<u>5.58</u>	<u>5.55</u>	<u>5.50</u>
Overlapping rates											
Cities:											
Ann Arbor		16.80	17.22	17.31	17.13	17.13	17.00	16.87	16.90	16.90	16.82
Chelsea		16.84	16.70	16.61	16.54	13.45	13.41	12.80	13.21	12.48	13.21
Milan		14.75	14.75	14.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75
Saline		14.30	13.80	12.30	10.00	10.00	9.96	10.96	12.95	13.72	15.53
Ypsilanti		24.60	24.60	24.60	24.60	24.46	27.37	27.41	28.28	27.92	29.03
Townships (average)	(A)	2.57	2.55	2.55	2.54	2.62	2.72	2.80	2.77	2.97	3.07
Villages (average)	(B)	14.26	15.02	14.85	14.15	13.46	13.29	13.23	13.18	12.95	9.77
School districts (average)	(C)	29.47	29.21	29.72	29.82	30.15	30.16	30.15	29.39	30.22	29.77
Intermediate school district		3.43	3.43	3.32	3.16	3.13	3.11	3.07	3.46	4.04	4.00
Community college		2.93	3.90	4.10	4.03	3.99	3.97	3.86	3.83	3.77	3.72
 (A) - Rates range from:											
Low		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
High		10.04	10.04	10.04	9.79	9.75	9.75	10.12	9.66	10.53	10.40
(B) - Rates range from:											
Low		10.25	10.25	10.05	10.00	10.00	10.00	10.00	10.00	10.00	10.00
High		16.84	16.89	16.69	16.54	15.74	15.30	15.67	15.27	15.28	15.39
(C) - Rates range from:											
Low		23.10	22.90	25.30	25.16	25.29	25.93	25.26	24.17	23.38	25.26
High		36.70	39.97	35.36	39.65	38.76	41.35	34.30	32.65	33.65	36.48

Source: Washtenaw County Finance Department

Note: Chelsea became a city in 2006; it formerly was a village.

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

Taxpayer	2006			1997		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
Pfizer Global Research	\$ 268,044,317	1	1.58%	\$ -	-	-
Ford Motor Company/Visteon	174,686,103	2	1.16%	185,100,450	2	2.62%
General Motors	157,131,010	3	1.04%	267,404,090	1	3.79%
Detroit Edison	121,688,092	4	0.78%	106,555,347	3	1.51%
McKinley Associates	77,894,538	5	0.78%	-	-	-
Briarwood Complex	71,827,402	6	0.44%	51,828,300	6	0.73%
Domino's	61,991,256	7	0.37%	40,921,620	7	0.58%
Michigan Consolidated Gas	70,793,701	8	0.50%	89,379,320	5	1.27%
Toyota	51,936,349	9	0.31%	31,259,200	9	0.44%
Daimler Chrysler	37,802,519	10	0.26%	23,520,000	10	0.33%
Hyundia	34,817,203	11	0.26%	-	-	-
Meijer Incorporated	21,189,522	12	0.23%	14,087,100	15	0.19%
Arborland LLC	29,604,200	13	0.12%	-	-	-
NSK Corp	27,679,022	14	0.20%	31,313,900	8	0.44%
Comcast/Media One	26,246,267	15	0.15%	-	-	-
Consumer Power	22,603,249	16	0.14%	18,549,435	12	0.26%
Lake in the Woods	-	-	-	14,600,000	14	0.21%
Parke-Davis	-	-	-	98,078,100	4	1.39%
Johnson Controls Inc.	-	-	-	19,496,100	11	0.28%
Catherine McAuley, St. Joseph	-	-	-	15,123,730	13	0.21%
	<u>\$ 1,255,934,750</u>		<u>8.32%</u>	<u>\$ 1,007,216,692</u>		<u>14.25%</u>

Source: Washtenaw County Equalization Department.

Note: Assessed value based on 2005.

WASHTENAW COUNTY
Property Tax Levies and Collections
Last Ten Years

<u>Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Subsequent Years Collections</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
1997	\$ 40,761,846	\$ 38,703,199	94.95%	\$ 1,945,179	\$ 40,648,378	99.72%
1998	43,164,015	40,920,859	94.80%	2,114,270	43,035,129	99.70%
1999	46,135,320	43,673,258	94.66%	2,243,851	45,917,109	99.53%
2000	49,444,080	47,151,623	95.36%	2,133,910	49,285,533	99.68%
2001	52,181,561	49,523,726	94.91%	2,350,685	51,874,411	99.41%
2002	58,269,004	55,501,885	95.25%	2,417,213	57,919,098	99.40%
2003	62,459,717	59,400,607	95.10%	2,586,635	61,987,242	99.24%
2004	65,676,479	62,650,121	95.39%	2,622,050	65,272,171	99.38%
2005	69,669,724	66,173,312	94.98%	3,031,443	69,204,755	99.33%
2006	73,894,038	70,780,578	95.79%	2,852,695	73,633,273	99.65%

Source: Washtenaw County Treasurer's Office

WASHTENAW COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Bonded Debt Outstanding			% of Personal Income	% of Total Assessed Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
1997	\$ 26,150,000	\$ -	\$ 26,150,000	0.28%	0.32%	\$ 87.31
1998	32,550,000	-	32,550,000	0.33%	0.36%	107.50
1999	39,120,000	-	39,120,000	0.37%	0.39%	127.81
2000	40,920,000	-	40,920,000	0.35%	0.37%	126.73
2001	38,160,000	-	38,160,000	0.32%	0.31%	115.88
2002	37,690,000	-	37,690,000	0.31%	0.28%	112.73
2003	35,035,000	-	35,035,000	0.27%	0.23%	103.48
2004	38,120,000	-	38,120,000	0.28%	0.23%	112.52
2005	35,615,000	-	35,615,000	0.27%	0.20%	103.76
2006	56,400,000	-	56,400,000	0.42%	0.30%	163.31

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2006

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
Direct debt			
General obligation tax notes	\$ 12,000,000	\$ 12,000,000	\$ -
Building authority bonds	56,400,000	-	56,400,000
Notes payable	253,182	-	253,182
Drain bonds and notes	7,003,256	6,367,780	635,476
Public Works - water and sewer debt	37,452,279	37,452,279	-
County Road Commission debt	2,085,000	2,085,000	-
	<u>\$ 115,193,717</u>	<u>\$ 57,905,059</u>	<u>57,288,658</u>
Overlapping debt			
School districts			873,167,615
Cities			158,029,747
Townships			82,316,117
Villages			7,495,000
Intermediate school district			49,525
Community colleges			65,463,215
Library			<u>30,759,962</u>
Net overlapping debt			<u>1,217,281,181</u>
Net direct and overlapping debt			<u>\$ 1,274,569,839</u>

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

WASHTENAW COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2006

Assessed value	\$ 18,545,533,160
Debt limit (10% of assessed value)	\$ 1,854,553,316
Debt applicable to limit - general obligation bonds	115,193,717
Legal debt margin	\$ 1,739,359,599

	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
1997	\$ 822,278,851	\$ 78,108,793	\$ 744,170,058	9.50%
1998	898,107,280	81,807,890	816,299,390	9.11%
1999	995,539,887	91,858,434	903,681,453	9.23%
2000	1,095,132,936	87,063,154	1,008,069,782	7.95%
2001	1,219,101,814	93,087,172	1,126,014,642	7.64%
2002	1,370,210,183	100,449,507	1,269,760,676	7.33%
2003	1,504,569,055	95,545,110	1,409,023,945	6.35%
2004	1,631,498,572	101,955,812	1,529,542,760	6.25%
2005	1,753,462,361	93,014,742	1,660,447,619	5.30%
2006	1,854,553,316	115,193,717	1,739,359,599	6.21%

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1997	299,503	\$ 9,251,319	\$ 29,998	2.0%
1998	302,787	9,994,082	31,971	1.8%
1999	306,073	10,710,960	33,654	1.6%
2000	322,895	11,541,043	35,594	2.4%
2001	329,308	11,774,476	35,867	2.9%
2002	334,351	12,232,147	36,794	3.6%
2003	338,562	12,869,105	38,323	4.1%
2004	338,782	13,391,280	39,528	4.2%
2005	343,252	13,391,280 (a)	39,013	4.2%
2006	345,357	13,391,280 (a)	38,775	4.4%

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

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

WASHTENAW COUNTY
Principal Employers
Curent Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
University of Michigan	15,877	1	8.59%	14,759	1	9.00%
University of Michigan Hospitals	12,267	2	6.64%	7,151	2	4.36%
Trinity Health	4,610	3	2.49%	-		0.00%
General Motors	4,500	4	2.43%	6,400	4	3.90%
Ford Motor Company	4,439	5	2.40%	6,807	3	4.15%
Pfizer Inc.	2,500	6	1.35%	-		0.00%
U.S. Government	2,090	7	1.13%	2,633	7	1.60%
Ann Arbor Public Schools	2,000	8	1.08%	1,899	9	1.16%
Eastern Michigan University	1,973	9	1.07%	1,800	10	1.10%
State of Michigan	1,742	10	0.94%	2,110	8	1.29%
Washtenaw County	1,381	11	0.75%	1,300	11	0.79%
Borders Group	1,300	12	0.70%	1,050	12	0.64%
LaSalle Bank Midwest N.A.	977	13	0.53%	-		0.00%
City of Ann Arbor	820	14	0.44%	950	14	0.58%
DTE Energy Co.	810	15	0.44%	-		0.00%
ProQuest Co.	800	16	0.43%	-		0.00%
Ypsilanti Public Schools	680	17	0.37%	650	17	0.40%
Chelsea Community Hospital	661	18	0.36%	-		0.00%
Chrysler Corporation	629	19	0.34%	576	19	0.35%
NSK Americas Corp.	500	20	0.27%	-		0.00%
Visteon Corporation	500	21	0.27%	-		0.00%
U.S. Postal Service	488	22	0.26%	-		0.00%
Edwards Brothers Inc.	425	23	0.23%	-		0.00%
Domino's Pizza Inc.	410	24	0.22%	650	16	0.40%
Kroger Co. - Great Lakes Division	383	25	0.21%	-		0.00%
Mercy Health Services, Inc.	-		0.00%	4,697	5	2.86%
St. Joseph Mercy Health System	-		0.00%	4,038	6	2.46%
UMI Inc.	-		0.00%	960	13	0.59%
Parke-Davis Pharmaceutical	-		0.00%	942	15	0.57%
NSK Corp.	-		0.00%	585	18	0.36%
Gelman Sciences Inc.	-		0.00%	543	20	0.33%
	<u>62,762</u>		<u>33.96%</u>	<u>60,500</u>		<u>36.87%</u>

Source: Washtenaw County Equalization Department.

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

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Legislative										
Board of Commissioners	15.0	15.0	15.0	15.0	15.0	15.0	11.0	11.0	11.0	11.0
Judicial										
Circuit Court	26.1	23.1	23.5	24.5	24.5	25.8	25.8	29.9	28.7	25.7
District Court	48.6	48.6	48.6	48.6	48.6	48.3	48.3	44.0	44.0	47.0
Friend of the Court	54.0	54.0	57.0	56.0	56.0	57.0	57.0	58.0	58.0	60.0
Probate Court - Estates	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	10.0
Probate Court - Juvenile	35.0	34.5	35.5	35.5	35.5	35.5	35.5	28.9	28.9	25.3
Community Corrections	-	-	-	6.0	7.0	7.0	7.0	7.0	7.0	9.0
Public Defender	19.0	19.0	19.0	20.0	21.0	22.0	22.0	22.0	21.0	21.0
General Government										
County Administration	4.0	4.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Corporation Counsel	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.5	1.5	1.5
Budget	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Finance	29.0	28.0	27.5	27.5	27.5	22.8	23.8	22.5	20.5	20.5
Information & Tech Systems	31.0	34.0	37.0	43.0	45.0	42.0	46.0	35.0	34.0	34.0
Equalization	13.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	13.0	14.0
Human Resources	8.3	9.3	10.3	10.3	10.3	10.3	10.3	8.0	8.0	8.0
Clerk/Register	44.3	42.5	44.5	46.5	46.5	51.5	51.5	50.5	50.5	50.5
Treasurer	12.5	12.0	12.0	13.5	13.5	13.5	13.5	13.5	11.5	11.5
Drain Commissioner	11.0	16.0	17.0	19.0	22.0	22.0	22.0	23.0	21.0	21.0
Planning	6.0	6.0	8.0	9.0	9.0	13.8	13.8	12.6	18.3	-
WSC Customer Support Unit	-	-	-	-	-	-	-	-	15.0	15.0
Planning & environment - all divisions	-	-	-	-	-	-	-	-	54.8	54.8
Risk Management	0.8	0.8	0.8	0.8	0.8	-	-	-	-	-
Facilities Management	56.5	56.5	47.0	48.0	48.0	43.0	41.0	39.0	34.0	34.0
Public Safety										
Prosecuting Attorney	39.8	39.8	43.3	45.0	45.0	47.0	47.0	49.0	49.0	50.0
Sheriff	265.0	265.0	282.0	289.0	290.0	281.0	281.0	284.0	276.0	285.0
Building Inspection/Services	17.9	19.9	24.9	28.4	28.4	28.1	28.1	15.0	15.0	-
Emergency Management	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Works										
Public Works	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0	-	-
Health										
Environmental Health	42.6	43.6	44.6	48.9	48.1	47.8	45.3	43.0	-	-
Public Health	74.2	75.2	75.6	80.0	88.2	90.2	86.2	67.9	67.9	66.8
Community Support & Treatment Services	280.2	274.2	274.2	257.2	265.1	271.1	271.1	231.8	231.8	261.3
Washtenaw Health Plan	-	-	-	-	-	-	4.0	4.0	4.0	3.0
Washtenaw Community Health Organization	-	-	-	-	50.1	50.1	50.1	60.2	60.2	70.2
Social Services										
Child Care - Family Court	9.3	9.3	8.5	8.5	12.5	12.5	12.5	12.7	12.8	13.9
Child Care - Detention	26.0	26.0	25.6	33.1	34.7	34.7	40.7	29.6	29.6	30.2
Child Care - Day Program	10.0	8.0	10.0	12.0	10.7	10.7	13.7	11.9	11.9	11.3
Child Care - Children's Well-Being	1.0	2.0	1.5	1.5	0.1	0.1	0.1	0.1	0.1	0.1
Veterans Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
ETCS	81.0	66.7	66.7	26.4	26.4	21.9	21.9	18.4	18.4	19.4
Head Start	-	-	-	40.3	51.8	40.0	36.0	36.5	36.5	37.5
Community Development	-	-	-	-	-	-	-	4.0	4.0	4.0
Culture & Recreation										
Parks & Recreation	31.0	29.0	32.0	32.0	33.8	33.8	33.8	34.0	34.0	33.0
Library	4.5	4.5	6.0	6.5	6.5	7.0	7.0	7.0	6.0	6.0
County Extension	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	1.0	1.0
Total	1,329.0	1,312.9	1,349.1	1,383.8	1,473.4	1,457.4	1,458.9	1,364.2	1,364.7	1,383.3

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Sheriff:										
Number of incidents	-	-	-	57,744	61,433	56,942	54,644	53,266	52,479	53,279
Number of crash reports	-	-	-	7,624	7,499	4,656	4,703	4,339	4,273	6,611
Number of arrests	-	-	-	2,977	2,921	2,900	2,648	2,509	2,306	1,127
Number of bookings	-	-	-	-	7,833	8,419	8,093	7,135	6,969	6,993
Public Works										
Centerline miles of road maintained	1,546	1,554	1,565	1,570	1,580	1,582	1,594	1,603	1,612	1,624
Health										
Public Health:										
Vaccines administered	41,967	43,127	36,710	33,132	37,535	41,642	44,971	40,410	54,143	46,454
Number of monthly participants	4,831	4,038	4,090	3,443	4,125	4,522	4,559	4,667	4,580	4,660
Culture & Recreation										
Parks & Recreation:										
Recreation center participation	297,495	293,214	299,416	322,087	368,221	395,190	414,354	363,709	367,581	370,696
Aquatic center participation	65,869	82,818	77,155	62,647	88,409	89,343	77,195	75,127	107,403	104,453
Rounds of Golf	52,196	55,073	52,322	52,750	43,273	40,816	39,249	39,169	37,591	37,049
Boat Rental	827	864	673	738	744	904	541	652	734	602
Library:										
Total circulation	36,344	61,126	49,192	35,134	39,876	41,032	43,953	41,753	40,059	41,417
Registered individuals	986	1,241	1,165	1,161	1,223	1,251	1,298	1,317	1,348	1,247
Walk-In	868	867	920	853	1,020	950	852	968	1,156	1,092
Telephone calls	3,886	4,506	4,499	4,147	4,727	4,173	3,611	3,523	3,278	3,646

Source: Washtenaw County Finance Department

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

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Corrections facility capacities	285	285	336	332	398	356	332	332	332	332
Vehicle patrol units:										
Police service automobiles	100	100	50	60	60	82	82	85	85	85
Animal control	-	-	-	-	-	1	1	2	2	2
Marine safety	-	-	-	-	-	2	6	2	2	2
Jail	-	-	-	-	-	16	16	17	17	17
Motorcycles	-	-	-	-	-	5	12	12	12	12
Parks and recreation										
Parks:										
County	12	12	13	13	13	13	13	13	13	13
Natural areas	-	-	-	-	-	-	6	6	6	10
Park acreage:										
Parkland	1,117	1,117	1,158	1,256	1,376	1,376	1,438	1,438	1,647	1,762
Natural areas	-	-	-	-	-	-	438	715	780	980
Picnic areas	11	11	12	12	12	19	19	19	19	19
Historic sites	1	1	2	2	2	2	2	2	2	2
Buildings:										
Log cabins	-	-	-	-	-	-	-	-	1	1
County recreation center	1	1	1	1	1	1	1	1	1	1
Fishing structures	3	3	4	4	4	3	3	3	3	3
Pavilions	5	5	6	6	6	11	11	12	12	12
Concession	-	-	-	-	-	-	-	3	3	3
Multi-purpose	-	-	-	-	-	-	-	2	2	2
Nature cabin	1	1	1	1	1	1	1	1	1	1
Swimming beach areas	2	2	2	2	2	2	2	2	1	1
Swimming pools (in/out)	-	-	-	-	-	2	2	2	1	1
Golf Courses:										
18 hole course	1	1	1	1	1	1	1	1	1	1
18 hole disc course	-	-	-	-	-	-	-	1	1	1
Trails:										
Nature	7	7	7	7	13	7	7	9	9	9
Exercise	-	-	-	-	1	1	1	1	1	1
Multiuse	-	-	-	-	1	8	8	8	8	8
Playgrounds	-	-	-	-	-	6	6	6	6	7
Water Areas:										
Water parks	1	1	1	1	1	1	1	1	1	1
Spray play feature	-	-	-	-	1	3	3	3	3	3
Lazy river ride	-	-	-	-	-	-	-	1	1	1
Public works										
Centerline miles of county roads:										
Federal and State	180	180	180	180	180	180	180	180	576	576
Primary	517	520	520	521	529	529	529	542	586	587
Local	1,005	1,020	768	768	758	758	756	743	703	704
Subdivision	-	-	-	-	282	282	296	308	323	333

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2006

<u>Type of Coverage</u> <u>Name of Company</u>	<u>Policy Period</u>	<u>Premium</u>	<u>Description</u>
Genesis Insurance Company	10/1/06-10/1/07	\$ 587,532	Auto, general and police legal liability of the County for bodily injury, property damage and personal injury. Limit \$5,000,000 per occurrence and \$5,000,000 aggregate. Occurrence form; \$250,000 self insured retention.
Buildings and Contents CHUBB Insurance Co.	10/1/06-10/1/07	125,172	All risk coverage on buildings and contents at replacement cost. \$142,209,444 limit \$250,000 deductible per occurrence (includes burglary). Includes perils from flood and earthquake.
Inland Marine Coverage	10/1/06-10/1/07	Included	Covers scheduled portable equipment consisting of radio and video equipment, boats and trailers, etc. All risk coverage.
Data Processing Coverage	10/1/06-10/1/07	Included	Covers data processing equipment, media and extra expense. Limit \$500,000 per occurrence.
Employee Benefit Liability	10/1/06-10/1/07	Included	Policy limit \$1,000,000 covers employees, prospective employees, former employees, or their beneficiaries, for damages sustained in the administration of employee benefits programs.
Great American Ins. Co.	10/1/06-10/1/07	10,964	Covers loss to the County caused by dishonesty or fraudulent act of an employee or failure to faithfully perform the duties or the position. Limit \$5,000,000 with \$10,000 loss deductible. All County employees covered. Public Employee Blanket Bond.
Public Officials Genesis Insurance Company	10/1/06-10/1/07	Included	Policy limit \$5,000,000 subject to \$250,000 deductible covers liability for wrongful acts, claims made form, duty to defend.
Professional Liability Hudson Insurance Co.	10/1/06-10/1/07	174,622	Covers Public Health and Mental Health operations (includes doctors) \$1,000,000 each medical incident. Deductible of \$250,000 does not include defense costs.
Boiler Machinery Policy	10/1/06-10/1/07	Included	Covers boilers and air conditioning units, broad form basis (except cast iron), including repair and/or replacement on most objects. \$1,000 deductible.
Lawyers Professional Lloyds/National Legal Aid and Defender Association	10/1/06-10/1/07 3/1/06-3/1/07	2,070 15,307	Covers Employee related issues in Public Defender's Office. Professional liability limit \$1,000,000. Disciplinary proceedings limit \$5,000. Also covers Labor Relation Attorney and Corp Counsel. Personal injury \$1,000,000/1,000,000. Disciplinary proceeding \$10,000. Subject to deductible.

Continued...

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2006

<u>Type of Coverage</u> <u>Name of Company</u>	<u>Policy Period</u>	<u>Premium</u>	<u>Description</u>
Short-Term Bond Burnham & Flower of Michigan The Hartford	7/01/06-03/31/07	33,412	Bond was based on 40% of the tax levy for the County, schools and SET (State Education Tax). County is reimbursed for approximately 95% of the cost of the bond.
Judicial Liability Complete Equity Market	10/1/06-10/1/07	33,633	Covers 20 Judges, Magistrates and referees \$1,000,000 liability coverage per claim. \$2,500 deductible.
Federal Insurance Companies	10/1/06-10/1/07	11,000	Fiduciary Liability Policy for Washtenaw County covering the VEBA, MPPP and WCERS Systems with limits of \$3,000,000.
Zurich US Insurance Group	10/1/06-10/1/07	525	Provide insurance coverage for underground storage tanks with limits of \$1,000,000.
Workers' Compensation BROADSPIRE	02/01/06-02/01/07	41,129	TPA for Claims Service.
Safety National	02/01/06-02/01/07	43,833	Statutory specific excess insurance above a \$375,000 retention.
Long-Term Disability Unum Provident	Monthly	Varies	Covers all full-time regular employees. Choice of coverage is 50%, 60%, or 66 and 2/3% of monthly salary with varying elimination periods. Also covers part-time MNA employees basic coverage only
Traditional with Master Medical (MM50) Blue Cross/Blue Scheild	Monthly	Varies	Basic and Master Medical Comprehensive medical care coverage including emergency care, some out-patient treatment, and prescription co-pay. Annual deductible of \$50 (\$100 family) on Master Medical Benefits.
Comprehensive Major Medical (CMM 250) Blue Cross/Blue Shield	Monthly	Varies	A cost-sharing comprehensive medical care plan including emergency care, some out-patient treatment, prescription co-pay, and annual deductible of \$250 (\$500 family) on all covered benefits.
Dental Delta Dental Core Plan	Monthly	48.83	100% basic dental, 50% other services, 50% Prosthodontics and Orthodontic services, \$750 annual limit, \$1,000 lifetime for Orthodontic services.
Dental Delta Dental Retiree Plan	Monthly	61.36	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	Monthly	100.09	100% basic dental, 80% other services, including sealants, 50% Orthodontics services, \$1,000 annual limit and \$1,750 lifetime for Orthodontics.
Life Insurance Unum Provident	Monthly	Varies	Covers death of employee and/or AD&D. All full-time employees with choice of coverage equal to 1 X annual salary up to 50K, 2 X annual salary up to 100K, or 3 X annual salary up to 150K. MNA Employee basic coverage (coverage up to 50K or 1 X annual salary)

Continued...

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2006

Type of Coverage Name of Company	Policy Period	Premium	Description
Vision Care Blue Cross/Blue Shied/ Vision Service Plan (VSP)	Monthly	Varies	Vision Care option pays for certain vision care tests and supplies when obtained from a participating provider after County employee pays the provider the required co-payment amount.
Care Choices Catherine McAuley	01/01/06-12/31/06	Varies	HMO offers primary care physicians, network hospitals, affiliated pharmacies and laboratories and other providers within the particular HMO network. The employee is responsible for the co-pay amounts at the time of service. All claims are handled directly between the HMO and service provider.
M-Care University of Michigan Hospital	01/01/06-12/31/06	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.

