



# Popular Annual Financial Report Year Ended December 31, 2010



Prepared by the Finance Department  
Kelly L. Belknap, Director

# Washtenaw County Principal Officials

At December 31, 2010

## Board of Commissioners

Rolland Sizemore Jr., Chair (District 5)

Barbara Levin Bergman (8)  
Leah Gunn (9)  
Jeff Irwin (11)  
Kristin Judge (7)  
Mark Ouimet (1)

Ronnie Peterson (6)  
Jessica Ping (3)  
Wes Prater (4)  
Ken Schwartz (2)  
Conan Smith (10)

## 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

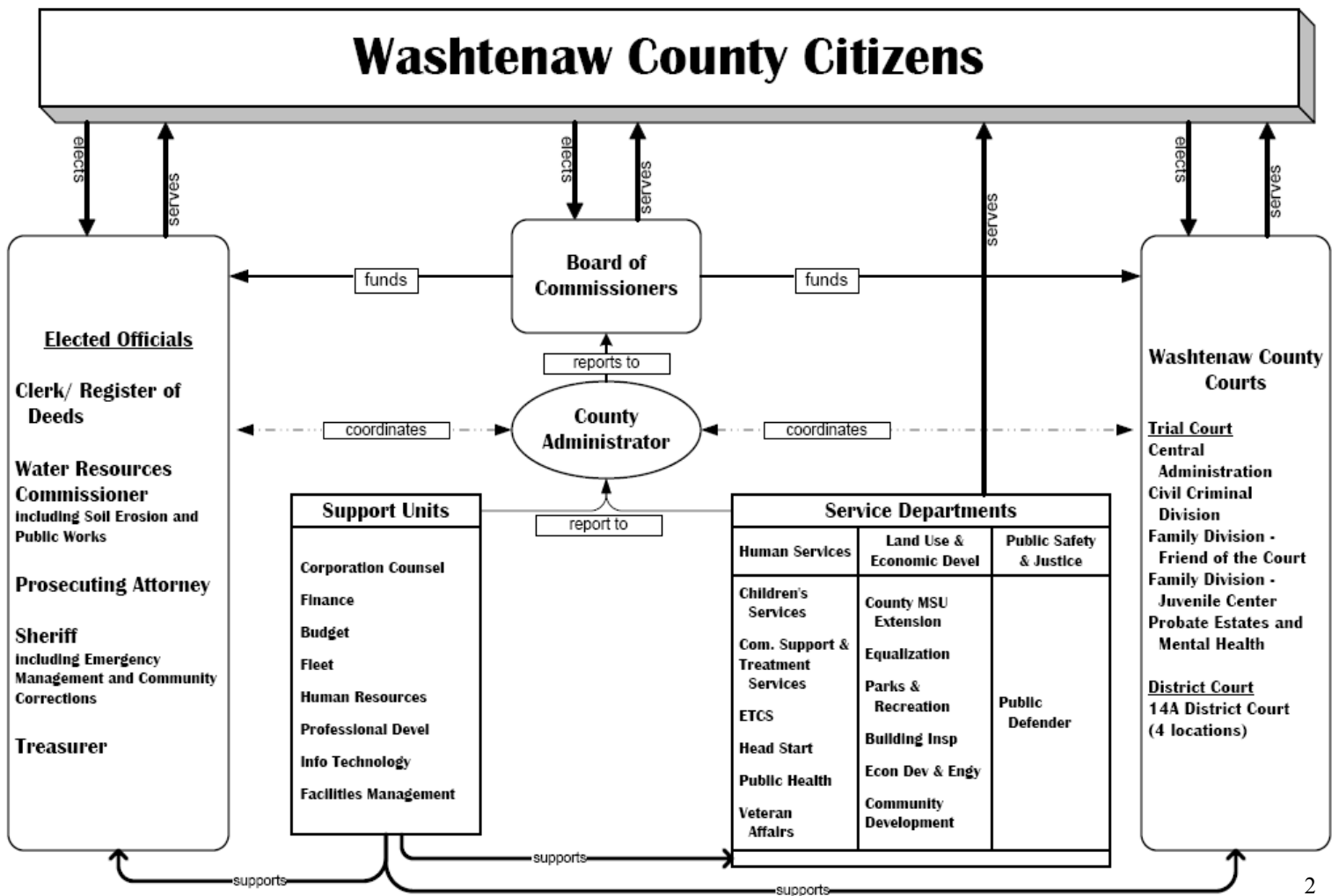
Water Resources Commissioner  
Janis A. Bobrin

Prosecuting Attorney  
Brian Mackie

Sheriff  
Jerry L. Clayton

Treasurer  
Catherine McClary

County Administrator  
Verna J. McDaniel



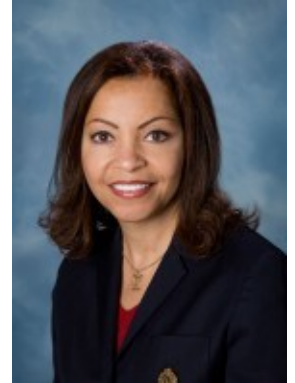


# COUNTY ADMINISTRATOR

220 NORTH MAIN STREET, P.O. BOX 8645  
ANN ARBOR, MICHIGAN 48107-8645  
<http://www.ewashtenaw.org>

**April 21, 2011**

## **To the Citizens of Washtenaw County:**



I am pleased to present the Washtenaw County Citizen's Annual Financial Report for the fiscal year ended December 31, 2010. This type of financial report is called a Popular Annual Financial Report (PAFR). This is Washtenaw County's fifth publication of a PAFR.

Each year the County of Washtenaw publishes a document called the Comprehensive Annual Financial Report (CAFR). The CAFR is comprised of 156 pages of detailed financial statements, note disclosures, supplemental schedules, and statistical tables. The CAFR contains financial statements for the County, which are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the standards and guidelines set by the Governmental Accounting Standards Board. The CAFR also includes an independent auditor's report which states that the information contained in the financial statements has been audited by the firm, and with reasonable assurance, the financial information is complete, presented accurately, and in the correct format. To meet GAAP requirements, much of the information in the report is technical and complex, resulting in a document that is not very user friendly for the average person.

The information presented here has been taken from the Washtenaw County Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. This Popular Annual Financial Report has been prepared to provide a less technical discussion of County finances. The PAFR is presented in terms of governmental activities which includes all the County's basic services: legislative, judicial, general government, public safety, public works, health, social services, culture and recreation, and interest on debt. Property taxes, intergovernmental revenue for operating grants and contributions, and charges for services finance most of these activities. In addition, it also includes a brief discussion of County programs and initiatives. Hopefully, this document will help Washtenaw's residents gain a better understanding of County government. It is not intended to replace the CAFR, which is available on the County Website (<http://www.ewashtenaw.org/government/departments/finance/cafr/2010/cafr-2010.pdf>).

Verna J. McDaniel, County Administrator

# Board of Commissioners and District Map of Washtenaw County, Michigan



## MISSION:

**To represent the citizens of Washtenaw County and to be responsible for all County services.**

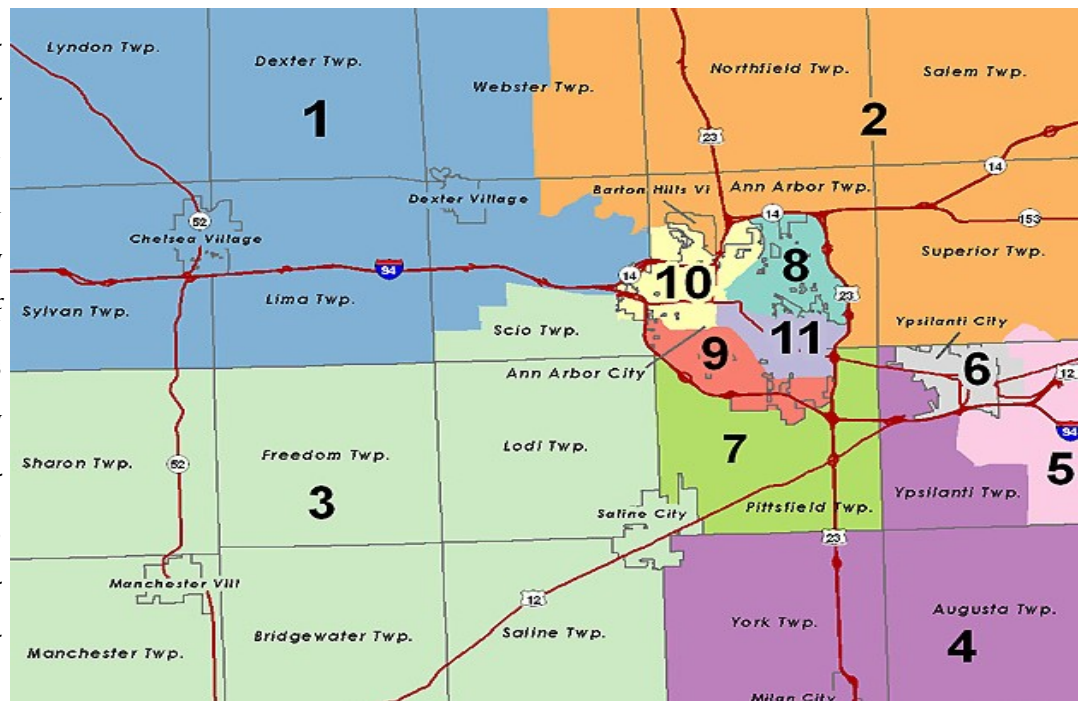
Back Row: Conan Smith (10), Jessica Ping (3), Ken Schwartz (2), Ronnie Peterson (6)

Middle Row: Leah Gunn (9), Jeff Irwin (11), Barbara Levin Bergman (8), Wesley Prater (4)

Front Row: Mark Ouimet (1), Rolland Sizemore, Jr. (5) Kristin Judge (7)

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 2010 population of 347,699. Sixty-three percent of the County's population resides in four main areas. Its major cities are Ann Arbor and Ypsilanti, with estimated populations of 109,346 and 19,419, respectively. The County's two largest townships are Ypsilanti and Pittsfield, with estimated populations of 53,037 and 37,224, 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 prop-

erty tax, the primary source of funding, on both real and personal property located within its boundaries. 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, there are fifteen elected officials serving the County in judicial, administrative, or staff officer roles.



## Local Economy

Washtenaw County's economy remains stable. Only 2 of its top 20 employers are automotive related. The major employers in the County are in the higher education, health care, and federal, state and local government fields. Businesses located in the County include alternative energies, automotive research, development and manufacturing, homeland security and defense, information technology, life sciences and health care, optics and sensors, and printing and publishing. In addition, many high quality educational institutions, most notably the University of Michigan and Eastern Michigan University, and world class healthcare facilities are located within our borders. County government also is a significant economic presence thanks to the vast array of services provided by over 1,300 employees. The innovative-based economy in the County is thriving.



Washtenaw County provides a full range of services in the following service area groups: civic infrastructure, economic development, emergency preparedness and response, health and human services, land use and environment, public safety and justice, and support services. The County is responsible for the management and financing of these operations. Other services are provided through legally separate entities: Washtenaw County Building Authority, Department of Public Works Projects, Water Resources Commissioner, Hazardous Material Response Team Authority, Brownfield Redevelopment Authority and Road Commission.

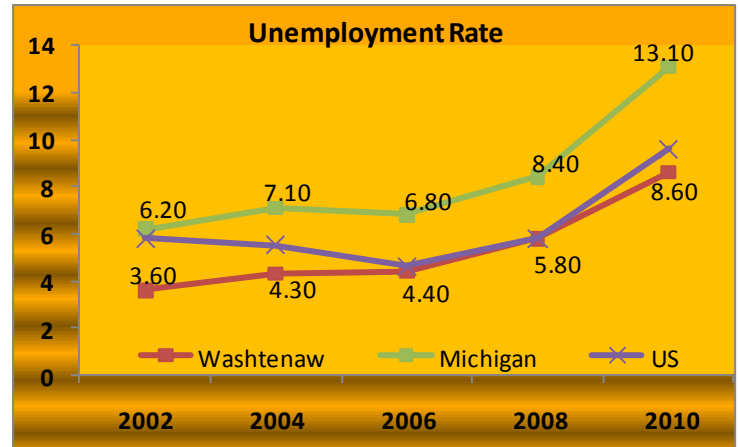
Not only are new businesses being recruited to the region, but existing businesses are being offered information and services to continue operating through the economic crisis. As existing businesses face the uncertainties and risks in the current recession, there is assistance available to face the



challenges at hand. A number of Washtenaw County organizations have teamed up to provide programs that can help businesses develop, diversify, find efficiencies, locate financing, attract talent and pursue tax incentives. One of the most important things to be done to help the community is by helping employers thrive during tough economic times.

## Unemployment

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



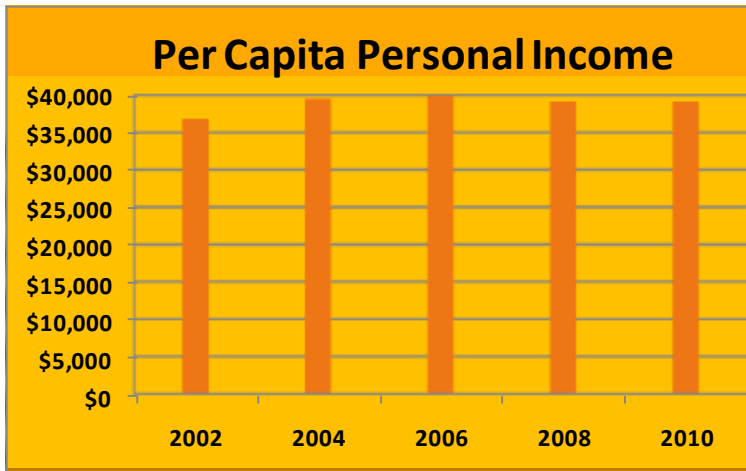
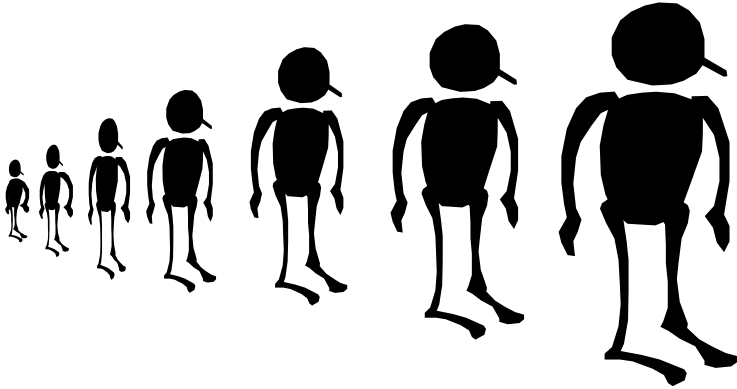
*This data is derived from the County's 2010 Comprehensive Annual Financial Report.*

Because of its location in a region with a varied economic base, unemployment has been consistently below the state average, currently at 13.1%, and is also below the national average, currently at 9.6%. During the last decade, the unemployment rate has increased from a decade low of 2.9% (2001). Although Washtenaw County has one of the healthiest economies in the state, manufacturing layoffs and job losses in trade, transportation, and utilities, as well as pharmaceutical research and development affected the local unemployment rate. Since 2001, the unemployment rate steadily rose to a decade high and current rate of 8.6% (2010).

Washtenaw County has an impressive labor market environment. The County offers special opportunities to employers seeking a knowledge-based work force. Availability in most occupations is good, the quality of the workforce in terms of productivity, work ethic and basic skills is highly rated by area employers, and the education levels of the workforce are among the highest in the country. In addition, there is a sizable pool of well-educated residents who are not in the labor market but would be available for employment given the right opportunity. Meanwhile, the County is one of the nation's top five centers of the "Young and Educated", a population group that is in high demand by employers seeking a creative workforce.

## Population Growth

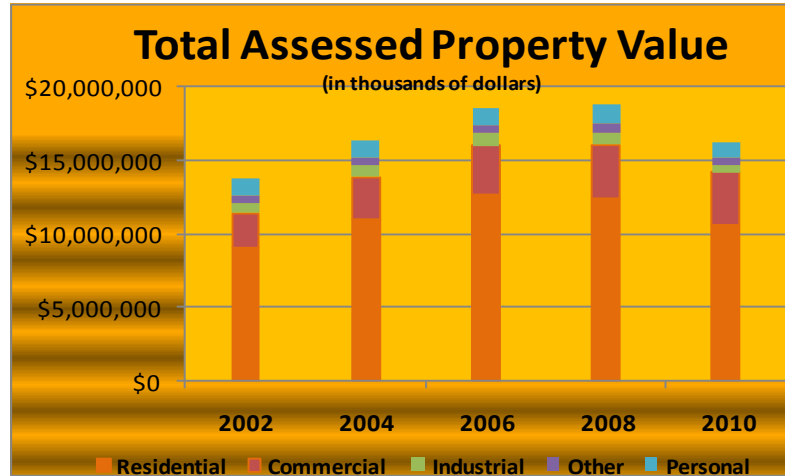
Washtenaw County has maintained strong population growth over the past two decades. This growth is expected to continue in the foreseeable future. Our 2000 Census population was 322,770. The estimated 2035 population is 380,170. The median age for the County is younger compared to the State of Michigan. In 2000, Washtenaw County had a median age of 32.9, while Michigan had a 35.5 median age. In 2010, the County is estimated to have a median age of 33.2, while Michigan is estimated to have a median age of 38.5. The low median age assures that the future will hold a broad pool from which employers can select skilled candidates for work in various business sectors.



*This data is derived from the County's 2010 Comprehensive Annual Financial Report.*

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 22% higher than that of the State of Michigan and over 13% higher than the United States as a whole. While population increased 13%, personal income figures for our citizens have also risen over the last decade, over 16% since 2001. Per capita personal income increased over 9% during this same period. This indicates a healthy local economy and a higher standard of living for our residents.

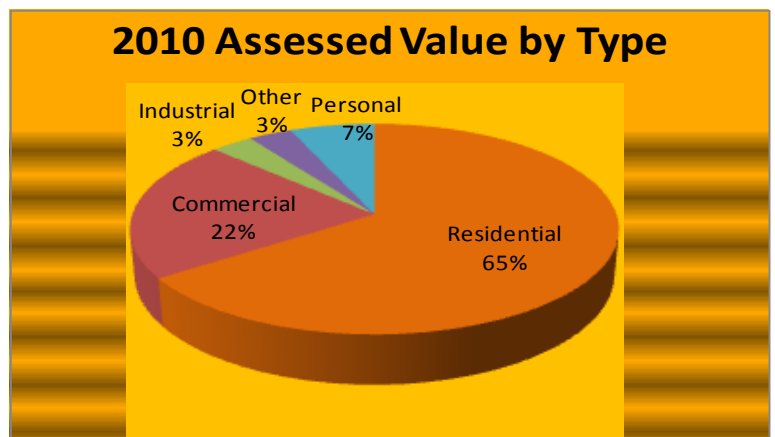
## Property Values



*This data is derived from the County's 2010 Comprehensive Annual Financial Report.*

Washtenaw County's total equalized value of taxable property has increased by more than 33% over the last ten years. The equalized value of taxable property realized an average 8% increase in growth per year for the period of 2001 through 2007. The County's total equalized value of taxable property for 2010 was approximately \$16.3 billion, a decrease over the prior year of \$1.2 billion, or roughly 7%. Even though other statistics indicate a strong local economy, the economic base of the County has decreased for the third consecutive year, and current information from the Washtenaw County Equalization Division indicates that the 2011 total equalized value of taxable property will continue to decline even more, estimated to be up to an 8% loss.

Residential properties make up over 65% of the County's total assessed property values and therefore, fluctuate over time in correlation to the increases associated with growth as well as the decreases associated with declines. Although over the last decade residential property values increased over 34% since 2001 due to a strong economy and new home construction, the last three years have resulted in a decrease of over 19% due to the economic downturn and housing market declines.

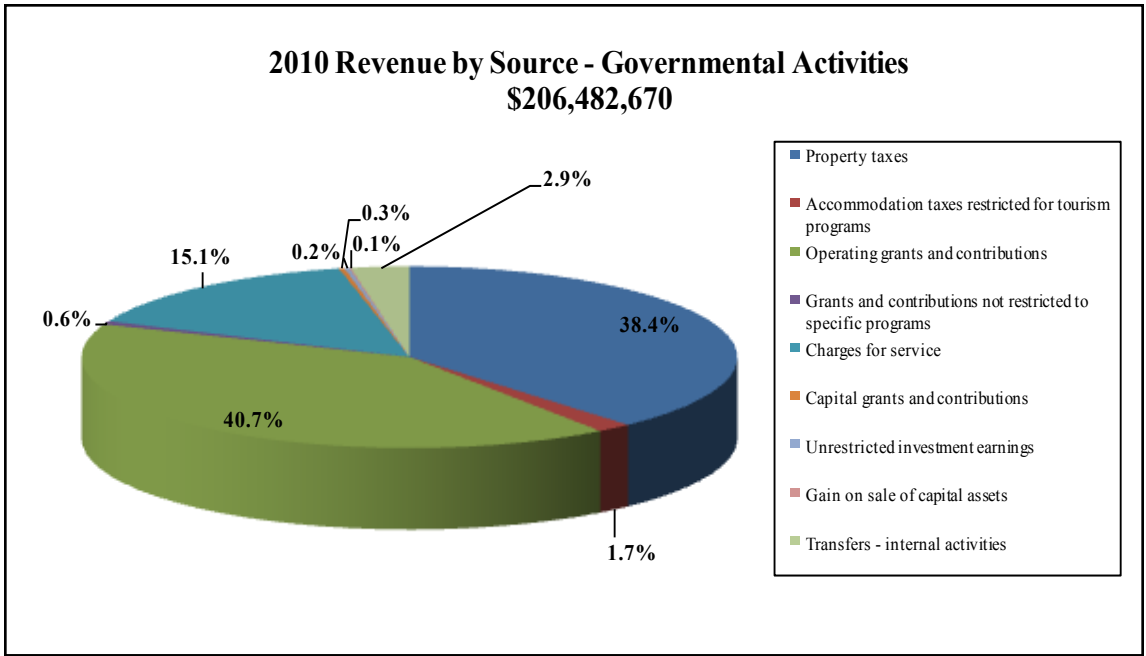


*This data is derived from the County's 2010 Comprehensive Annual Financial Report.*

# Washtenaw County's 2010 and 2009 Revenue Sources

Total governmental revenues have increased 52.6% over the past decade. From a decade low of \$135.3 million in 2001, total revenues increased an average of 4.9% per year. Revenues reached an all time high of \$206.5 million (2010) and increased 4.1% over 2009.

Property tax revenue not only increased in amount (\$44.8 million) between 2001 and 2006, but also as a percentage of total revenue (a five year average of 41.8%), to approximately 49.2% of the revenue collected during 2006.

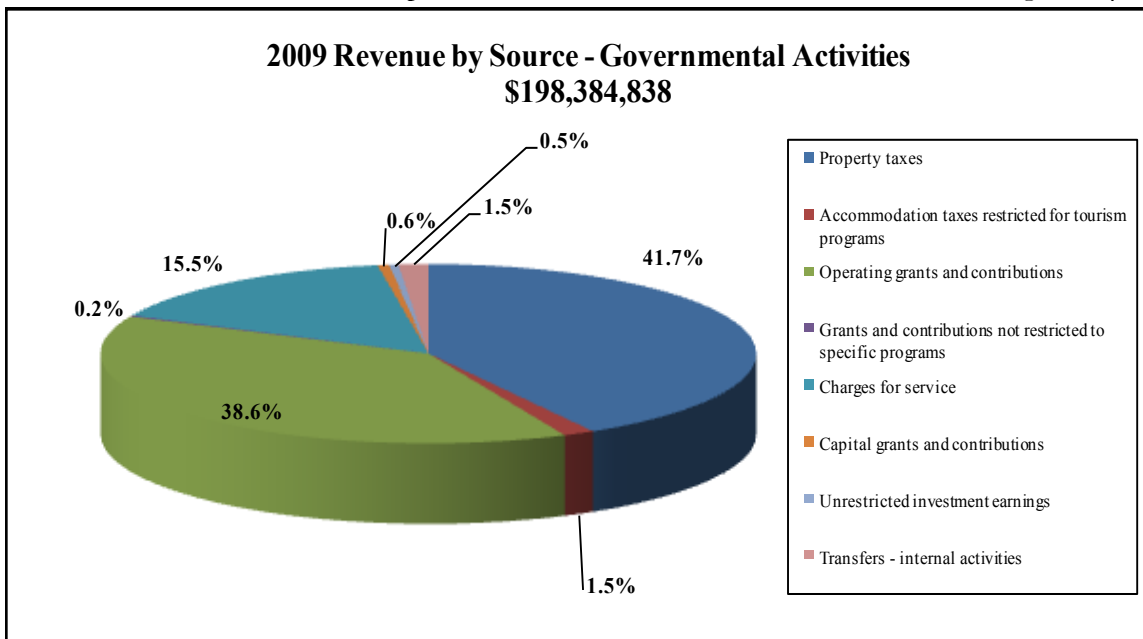


*This data is derived from the County's 2010 Comprehensive Annual Financial Report.*

During 2007, property taxes decreased by approximately \$8.7 million (9.2%) from 2006. This decrease was attributed to being the first year, of the past four years, that no shift in property tax collections occurred. During the prior three years (2004-2006), property tax collections shifted from a December to a July levy, an additional one-third of the levy was collected each year until the transition was complete. The accelerated revenue recognition, pursuant to Public Act 357 of 2004, has and will continue to provide funding, until 2013, that serves as a substitute for state revenue sharing payments. Property taxes continued to decrease during 2008 through 2010 (due to taxable value declines). During 2010, property taxes decreased (4%) over the prior year and currently makes up 38% of total revenues.

Operating grants and contributions increased in amount (a ten year increase of 99.2%), but have consistently been approximately 32.1% (average) of total revenues between 2001 and 2007. Between 2008 and 2010, operating grants and contributions increased both in amount and as a percent of total revenues (36.8%, 38.6% and 40.7%, respectively) as awards and additional resources have supplemented programs in health, judicial, public safety and social services activities.

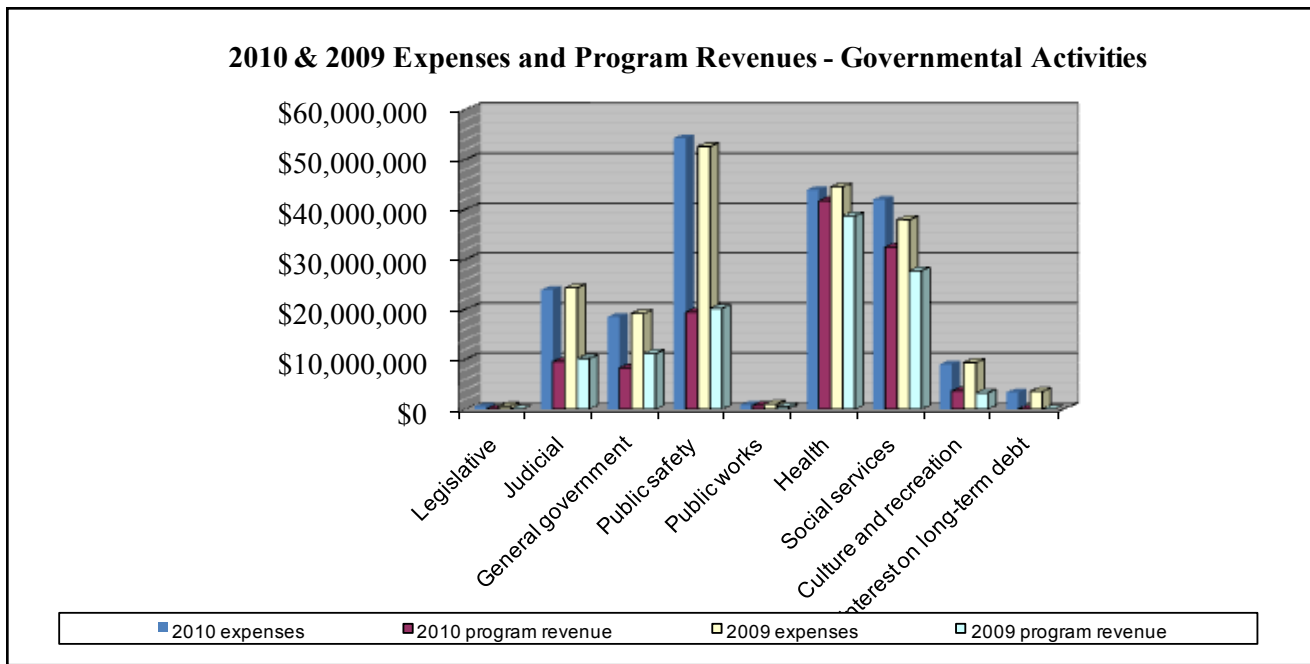
During the past decade, charges for services increased in amount, but decreased as the percent of total revenues. In 2001, charges for services were \$27.7 million and 20.4% of total revenues. In 2010, charges for services were \$31.1 million and 15.1% of total revenues. To explain the increase in amount, user fees and charges may fluctuate based on usage of a service and as fee increases and/or new fees are implemented, but they are not intended to recover the full costs of providing services.



*This data is derived from the County's 2010 Comprehensive Annual Financial Report.*

The remaining revenue categories (accommodation taxes, unrestricted grants and contributions, capital grants and contributions and investment earnings) currently makeup 5.7% of total revenues at the end of 2010. Accommodation taxes are revenues from the use of hotel and convention facilities and are re-

# Washtenaw County 2010 and 2009 Revenues and Expenses



*This data is derived from the County's 2010 Comprehensive Annual Financial Report.*

stricted for tourism programs. Unrestricted grants and contributions are other revenues that are not restricted to specific programs and may be used for any purpose. Capital grants and contributions are primarily used for public safety activities for domestic preparedness and homeland security programs. Investment income has declined to its lowest levels in a decade due the economic realities of the current recession and the stock market declines.

Total governmental activities expenses have increased 53% over the past decade. From a ten year low of \$128.1 million in 2001, total expenses increased an average of 4.9% per year and reached an all time high of \$196.2 million during 2010. Total expenses increased 1.7% over the prior year. Governmental activities expenses for public safety, health, social services and judicial functions have made-up over 80% of total expenses for the past ten years. Judicial and health expenses decreased slightly (just over a percent) over the prior year. Judicial expenses were at their lowest levels in five years, making-up 12.2% of the total for the year. Although health expenses decreased over the prior year, they have consistently averaged 22.5% of total expenses for the past decade. Public safety expenses have increased in amount each year since 2001, and have consistently remained within two percent of their category of total expenses (a ten-year average of 27.5%). Social services expenses have increased in amount each year since 2003, and made-up 21.5% of total expenses during 2010 (the decade average was 17.3%).

General government expenses have averaged 12.6% of total expenditures over the past decade. Between 2001 and 2008

expenses fluctuated within two percent of their category of total expenses. During 2009, expenses decreased 18.6% (due to streamlining operations through organizational structure changes and reorganizations) over 2008. During 2010, expenses decreased over the prior year, as savings continued to be realized from the changes that took place during 2009, and currently makeup 9.4% of total governmental expenses.

The growth in culture and recreation expenses over the past ten years reflects an increase in park recreational activities and programs, as well as major land acquisitions under the Natural Areas Preservation program and development of the 35-mile Border-to-Border Trail, a non-motorized multi-use trail connecting to Livingston County in the north and Wayne County in the southeast. Even though expenses have increased each year, the category has averaged 4.6% of total governmental expenses.

The remaining expenditure categories (legislative, public works and interest expense activities) currently makeup less than three percent of total expenses. During the past ten years, the government's interest expenses have fluctuated in amount because of the required and scheduled payment amounts due on long-term debt each year. During 2010, the interest expense decreased 6.3% over the prior year. Both legislative and public works expense categories decreased over the prior year and have remained constant as a percent of total expense for the past decade (a ten year average of 1%). The consistently from year to year in these categories is a result of consistent operational expenses and minimal changes to the program areas.

# Washtenaw County Changes in Net Assets Last Five Years

(accrual basis of accounting)

## Total of All Activities (Governmental and Business-type)

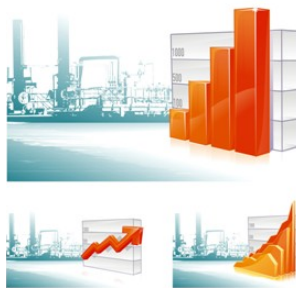
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Revenue</b>					
Program revenue:					
Charges for services	\$ 38,427,110	\$ 38,214,841	\$ 36,418,995	\$ 34,044,355	\$ 33,304,965
Operating grants and contributions	84,101,904	76,525,122	71,866,285	63,759,215	60,165,846
Capital grants and contributions	557,446	1,118,781	562,620	428,017	1,251,861
General revenue:					
Property taxes	79,314,216	82,635,161	84,291,171	86,549,856	95,271,757
Accommodation taxes restricted for tourism programs	3,539,013	3,039,774	-	-	-
Grants and contributions not restricted to specific programs	1,245,565	428,646	1,050,991	544,946	366,250
Other	606,607	983,290	4,935,655	7,401,566	4,913,975
Gain on sale of capital assets	181,341	-	-	-	-
Total revenue	<u>207,973,202</u>	<u>202,945,615</u>	<u>199,125,717</u>	<u>192,727,955</u>	<u>195,274,654</u>
<b>Expenses</b>					
Legislative	526,142	593,756	606,763	576,094	539,323
Judicial	23,900,492	24,261,496	25,161,986	25,458,987	24,021,026
General government	18,483,213	19,155,496	23,391,700	22,617,109	21,857,557
Public safety	54,263,600	52,567,442	52,060,983	51,217,621	46,907,810
Public works	844,588	982,745	789,934	757,558	869,372
Health	43,899,534	44,486,741	43,139,351	41,041,193	38,859,023
Social services	41,959,629	37,914,200	34,412,727	31,556,019	30,222,984
Culture and recreation	8,981,545	9,312,142	9,057,274	8,995,250	7,998,879
Interest on long-term debt	3,322,673	3,544,774	3,295,572	2,878,426	1,375,511
Delinquent tax collections and related activities	1,394,780	1,417,752	1,612,267	1,793,495	1,218,973
Total expenses	<u>197,576,196</u>	<u>194,236,544</u>	<u>193,528,557</u>	<u>186,891,752</u>	<u>173,870,458</u>
Increase in net assets before transfers	10,397,006	8,709,071	5,597,160	5,836,203	21,404,196
<b>Transfers</b>	<u>205,582</u>	<u>709,376</u>	<u>(701,013)</u>	<u>(51,859)</u>	<u>79,072</u>
Increase in net assets	10,602,588	9,418,447	4,896,147	5,784,344	21,483,268
Net assets - beginning	<u>204,694,494</u>	<u>195,276,047</u>	<u>190,856,744</u>	<u>185,072,400</u>	<u>163,589,132</u>
<b>Net assets - ending</b>	<u>\$ 215,297,082</u>	<u>\$ 204,694,494</u>	<u>\$195,752,891</u>	<u>\$ 190,856,744</u>	<u>\$ 185,072,400</u>

## Financial Trends

The financial analysis of the County as a whole is favorable. The government-wide financial analysis focuses on the changes in net assets of the County's governmental activities (all basic services, including legislative, judicial, general government, public safety, public works, health, social services, culture and recreation and interest on debt, whereas property taxes, intergovernmental revenue for operating grants and contributions, and charges for services finance most of these activities) and business-type activities (other functions that are intended to recover all or a significant portion of their costs through user fees and charges, including delinquent tax collections and property foreclosures). Net assets may serve over time as a useful indicator of a government's financial position.

The statement of net assets 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. 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 report information about the County as a whole and about its activities in a way that helps answer this question. This statement includes all revenues and expenses 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.

One can think of the County's *net assets*—the difference between revenues and expenses (as well as 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 2010, the net assets of the County increased by \$10.6 million. Furthermore, as the Changes in Net Assets for the Last Five Years schedule demonstrates, the County's net assets have increased each year since 2006. Total revenues have exceeded total expenses for the last five years. Total revenues have increased \$12.7 million (6.5%) since 2006. Total expenses have increased \$23.7 million (13.6%) over the past five years. Increases in net assets have averaged \$10.4 million per



year. Furthermore, net assets have increased 31.6% (\$51.7 million) since the beginning of 2006. Therefore, as demonstrated by the five year history of the County's *increases* in net assets, over time the financial health, or *financial position* of the County is improving.

## Long-Term Financial Planning

Total fund balance in the general fund (16.2% 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 at least 8% 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 completes long-term projections of at least two budget cycles (four years), and updates them frequently to ensure that the full impact of decisions are understood. The County has worked diligently over the years making long-term fiscal stability a top priority, which has resulted in higher bond ratings, reasonable levels of debt, reserves in line with policy and annual surpluses. However, not since the Great Depression more than 70 years ago have we experienced such profound economic loss.



On the revenue side, the major assumption is that property tax will continue to decline. A reduction of 5% in 2012 and 2% in 2013 have been estimated as a gradual recovery from the steeper declines for 2011 (8.5%). Other revenues including fees and fines are estimated to remain relatively flat. The County continues to operate with a great uncertainty as the State of Michigan struggles to find solutions to balance a billion dollar deficit. An impact on the County is certain. The question becomes the timing and severity. The most pressing concern comes in 2013 when the County's Revenue Sharing Reserve fund is depleted. Long-term projections assume the State of Michigan will reinstate the County revenue sharing as originally promised when the reserve funds were established. However, the County must proceed in developing options if this does not occur.

The most pressing concern comes in 2013 when the County's Revenue Sharing Reserve fund is depleted. Long-term projections assume the State of Michigan will reinstate the County revenue sharing as originally promised when the reserve funds were established. However, the County must proceed in developing options if this does not occur.



## Long-Term Financial Planning (cont.)



For expenditures, the assumptions take into consideration conservative wage adjustments but with growing fringe rates based on trends. Other operating costs are projected to be relatively neutral as it is assumed the organization will continue to operate with a constant pressure to contain costs as much as possible. Next to personnel

costs, the largest portion of the general fund budget comes through its appropriations to programs outside the general fund. The projections are built on a revised policy to no longer automatically provide appropriations increases for personnel cost growth except where required by statute. This is a significant policy adjustment given these economic times. It has helped to reduce the projected deficit within the general fund, and yet this shift in approach may be difficult to realize if these non-general fund programs are faced with drastic service reductions, especially if the general fund does not provide additional support. This scenario which may be upon us in the next couple of years only highlights the necessity for clear priorities and direction for the organization.

The 2011 budget and the 2012 and 2013 projections are intended to first “stop the bleeding” from the economic downturn so that we can move forward in a strategic way to develop a long-term path to fiscal wellness. However, property tax revenues for each fiscal year are not known now until four months into the fiscal year. The budget is based on a set of assumptions using known information during the time of development. It will be critical to closely monitor these assumptions as new information from the emerging economy continues to become available. The challenge will continue into the future as the County is projecting sizable deficits in 2012 and 2013.

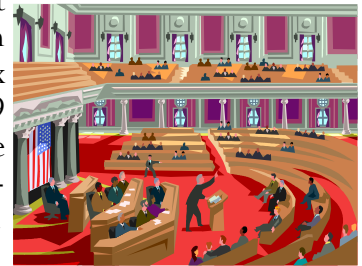
The County has already begun planning for the 2012 and 2013 budgets. The strategies for long-term fiscal stability revolve around revenue growth and reform through strategic leveraging and economic stabilization; minimizing the growth of personnel costs through innovative solutions, employee cost-sharing and partnerships with labor units; organizational restructurings for efficiency and determination of core services; community collaborations to bring forth consolidations with reduced costs of doing business; and evaluating cost allocation of indirect services and maintaining



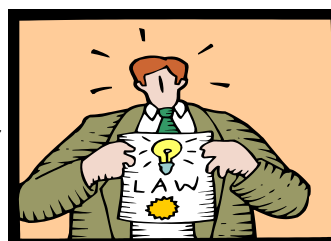
an investment in infrastructure and reserves. The desire is for 2011 to be a strategic planning year to determine that desired long-term path to fiscal stability and to re-define Washtenaw County government.

## Relevant Financial Policies

As a means to save state funding, legislation (Public Act 357 of 2004) was passed that shifted the timing of property tax payments to create a revenue stream that, for the next four years or so, will offset the reduction in state revenue sharing. The measure gradually moved up property tax collections from the winter to the summer over three years. Counties annually transfer from this pool the exact amount of funding that would have been available through state revenue sharing. Each year the State publishes the allowable spending amount that can be transferred from the reserve fund. The allowable spending amount is calculated using the growth in the U.S. Consumer Price Index from the State's 2008 and 2009 fiscal years. The inflation rate used for fiscal year 2010 was -0.3% and will be 2.1% for 2011.



Many changes occurred when the State passed the law to shift the County's tax levy from December to July. One consequence was on the cash flow of the general fund, as the property tax revenue used to be received early in the year to sustain expenditures throughout the entire fiscal year. Now, costs begin to be incurred as of January 1<sup>st</sup>, however the property tax revenue (over 70% of the general fund) is not collected until the second half of the year. This potentially creates a negative cash balance in the general fund. The law allows for the use of the revenue sharing reserve fund cash to be moved into the general fund if such an issue arises. It was necessary for this to be the County's practice for 2009 and beyond until the revenue sharing reserve fund is depleted. Interest levels have and will continue to decline from previous levels as the level of cash declines through the use of the revenue sharing reserve fund. It is a significant



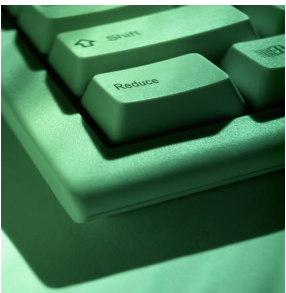
long-term issue with a need to identify a permanent solution to the general fund cash flow shortage, as it is projected that the revenue sharing reserve fund will not be available after 2013.

## Major Initiatives

The County has been in a mode of reducing the cost of doing business for many years. The magnitude of the economic downturn resulted in a focus of budget reductions for the biennial (2010 and 2011) budget. Attempts were made to be as strategic as possible rather than implementing across the board reductions. A balance was desired between the short-term and long-term needs of the community and the organization. It was desired that the County hold true to its role as the “safety net” for vulnerable citizens, while at the same time strategically invest in the community for long-term fiscal stability. This is a challenge with limited and declining resources, and with the demand for services growing.



Information sharing with the Board of Commissioners resulted in several focus areas used to manage the budget reductions. The priorities included preserve services and jobs, equity in process, review serviceability of mandate, evaluate non-mandated programs, and invest in the community. In an attempt to carry out these priorities several budget reduction principles were laid out for the organization and used during budget discussions: revenue growth and reform – pursue opportunities to maximize revenues to return to long-term fiscal stability; reduce the cost of doing business – demonstrate that we are operating programs as efficiently as possible; community collaboration – work with private, non-profit and public organizations to maintain services to our residents; organization structure by core business – determine the best organizational structure, including level of management to carry out our business; and employee compensation and benefits – work with our union partners to identify ways to reduce the County costs for personnel.



This year we have made significant progress in carrying out the objectives set forth by the Board of Commissioners. Our work has been primarily focused on ensuring the continuation of fiscal stability for this organization and managing significant organizational change. We have a very difficult road ahead as we address the projected \$20 million deficit for 2012/2013. As difficult as this road is, it's also an opportunity to truly evaluate this organization and determine the best options for moving forward. This organization will change; it must change. We can no longer be everything to everyone; rather we must have a targeted approach for making the greatest positive impact on this community and I'm looking forward to using my role as County Administrator to do just that.

## 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, 2009. This was the 20th 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, 2010. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as a policy document, a financial plan, an operations guide, and a communication device.

Finally, Washtenaw County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2009 PAFR was the County's fourth citation. Washtenaw County is one of four counties in the State of Michigan that holds all three of the GFOA awards simultaneously.

