

Comprehensive Annual Financial Report

Year Ended December 31, 2018



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WASHTENAW COUNTY, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

Prepared by the Finance Department

ON THE COVER

Washtenaw County is full of stunning landscapes and beautiful scenery. Some photos taken from various places around the County displaying these unique sights are on the cover of this publication. The photos were taken at several different locations representing some of the local units of government within our boundaries. We would like to thank all of the artists featured for the phenomenal landscapes captured. Below is a list of the artists for the pictures shown on the Comprehensive Annual Financial Report cover:

Background: "Bridge2", © 2010 :Flockprinter: on Flickr. Taken in Washtenaw County.

Top: "Maples at Hudson Mills", ©2012 ellenm1 on Flickr. Taken at Hudson Mills in Dexter.

Middle Right: "Golf Course Rainbow", ©2006 sjb4photos on Flickr. Taken at Pierce Lake Golf Course in Chelsea.

Middle Left: "Foggy Sunrise", ©2010 JCWolschonon on Flickr. Taken in Washtenaw County.

Bottom: "Wet Snow Last Night", ©2013 benft on Flickr. Taken in Ann Arbor.

Cover compiled and designed by Candace Wethington, 2013.

WASHTENAW COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

BOARD OF COMMISSIONERS

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COUNTY ADMINISTRATOR

Gregory Dill

CHIEF FINANCIAL OFFICER

Kelly L. Belknap

INDEPENDENT AUDITORS

Rehmann Robson

WASHTENAW COUNTY

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May 6, 2019

To the Board of Commissioners and Citizens of
Washtenaw County:

The Comprehensive Annual Financial Report (CAFR) of Washtenaw County for the year ended December 31, 2018, is submitted herewith. It was prepared by staff in the Finance Department with assistance from the accounting personnel in 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, 2018.

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 unmodified ("clean") opinion on Washtenaw County's financial statements for the year ended December 31, 2018. The independent auditors' 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 with the settings covering the spectrum from rural to suburban to urban. It is the sixth largest county in the State of Michigan, with a 2017 population of 367,627. Its major cities are Ann Arbor and Ypsilanti, with estimated 2017 populations of 121,477 and 21,076 respectively. 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 of Commissioners consists of nine members elected by direct vote from single-member districts every two years. In Washtenaw County, the Board of Commissioners appoints a County Administrator who is responsible for daily operations. 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 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. 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 four legally separate component units: Department of Public Works Projects, Water Resources Commissioner, 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 1).

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 percent of the budget, whichever is less. Budget adjustments greater than this amount must be approved by the Board of Commissioners. Transfers from the capital reserve capital projects fund must be approved solely by the Board of Commissioners for any amount.

Local Economy

Washtenaw County's major industries include: educational services, health care and social assistance; manufacturing; professional, scientific and management services; arts, entertainment, recreation, and accommodation and food services; and retail trade. The largest share of employees (39.0 percent) work for companies in the educational, health care and social assistance industry. In addition, many high quality educational institutions, most notably the University of Michigan and Eastern Michigan University, are located within our borders. The County has a significant economic presence thanks to the vast array of services provided by over 1,300 employees.

Because of its location in a region with a varied economic base, the County's unemployment rate has been consistently below the state and national averages which were 4.0 percent and 3.9 percent in 2018, respectively. This favorable trend is expected to continue in the future. The County's unemployment rate decreased to 2.7 percent in 2018 from the 3.0 percent it was in 2017.

Washtenaw County has been incredibly successful in recovering from the Great Recession. During the seven year recovery in the period 2009-2016, the County has added 25,107 jobs or an average annual growth of 1.9 percent (3,537 jobs annually). This compares favorably to the national and state averages for this same period, which were 1.4 and 1.6 percent, respectively. As mentioned earlier, the largest portion of these jobs are located in the higher education and related service industries, which are currently experiencing the greatest growth in average real wage. Consequently, the County's growth is largely focused on opportunities for, and leveraging the abilities, of its young, highly educated population. While economists tend to be concerned about prolonged economic expansions, Washtenaw County has been specifically noted as a bright spot for its growth in the technological industries and their future potential to be significant influencers in a diversifying, maturing economic recovery.

Washtenaw County has maintained strong population and personal income growth over the past decade. This growth is expected to continue in the foreseeable future. Our 2017 population figure was 367,627. The estimated 2040 population is 386,235. According to recent data released by the U.S. Census Bureau, Washtenaw County has an estimated median age of 33.4, while Michigan has a 39.6 estimated median age. 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. Over half of our residents 25 years and older have completed four or more years of college. The median household income of our residents is substantially higher (\$65,618 compared to \$52,668) than that of the State of Michigan. This indicates a healthier local economy and a higher standard of living for our residents.

Washtenaw County's taxable property values realized an average 5.1 percent increase in growth annually for the period of 2005 through 2008. In 2009, the County saw its first ever decline in taxable property values. From 2009 through 2012, the total taxable property value fell approximately 8.7 percent. From 2013 through 2016, the total taxable value has been growing at a average rate of 2.2 percent annually and the value has now recovered to where it was in 2009. 2017 saw an increase of 3.6 percent in total taxable value and this continued with an increase of 5.2 percent in 2018. This is another sign of the strength of the continued economic recovery.

Long-term Financial Planning

The Board of Commissioners commits to long-term budget flexibility and sustainability, and an adequate level of cash flow with its attention to fund balance. A healthy fund balance is an essential ingredient and the following was considered to determine an appropriate level as a target: an appropriate level to fund at least 60 days of operations, to help offset negative cash flow (primarily from the seven month delay in property tax collections after incurred expenses), and to assist buffering any unexpected downturns. Therefore, the Board shall plan future budgets to meet the goal of a reserve for subsequent years representing at least 20.0 percent of General Fund expenditures, net of indirect costs.

The Board of Commissioners has committed to ensure the long-term fiscal stability of the County. The County completes long-term projections of ten years and updates them frequently to ensure that the full impacts 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. Washtenaw County has relied on long-term budgeting as well, and has prepared biennial budgets since 1994. Starting in 2013 the Board of Commissioners approved the development of a quadrennial (four-year) county budget. Quadrennial budget development occurs in partnership with organizational leaders and with engagement by all employees.

The budget is a set of complex and interrelated assumptions, but nobody can predict the future. The County's projections on property taxes will be tested, once again, come April of 2019 when the 2019 Equalization Report is published. Through development and adoption of the County's sixth quadrennial (2019-2022) budget, a review of revenue opportunities was conducted, and new strategic investments were made for the second time in four years as a result of the focused strategic investment process conducted during 2015 and 2018. Continuing these same revenue enhancements and expenditure allocations forward, and updating projections to reflect the necessary revisions as economic conditions warrant, the 2019-2022 budgets were developed. The Board of Commissioners adopted the County's sixth quadrennial (2019-2022) budget on November 28, 2018. The County's annual budgets are balanced through 2022.

The quadrennial budget was developed with an attempt to balance the short-term with the long-term, both from a fiscal perspective but also considering the impact on the community. We must be conservative to set ourselves on a path towards long-term fiscal stability. At the same time, we must be reasonable in our assumptions to maintain as many programs and provide as many services to those in need. A rolling four year budget is presented regularly to provide a complete picture of the impact of decisions on the long-term for all to be and stay informed.

On the revenue side, the major assumption is that property taxes will stabilize with nominal growth of 1 percent for 2019 and 1.5 percent for 2020 and beyond to absorb the impact of any applicable Headlee reduction fraction, increased support for tax increment financing authorities and the result of personal property tax reform. These projections assume the State of Michigan will keep reinstated revenue sharing/county incentive program in the amount of \$6.9 million per year. This amount is in alignment with the State's published fiscal year 2018 projected payment amounts. Other revenues including fees and fines are estimated to remain relatively flat.

For expenditures, the assumptions take into consideration conservative wage adjustments in alignment with the labor agreements reached, but with growing fringe rates based on trends, currently projected to be 5 percent annually. Other operating costs are projected to be relatively neutral as it is assumed that the organization will continue to operate with a constant pressure to contain costs as much as possible. Next to personnel, the largest portion of the General Fund budget comes through its appropriations to programs outside the General Fund. The budget and these projections are built on a revised policy to no longer automatically provide structural appropriation increases for personnel cost growth except where required to do so under statute. This is a significant policy adjustment. It has helped to contain expenditures 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 if the General Fund does not provide additional support. This scenario appears to be upon us and, therefore, the budget includes nonstructural allocations for personnel cost growth for two years to stabilize health and human services program funding.

The County has already begun planning its next multi-year budget. 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.

Relevant Financial Policies

Establishment and Use of General Fund Balance

Washtenaw County's establishment and use of General Fund balance is actually a significant portion of its overall budgeting and forecasting strategy. The development and use of the quadrennial budget allows the County to maintain financial stability. However, the County realizes that sound financial management actually begins with a solid financial position. The first financial question County officials ask is not "how do we balance the budget," but "where do we want to be financially in the next five years." County officials first set a goal of a solid financial position and "work backwards" to develop a budget which will achieve that goal.

The measurement of a solid financial position is a strong General Fund balance. The County's General Fund balance has increased over the past several years. This increase in fund balance is not accomplished by accident, but is part of the design to assure the County's ability to continue to provide services to its citizens through long-term financial stability.

It is the County's usual practice to develop and maintain a General Fund balance equating to approximately 20 percent of annual General Fund expenditures and transfers out. This figure is calculated based upon two criteria. The first criterion is the Government Finance Officers' Association (GFOA) recommendation to retain at least two months of annual revenue (approximately 17 percent) in fund balance. Such a practice provides a cushion against sudden fiscal crises, allowing the County to meet emergency demands without severely disrupting ongoing operations and services. Though this recommended practice is a national criteria it falls short for the County as it does not take into account the seven month lag to collect our single largest General Fund revenue.

The second criterion is the need for an additional cash flow cushion based upon the fact that Michigan Public Act 357 of 2004 requires the County to collect property taxes in arrears. Under this State Act, counties levy property taxes in July of each calendar year, which is six months AFTER the beginning of the County's fiscal year. Prior to enacting P.A. 357, the County levied property taxes in December prior to the beginning of the fiscal year. This shift to a later levy date results in the need for short-term borrowing to augment General Fund cash balances around April of each fiscal year. Historically, the General Fund borrowed from other internal funds to pay obligations until property tax revenue began coming in during late July/early August. By building up the General Fund balance, the County hopes to mitigate the need for, or at least the amount of, borrowing required to meet cash flow needs.

The goal of maintaining a General Fund balance of 20 percent of annual expenditures and transfers out is sufficient to maintain services, without disruptive financial swings, under usual circumstances. However, there may be periods of time when circumstances are unusual. For example, if there are reductions in recurring revenues, such as property taxes (as was the case prior to 2014), as well as increasing fixed cost of operations, such as energy and health care, the County may have to reduce expenditures. In a unique way, Washtenaw County has purposely increased General Fund balance for intended future use in order to maintain services while developing a thoughtful plan to reduce expenditures, if needed, for sustainability in the long-term.

It should finally be noted that a healthy General Fund balance can also provide a source of funds for one-time expenditures (such as major capital purchases) or for limited-time enhancements, which would not normally be budgeted on a continuing basis. This allows the County to enhance services to citizens, and develop procedures to meet long-term financial needs, without limiting on-going services. Even under constricted budgets, there still may be occasions where a one-time expenditure for a particular pilot project or program could lead to future efficiencies. A healthy General Fund balance provides the County's management and policy makers with a degree of limited flexibility to explore these options.

Major Initiatives

During 2018 the Board of Commissioners worked to create future budget allocation priorities and principles for the quadrennial budget cycle. These planning sessions were designed to articulate the Board's strategic priorities and decision-making principles for making budget allocations. The strategic planning efforts reiterated the firm commitment of the Board of Commissioners to provide a safety-net for citizens and prioritize allocating scarce dollars to the essential services the County provides. As the budget principles listed below affirm, the Commissioners looked to enhance cooperation across units of government and with external partners to focus on outcomes and be disciplined about measuring the effectiveness of service delivery. At the same time, budget decisions were made with a commitment to ensure equity across the different communities within the county.

The Board adopted the following budget priorities and principals to guide the development of the quadrennial budget. Our main budget priorities are as follows:

- Sustain excellence in essential services;
- Assure public safety and access to justice;
- Maintain a safety-net to work to improve the human condition;
- Pursue environmental justice;
- Create a mission-driven and thriving workplace within county government; and
- Support equitable economic opportunity.

Budget principles include:

- *Outcome oriented*. The provision of services will be focused on outcomes;
- *Equity*. To the extent possible, the allocation of resources in the budget should address economic and social inequalities that exist in the County;
- *Coordination*. The allocation of resources in the budget should require and support improved coordination of units of county government and its ability to achieve common outcomes;
- *Planning*. The allocation of scarce resources should be based on comprehensive county-wide planning to identify shared priorities and strengthen outcomes; and
- *Measurement*. The allocation of resources in the budget should be based on solid data and measurement of needs and outcomes.

Budget decisions have not been easy, but they are made with the utmost respect for the priorities and principles of the Board of Commissioners and the needs of the community and the employees of the County. We believe they are in alignment with the budget priorities and principles established, although this budget belongs to our Commissioners and the ultimate decision lies in their hands. It is a great undertaking to attempt to balance all the allocation requests and competing budget commitments (\$73.9 million) with the limited resources available for investment (\$4.0 million). We believe this budget accomplishes that as much as is possible given the situation. This recommendation would not be possible without the support, pressure and ideas from our Board of Commissioners.

Finally, as we evaluated and examined programs and services, we made tough decisions about what programs and services are essential and what we have to do without. We have many great things going for us here in Washtenaw County and we know we can maintain the quality of life we value and have come to expect. The investments detailed here will have a positive impact in this community, and we know we must continue to focus on economic development, our employees and equity to preserve and grow the level of services our residents expect now and in the future. Your overwhelming support for our county and the collaborative efforts of our County staff, Board of Commissioners and our community partners will continue to make Washtenaw County a great place to call home. In closing, we'd like to thank the residents of this great community for your support and the employees for their steadfast commitment and dedication to public service.

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, 2017. This was the 28th 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 received the GFOA's Distinguished Budget Presentation Award for its budget for the quadrennial period beginning January 1, 2014. 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 County also received the Outstanding Achievement in Local Government Innovation Award from the Alliance for Innovation for the 2014-2017 Quadrennial Budget Summary.

Finally, Washtenaw County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2017 PAFR was the County's 12th citation. Washtenaw County is one of two counties in the State of Michigan and one of 55 counties in the United States that holds all three of the GFOA awards simultaneously.

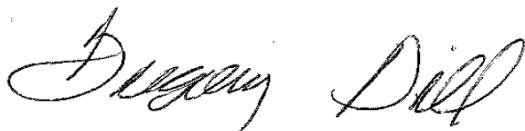
The preparation of this report on a timely basis was made possible by the dedicated service of Finance Department accounting staff, the accounting personnel from the Treasurer's Office, Sheriff's Office, Water Resources Commissioner's Office, Public Works, Office of Community and Economic Development, Road Commission, Community Support and Treatment Services, Public Health, Parks and Recreation, 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	Melissa Handschumacher	Susan Shipley
Terry Ballantyne	SiRui Huang	Thomas Sweeney
Sue Bos	Michelle Katz	Stefanie Thacker
Jennifer Brassow	Maureen Latigo	Chrisalle Williams
Jason Brooks	John Newman	Xiaohong Wu
Ronisa Clark	Kirsten Osborn	Wanlei Zhu
Mary Conley	Nicole Phelps	

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

Sincerely,



Gregory Dill
County Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

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**Washtenaw County
Michigan**

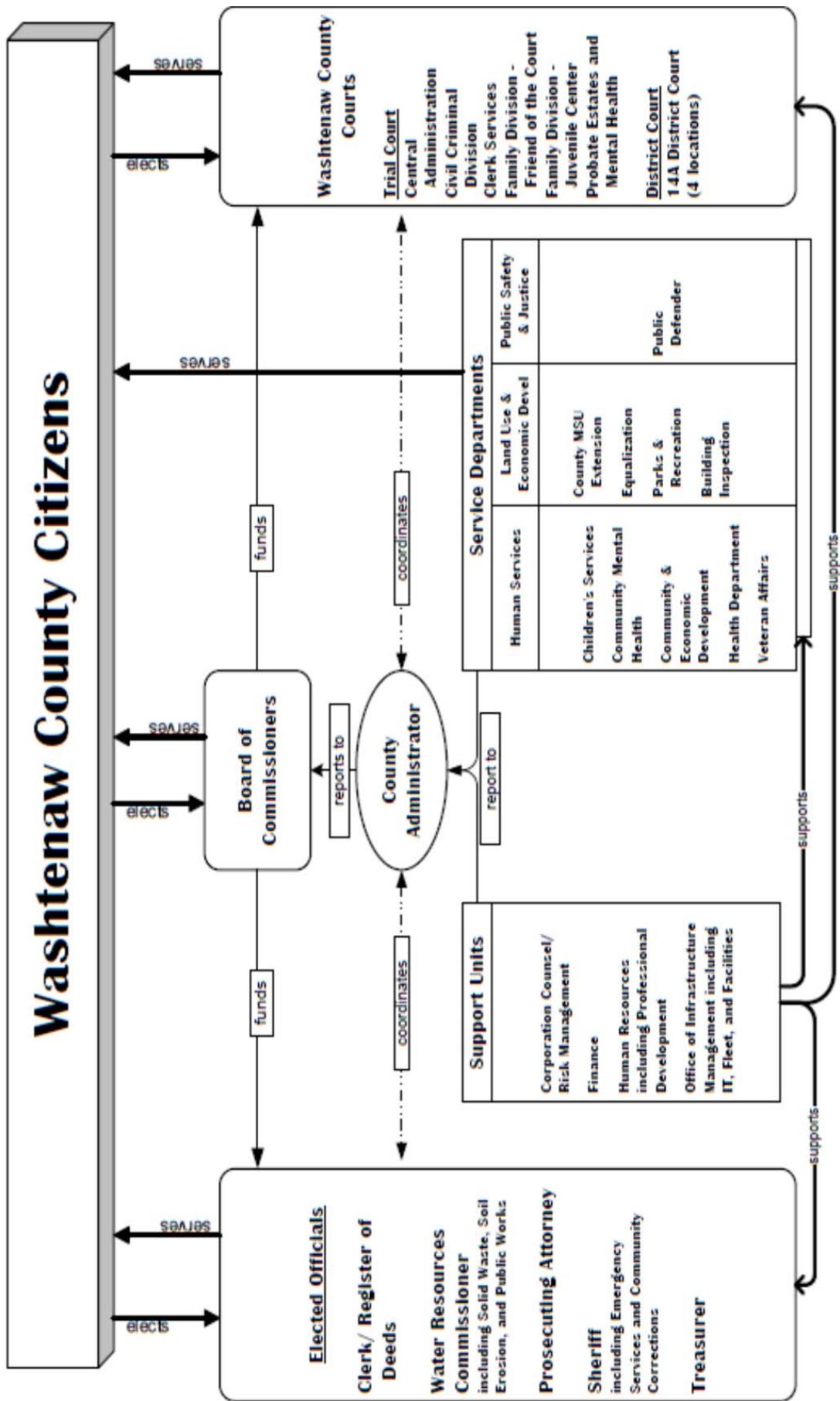
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

Washtenaw County Citizens



WASHTENAW COUNTY

PRINCIPAL OFFICIALS

At December 31, 2018

Board of Commissioners

Andy Labarre, Chair

Jason Maciejewski
Sue Shink
Shannon Beeman
Felicia Brabec

Ruth Ann Jamnick
Ricky Jefferson
Jason Morgan
Katie Scott

District Court Judges

Richard E. Conlin

J. Cedric Simpson

Kirk W. Tabbey

Trial Court Judges

Archie C. Brown
Timothy P. Connors
Patrick J. Conlin
Carol Kuhnke

Darlene A. O'Brien
Julia B. Owdziej
David S. Swartz

Clerk/Register of Deeds

Lawrence Kestenbaum

Water Resources Commissioner

Evan N. Pratt

Prosecuting Attorney

Brian Mackie

Sheriff

Jerry L. Clayton

Treasurer

Catherine McClary

County Administrator

Gregory Dill

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FINANCIAL SECTION

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Rehmann Robson

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INDEPENDENT AUDITORS' REPORT

May 6, 2019

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

Report on the Financial Statements

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* (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washtenaw County Road Commission, which represents 79.0% of the assets and deferred outflows of resources, 84.2% of the net position and 88.2% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Washtenaw County Road Commission, is based solely on the report 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. The financial statements of the Washtenaw County Road Commission were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report 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, 2018, 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.

Implementation of GASB Statement No. 75

As described in Note 15, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. Accordingly, beginning net position of governmental activities was restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules for the pension and other postemployment benefit plans listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019 on our consideration of Washtenaw County's internal control 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washtenaw County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is fluid and cursive, with "Rehmann" on the top line and "Johnson LLC" on the bottom line.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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WASHTENAW COUNTY

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as listed in the table of contents, and the accompanying basic financial statements.

Financial Highlights

· Total net position	\$ 58,158,116
· Change in total net position	(7,607,720)
· Fund balances, governmental funds	110,403,882
· Change in fund balances, governmental funds	12,298,922
· Unassigned fund balance, general fund	29,211,396
· Change in fund balance, general fund	-
· General obligation debt outstanding	42,235,000
· Change in general obligation debt	(1,595,000)

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position 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 this discussion and analysis and the schedules concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to certain employees.

Reporting the County as a Whole

The Statements of Net Position and 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 statements of net position and activities report information about the County as a whole and its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows 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.

WASHTENAW COUNTY

Management's Discussion and Analysis

These two statements present financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. During 2018, the net position of the County decreased by \$122.5 million.

The statements of net position and 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 interest on long-term debt. Property taxes, intergovernmental revenue for operating grants and contributions, 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 Water Resources Commissioner, the Washtenaw County Road Commission and the Washtenaw County Brownfield Redevelopment Authority. 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.

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.

WASHTENAW COUNTY

Management's Discussion and Analysis

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 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 numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances for the general, community mental health, parks and recreation, road millage, enhanced emergency communication system millage, mental health/public safety millage, and county capital projects funds, each of which is considered to be a major fund. Data from the other 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 and schedules* elsewhere in 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 community mental health (CMH) group homes, 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.

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 position and changes in fiduciary net position. 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.

WASHTENAW COUNTY

Management's Discussion and Analysis

Additional Information

Notes to the Basic 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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and schedules concerning the County's obligation to provide pension and other postemployment benefits to certain employees.

The combining and individual fund financial statements and schedules referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Financial Analysis of the County as a Whole

This government-wide financial analysis focuses on the net position and changes in net position of the County's governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial health. As the following table shows, the County's net position was \$58.1 million at December 31, 2018.

By far, the largest portion of the County's net position, 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. This amounted to \$182.0 million at December 31, 2018. 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.

Restricted net position amounted to \$61.8 million at December 31, 2018. This represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position was negative \$185.6 million at December 31, 2018. This was caused by the recognition of the County's net pension liability in the statement of net position as required by Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions* as well as the recognition of the County's net liability for postemployment benefits other than pensions (referred to as OPEB) as required by Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

WASHTENAW COUNTY

Management's Discussion and Analysis

Washtenaw County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 191,849,280	\$ 160,670,262	\$ 28,427,517	\$ 31,750,437	\$ 220,276,797	\$ 192,420,699
Capital assets	210,568,168	214,657,699	11,202	12,299	210,579,370	214,669,998
Total assets	402,417,448	375,327,961	28,438,719	31,762,736	430,856,167	407,090,697
Deferred outflows of resources	46,670,061	23,259,882	-	-	46,670,061	23,259,882
Long-term debt	50,768,352	50,322,411	14,852,325	18,051,690	65,620,677	68,374,101
Other noncurrent liabilities	280,937,657	108,682,480	-	-	280,937,657	108,682,480
Other liabilities	24,829,550	23,108,473	343,888	248,837	25,173,438	23,357,310
Total liabilities	356,535,559	182,113,364	15,196,213	18,300,527	371,731,772	200,413,891
Deferred inflows of resources	47,636,340	49,285,411	-	-	47,636,340	49,285,411
Net position:						
Net investment in capital assets	181,945,187	180,837,910	11,202	12,299	181,956,389	180,850,209
Restricted	48,556,006	40,061,214	13,231,304	13,449,910	61,787,310	53,511,124
Unrestricted (deficit)	(185,585,583)	(53,710,056)	-	-	(185,585,583)	(53,710,056)
Total net position	\$ 44,915,610	\$ 167,189,068	\$ 13,242,506	\$ 13,462,209	\$ 58,158,116	\$ 180,651,277

The County's net position decreased by \$122.5 million from the prior year. The primary driver of this decline was the implementation of the new accounting standard discussed above which decreased beginning net position by \$114.9 million. The remainder was due to current year operations with a \$7.4 million decline related to governmental activities and a \$0.2 million decrease in business-type activities.

WASHTENAW COUNTY

Management's Discussion and Analysis

Governmental Activities. As noted above, total expenses exceeded total revenues and transfers by \$7.4 million during 2018. Key elements of this decrease in net position were as follows:

- Operating grants and contributions revenue increased \$3.4 million over the prior year. Operating grants for neglected, abused and delinquent youth increased by \$1.7 million due mainly to the prior year change in the fiscal year-end for this program from a calendar year-end to a September 30 year-end. This change resulted in nine months of activity being reported for fiscal year 2017, but 12 months for fiscal 2018. Additionally, revenue related to activity within the Prosecuting Attorney and Friend of the Court grants increased by \$0.1 and \$1.0 million, respectively, also due to this change in fiscal year-end. Revenue in culture and recreation increased by \$0.5 million in the current year from an increase in reimbursements from the federal government in relation to purchases under the United States Department of Agriculture (USDA) program. Operating revenues in the area of mental health declined by \$1.3 million overall from the prior year due to the deferral of monies received from state and regional entities related to the Medicaid managed care agreement that the County has with the Community Mental Health Partnership of Southeast Michigan. This agreement requires the County to provide all mandated and medically necessary specialty mental health services to the qualifying Medicaid population, including those qualifying under the Healthy Michigan Plan (Medicaid expansion).
- Property taxes increased by \$4.0 million during 2018. Property taxes generated from the general operating millage increased by \$3.0 million due mainly to increases in the taxable value of assessed property in the county. Increases of \$0.6 million and \$45,000 for the same reason were realized for the property tax revenues generated from the special voted millages pertaining to culture and recreation and the special voted millage used to support services to veterans, respectively. Another special voted millage related to mental health and public safety services was passed in November 2018. However, no revenues were collected for this millage during the year.
- Transfers increased by \$2.5 million during 2018, primarily in the area of delinquent tax activities. In the prior year, transfers from business-type activities were minimal as no monies could legally be transferred from the delinquent tax activities until all of the outstanding debt obligations related to a specific delinquency year have been repaid. In 2018, one of the obligations was repaid in full allowing these transfers to resume.
- Unrestricted investment earnings increased by \$0.9 million due to a large increase in the average weighted interest yield on the monies held by the County in its cash accounts. The rate increased from 1.18% to 2.13% in the current year.

WASHTENAW COUNTY

Management's Discussion and Analysis

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 38,821,635	\$ 38,534,130	\$ 3,085,453	\$ 3,048,456	\$ 41,907,088	\$ 41,582,586
Grants and contributions:						
Operating	117,634,087	114,241,162	-	-	117,634,087	114,241,162
Capital	8,126	63,307	-	-	8,126	63,307
General revenues:						
Property taxes	95,783,385	91,777,226	-	-	95,783,385	91,777,226
Accommodation taxes restricted for tourist programs	6,872,020	6,610,443	-	-	6,872,020	6,610,443
Grants and contributions not restricted to specific programs	10,261,382	10,246,109	-	-	10,261,382	10,246,109
Unrestricted investment earnings	1,795,152	960,631	411,475	238,591	2,206,627	1,199,222
Gain on sale of capital assets	29,101	44,744	-	-	29,101	44,744
Total revenues	271,204,888	262,477,752	3,496,928	3,287,047	274,701,816	265,764,799
Expenses						
Legislative	790,165	485,475	-	-	790,165	485,475
Judicial	29,943,384	25,934,117	-	-	29,943,384	25,934,117
General government	23,866,380	19,709,425	-	-	23,866,380	19,709,425
Public safety	73,346,884	66,648,515	-	-	73,346,884	66,648,515
Public works	5,423,734	7,828,859	-	-	5,423,734	7,828,859
Health	106,805,185	97,101,404	-	-	106,805,185	97,101,404
Social services	24,025,651	21,763,160	-	-	24,025,651	21,763,160
Culture and recreation	16,083,589	13,657,508	-	-	16,083,589	13,657,508
Interest on long-term debt	664,323	623,580	-	-	664,323	623,580
Delinquent tax collections and related activities	-	-	965,062	1,025,382	965,062	1,025,382
Total expenses	280,949,295	253,752,043	965,062	1,025,382	281,914,357	254,777,425

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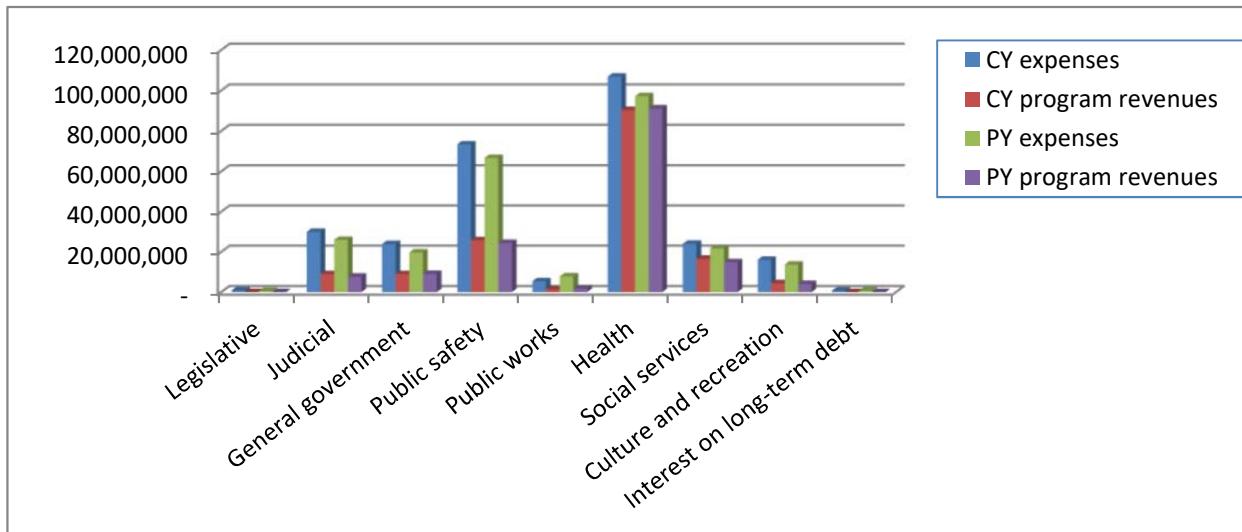
WASHTENAW COUNTY

Management's Discussion and Analysis

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Change in net position						
before transfers	\$ (9,744,407)	\$ 8,725,709	\$ 2,531,866	\$ 2,261,665	\$ (7,212,541)	\$ 10,987,374
Transfers	2,356,390	387,938	(2,751,569)	(217,938)	(395,179)	170,000
Change in net position	(7,388,017)	9,113,647	(219,703)	2,043,727	(7,607,720)	11,157,374
Net position - beginning	167,189,068	158,075,421	13,462,209	11,418,482	180,651,277	169,493,903
Restatement for implementation of GASB 75	(114,885,441)	-	-	-	(114,885,441)	-
Net position - ending	\$ 44,915,610	\$ 167,189,068	\$ 13,242,506	\$ 13,462,209	\$ 58,158,116	\$ 180,651,277

concluded.

2018 & 2017 Expenses and Program Revenues - Governmental Activities



Total expenses for governmental activities increased by \$27.2 million during 2018 compared to the prior year. The major areas of change during 2018 are as follows:

- Expenses throughout the County related to pensions and OPEB increased by \$11.2 million in 2018. This increase was driven by the implementation of Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement supersedes the prior standard used to calculate these expenses. This amount is included in any increase or decline discussed for the specific areas below.

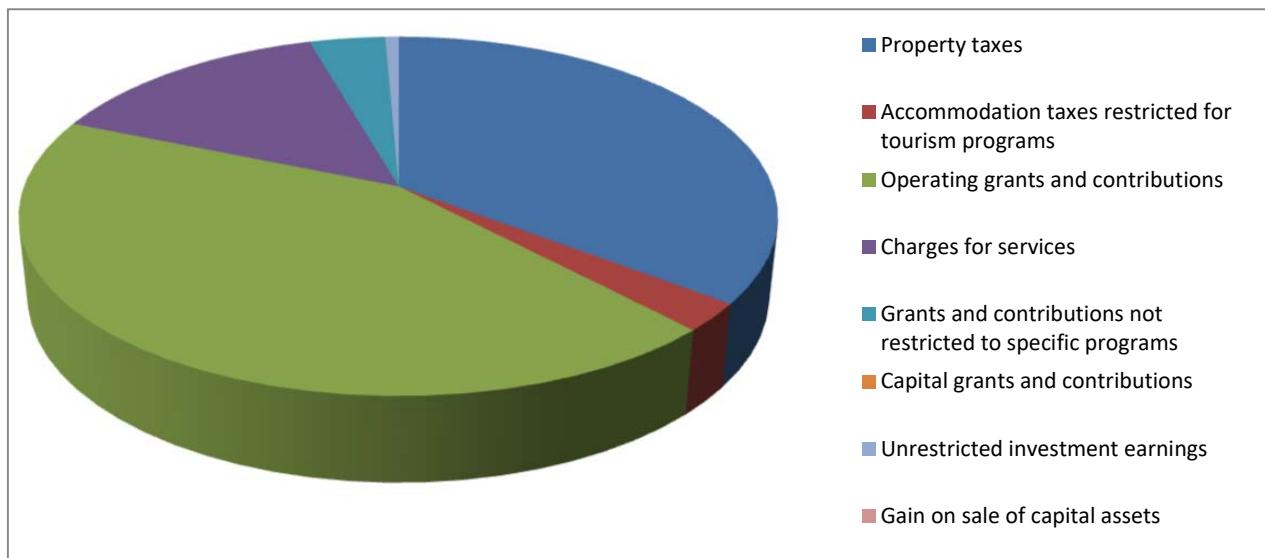
WASHTENAW COUNTY

Management's Discussion and Analysis

- Public works expenses decreased \$2.4 million during 2018. This decline was primarily due to an overall reduction in road construction projects by jurisdictions in 2018. Starting in 2017, under the new voter approved road millage, 20% of the millage monies are earmarked to be spent on non-motorized trails in the county, as described more fully below in the financial analysis of the County's funds section. This 20% allocation will continue annually through fiscal year 2020.
- Health expenses increased \$9.7 million in total during 2018, primarily in the mental health area, due to increased utilization costs from the Medicaid subcontracting agreement, as discussed above under operating grants and contributions. Pension and OPEB expense accounts for \$3.2 million of this increase.
- Social services expenses increased \$2.3 million during 2018. Social services expenses for neglected, abused and delinquent youth rose by \$1.8 million due to the change in fiscal year that is discussed above under operating grants and contributions. Pension and OPEB expense accounts for \$0.6 million of this increase.
- Judicial expenses increased \$4.0 million during 2018. Judicial expenses for services provided by the Friend of the Court rose by \$1.6 million due to the change in fiscal year that is discussed above under operating grants and contributions. Pension and OPEB expense accounts for \$1.6 million of this increase.
- Public safety expenses increased \$6.6 million during 2018. Expenses for services provided by the office of the Prosecuting Attorney rose by \$0.2 million due to the change in fiscal year that is discussed above under operating grants and contributions. Pension and OPEB expense accounts for \$3.6 million of this increase.

2018 Revenue by Source - Governmental Activities

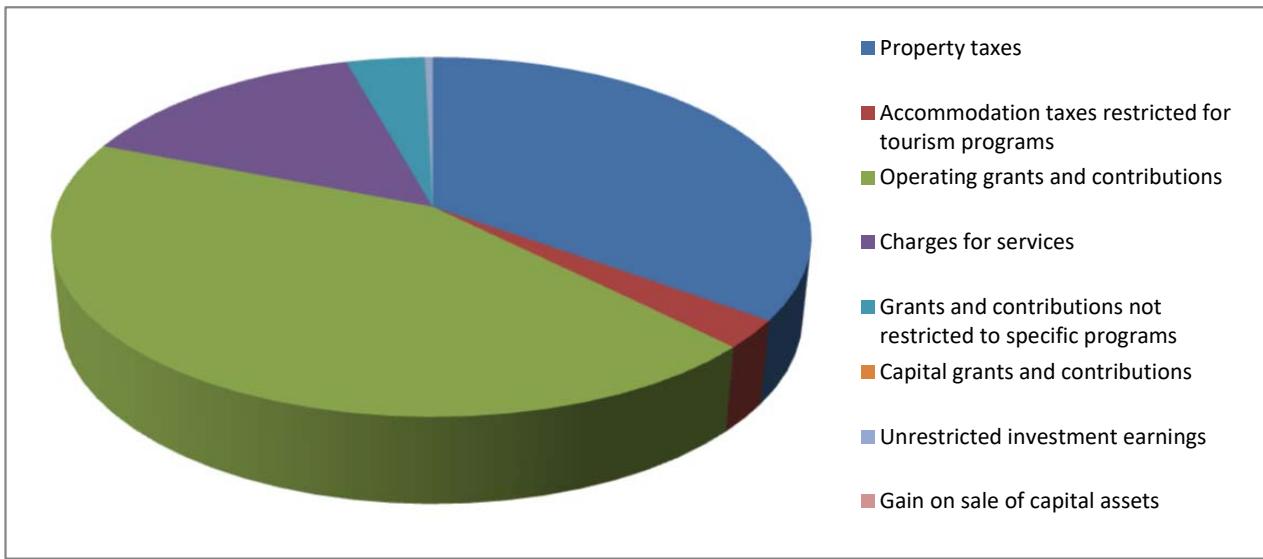
\$271,204,888



WASHTENAW COUNTY

Management's Discussion and Analysis

2017 Revenue by Source - Governmental Activities
\$262,477,752



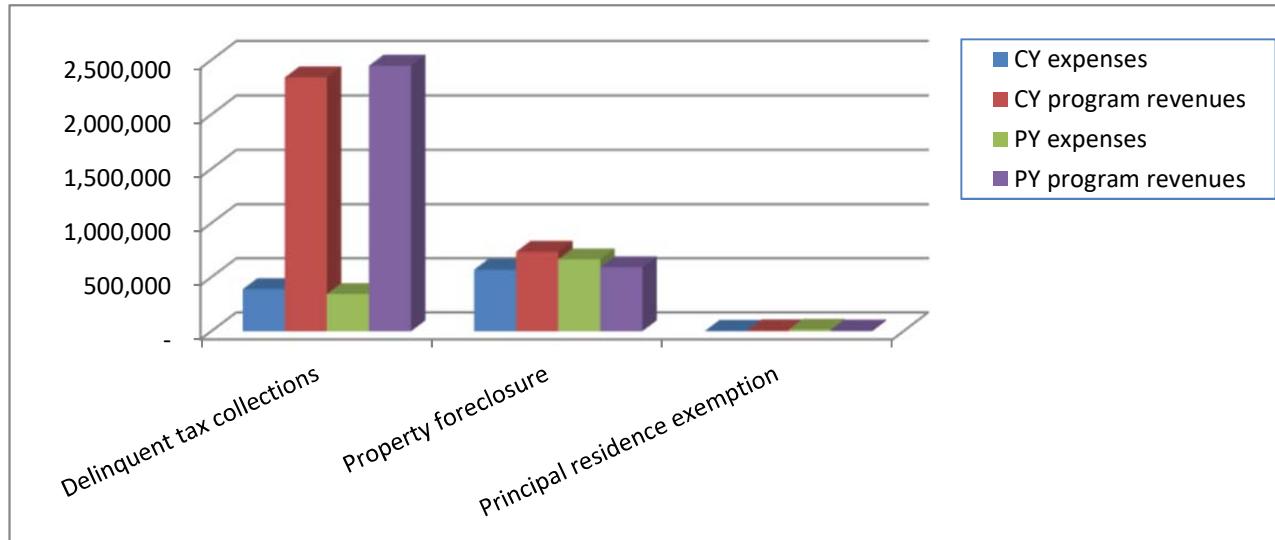
Business-type Activities. Business-type activities decreased the County's net position by approximately \$0.2 million during 2018. Key elements of the decrease were as follows:

- Charges for services revenue for property foreclosure increased by \$0.2 million primarily due to an increase in the value of properties auctioned in 2018. Overall expenses for property foreclosures declined as there were fewer auctions that netted the increased revenue.
- Charges for services revenue for delinquent tax collections (including interest charges and collection fees) decreased by \$0.1 million during 2018. Fewer delinquent taxes were collected in 2018 compared to 2017 leading to a decline in the interest and fee collections from the prior year.
- Transfers out of the delinquent tax monies to the capital reserve increased by \$2.5 million. In 2017, transfers were minimal due to legal restrictions on the use of delinquent tax money from a delinquency year that still holds an outstanding debt. During the current year, the debt for a certain delinquency year was repaid in full allowing these transfers to resume.

WASHTENAW COUNTY

Management's Discussion and Analysis

2018 & 2017 Expenses and Program Revenues - Business-type Activities



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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2018, the County's governmental funds reported combined ending fund balances of \$110.4 million, an increase of \$12.3 million from the prior year. Seventy-two percent of the ending fund balances, or \$79.4 million, is subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds and is not available for new spending because it has already been restricted or committed. Twenty-six percent of this total amount, or \$28.8 million, is available for spending at the government's discretion (general fund unassigned fund balance, less any fund deficits). The remaining 2 percent, or \$2.2 million, is considered nonspendable as the monies have been expended already for prepaid items.

WASHTENAW COUNTY

Management's Discussion and Analysis

The general fund is the chief operating fund of the County. At December 31, 2018, its fund balance was \$31.1 million or no increase from the prior year. Due primarily to an increase of \$4.0 million in property tax revenues, the general fund initially reported a surplus of \$3.7 million at December 31, 2018. A board resolution was passed to utilize this surplus to absorb certain expenditures from the community mental health fund to reduce that fund's deficit to the amount discussed below. As a measure of its liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 27.0 percent of total general fund expenditures and transfers out. This level of fund balance in the general fund meets the Board of Commissioners formal adopted policy.

The community mental health fund had a fund balance deficit of \$0.4 million at September 30, 2018 (its year end), a net decrease of \$3.1 million from the previous year. A deficit elimination plan will be filed with the State for this amount. In 2018, the fund initially had an excess of expenditures over revenues and transfers in of \$6.8 million. This was due to the deferral of expected revenues from State and regional agencies to future periods. Two major actions mitigated this variance. First, the fund had a \$2.7 million fund balance at the beginning of the fiscal year that was depleted first. Then, the board resolution mentioned above, approved reassigning of \$3.7 million in expenditures from this fund to the general fund which reduced the total deficit to the remaining \$0.4 million. The community mental health fund accounts for the revenues and expenditures resulting from the delivery of an array of mental health services to County residents.

The parks and recreation fund had a fund balance of \$30.7 million at December 31, 2018, an increase of \$2.6 million from the prior year. Property tax revenues increased \$0.6 million due mainly to increases in the taxable value of assessed property in the county. Starting in 2017, 20 percent of the monies from the road millage are used for maintenance and improvements to non-motorized areas under the direction of parks and recreation and, as such, are included in this fund balance. This agreement is set to continue for the duration of the special-voted road millage. Expenditures increased by \$3.0 million during 2018. The parks and recreation fund utilizes voter-approved millages and park user fees to fund parks and recreation programs and activities and land acquisitions meeting the criteria of the natural areas preservation program. Fund balance will be used in subsequent years for these purposes. During 2018, \$7.5 million was set aside for the perpetual operation, maintenance, and enforcement of parks and natural areas.

The road millage fund had a fund balance of \$2.5 million at December 31, 2018, an increase of \$2.1 million from the prior year. The road millage fund accounts for the financial activity related to the road millage that was approved by the county voters in November 2016 for a 4-year period at 0.5 mills. Eighty percent of the road millage monies are used to help keep existing roads, streets, paths, bridges and culverts in reasonable repair and in a condition reasonably safe and fit for public travel. The remaining 20% of the millage dollars are used for the maintenance of non-motorized trails by the parks and recreation department as discussed above.

WASHTENAW COUNTY

Management's Discussion and Analysis

The enhanced emergency communications system (EECS) millage fund had a fund balance of \$7.4 million at December 31, 2018, an increase of \$2.0 million from the prior year. This fund was originally established to account for the revenues provided by a voter-approved 10-year millage which began in 2006 and for the payment of principal and interest on the long-term general obligation debt issued to finance the construction of the digital emergency communications system for the County as well as the ongoing maintenance costs of the system. In April 2016, county voters approved a renewal of the original 0.2 mill levy for an additional 10 years to continue to operate and improve the County's enhanced emergency communications system which could include constructing additional towers, upgrading the existing infrastructure and purchasing the necessary equipment. In 2018, there was \$0.9 million of emergency communications equipment that was provided to the County from the State of Michigan through their Michigan Public Safety Communications System Lifecycle Remediation Project. The State provided this equipment to many jurisdictions to ensure a stable and efficient emergency alert system. This program is expected to continue throughout 2019.

The mental health/public safety millage fund was created in 2018. Collection activity related to this millage did not begin until 2019. This fund was established to account for the revenues provided by a voter-approved 8-year millage at 1.0 mill. The monies from this millage are to be utilized for three distinct functions: 1) 38% for mental health crisis, prevention, and stabilization efforts; 2) 38% for public safety efforts to ensure continued operations and greater cooperation with the mental health community; and 3) 24% to be distributed to those entities within the county which maintain their own police force (currently Ann Arbor, Chelsea, Milan, Saline, Ypsilanti, Pittsfield Township, and Northfield Township) to facilitate a united effort between the County and its constituent entities.

The county capital projects fund accounts for the renovations and modifications of existing facilities, new capital construction projects and the purchase of capital equipment, as well as maintenance to existing facilities (such as replacement of roof systems, carpeting, and other interior finishes). The county capital projects fund had a fund balance of \$19.0 million at December 31, 2018. This was an increase of \$6.8 million from the prior year due primarily to the issuance of \$5.4 million in new general obligation debt and the transfer of \$0.4 million from the Office of Community Economic Development to establish an administrative reserve in the County capital projects fund.

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

Net position of the delinquent tax, other enterprise and internal service funds at the end of the year amounted to \$10.1 million, \$3.2 million and \$21.0 million, respectively. The delinquent tax fund had a decrease in net position for the year of \$0.3 million while the other enterprise funds increased by \$0.1 million. The internal service funds had an increase of \$0.7 million due primarily to increased service revenues related to a steady relationship of charges for services and medical insurance costs experienced by the County for its active employees and retirees. In addition, the service revenues in the insurance revolving fund increased by \$0.3 million while the overall expenses remained steady. The primary factor concerning the financial position of the delinquent tax fund has already been addressed in the discussion of the County's business-type activities.

WASHTENAW COUNTY

Management's Discussion and Analysis

General Fund Budgetary Highlights

There was a net increase of \$2.6 million (2.4%) to general fund revenues (including other financing sources) from the original to the final budget. Property taxes increased by \$2.3 million (3.2%) due to the increase in the tax base being higher than projected when the original budget was adopted. Other revenues increased \$0.5 million (26.0%) for a refund for leased capital equipment that was upgraded and replaced. Other small increases and decreases in revenue budgets also took place.

There was a net increase of \$4.0 million (3.6%) between the original and final expenditure budget (including other financing uses). Other financing uses (transfers out) increased \$2.1 million (10.1%). The increase was due to board approved, budget neutral, transfers from services and charges expenditures, reserves, and a one-time non-structural capital allocation. In addition, there was an expenditure increase of \$0.7 million (20.9%) in the undesignated allocation expenditure category. This category is used for undesignated budget amounts. The County Board of Commissioners determine the future investment of these monies. Finally, there were other expenditure increases as follows: \$0.7 million for debt service expenditures on computer equipment capital leases which was transferred from the hardware/software maintenance expenditure category; \$0.2 million (0.4%) for public safety activities (police services contracts); \$0.15 million (23.7%) for legislative activities (Board of Commissioner initiatives); and other small budget expenditure increases and decreases.

Finally, there was a net increase of \$1.3 million (249%) in the use of fund balance between the original and final budgets. The County adopts a rolling quadrennial budget annually. At times the annual budget may have a planned contribution to fund balance and at other times may have a planned use of fund balance. The original budget included a planned use of fund balance. The Board of Commissioners also approved a portion of the prior year surplus, in alignment with policy, for various non-structural (one-time) allocations for highly critical infrastructure projects, economic development and agriculture activities and various outside agency allocations. These authorized allocations resulted in the final amended net change in fund balance to reflect a budgeted planned use of fund balance. Other small increases and decreases in expenditure budgets also took place.

Overall, 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 equal to actual expenditures. This is due to the full utilization of the anticipated surplus to offset a significant portion of the Community Mental Health over expenditure. This resulted in no change to the actual fund balance amount at year end.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities at December 31, 2018 was \$210.6 million (net of accumulated depreciation), a decrease of \$4.1 million over last year. This investment in capital assets includes land, buildings, easement property, improvements, and machinery and equipment. The County's business-type activities have a nominal investment in capital assets of \$11,202 (net of accumulated depreciation) at December 31, 2018.

WASHTENAW COUNTY

Management's Discussion and Analysis

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

- Parks and recreation spent \$50,000 on land acquisitions and \$1.9 million on easements in perpetuity under the Natural Areas Preservation Program for an extension of the Border-to-Border Trail. Initial fees to locate and negotiate the property acquisitions/easements were incurred in 2017 and the full costs were realized in 2018 when the transactions were completed. It also spent \$0.9 million on park improvements with the majority of the money being used for construction of the Rolling Hills Water Park Splash Pad.
- Buildings and improvements decreased by \$2.7 million mainly due to depreciation expense recorded against these assets thus lowering their net book value.
- Improvements other than buildings decreased by \$3.8 million primarily because of depreciation expense recorded against these assets thus lowering their net book value. This amount also included the disposal of \$0.9 million in these assets, net of accumulated depreciation.
- Machinery and equipment decreased in total by \$0.8 million. The major components of this change were: purchases of \$0.5 million in cameras for police in-car video systems, a \$0.3 million expenditure related to a new media system for the main board room in the County Administration building, and \$1.4 million in fleet vehicle purchases. Net depreciation expense (depreciation expense less accumulated depreciation related to disposals) was approximately \$3.1 million.

Washtenaw County's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 51,371,624	\$ 51,320,965	\$ -	\$ -	\$ 51,371,624	\$ 51,320,965
Easement property in perpetuity	7,040,089	5,168,421	-	-	7,040,089	5,168,421
Construction in progress	2,758,164	1,480,940	-	-	2,758,164	1,480,940
Buildings and improvements	94,412,132	97,136,991	-	-	94,412,132	97,136,991
Improvements other than buildings	33,085,740	36,899,640	-	-	33,085,740	36,899,640
Machinery and equipment	21,900,419	22,650,742	11,202	12,299	21,911,621	22,663,041
Total	<u>\$ 210,568,168</u>	<u>\$ 214,657,699</u>	<u>\$ 11,202</u>	<u>\$ 12,299</u>	<u>\$ 210,579,370</u>	<u>\$ 214,669,998</u>

Additional information on the County's capital asset activity may be found in the Capital Assets section (Note 6) of the notes to the financial statements.

WASHTENAW COUNTY

Management's Discussion and Analysis

Long-term Debt. At December 31, 2018, the County had total bonded debt outstanding of \$27.4 million. This entire amount is backed by the full faith and credit of the County.

Washtenaw County's Outstanding Debt General Obligation

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 27,435,000	\$ 25,830,000	\$ -	\$ -	\$ 27,435,000	\$ 25,830,000
Delinquent tax notes	-	-	14,800,000	18,000,000	14,800,000	18,000,000
Total	<u>\$ 27,435,000</u>	<u>\$ 25,830,000</u>	<u>\$ 14,800,000</u>	<u>\$ 18,000,000</u>	<u>\$ 42,235,000</u>	<u>\$ 43,830,000</u>

The County's total general obligation debt increased by \$1.6 million during 2018. The County made principal payments of \$3.8 million on its general obligation bonds and \$12.2 million on its delinquent tax notes. The County issued \$5.4 million in new general obligation debt and \$9.0 million in new delinquent tax notes during 2018. Debt service requirements for general obligation bonds of \$3.9 million and interest of \$0.5 million are due during 2019. Principal payments for delinquent tax notes of \$10.0 million and interest payments of \$0.3 million are also due during 2019.

The County has an "Aaa" rating for general obligation bonds from Moody's. The County has an "AAA" rating for its general obligation bonds from Standard & Poor's. Finally, the County has a "F1+" rating for general obligation tax notes and an AA+ for existing general obligation bonds 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 \$2.07 billion which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt activity may be found in the Long-term Debt section (Note 10) of the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Michigan economy is in its ninth year of post-recession recovery and is poised for another round of substantial growth during 2019 and 2020. The following factors were considered in preparing the County's 2019-2022 four-year budget:

- The County completed labor negotiations with contracts settled through fiscal 2023 resulting in modest structural and nonstructural wage increases. Previous economic concessions related to benefit modifications were continued with approved premium sharing and increased co-pays and deductibles for medical benefits.

WASHTENAW COUNTY

Management's Discussion and Analysis

- To limit the County's liability to the defined benefit retirement system and retiree healthcare plan, both plans were closed to new hires effective January 1, 2014. New hires enter into a defined contribution pension plan and a retirement health savings plan. Cost-sharing models were negotiated capping the employer and employee contribution rates. This will assist with the long-term cost increases within the pension and retiree healthcare systems, ensure pension funding for retirement and eliminate the long-term legacy costs associated with defined benefit plans.
- The unemployment rate for the County is currently 2.7%. This compares favorably to the state's average unemployment rate of 4.0% and the national average rate of 3.9%.
- 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 2018 the applicable inflation rate was 2.1%, but the actual change in taxable value was 5.2%. Therefore, due to the laws that limit growth, as well as personal property tax reform and phase-out through 2022, property tax revenues are budgeted to increase by 1.0% for 2019 and 1.5% for 2020 and beyond.
- The State of Michigan has returned to fiscal stability and has a budget surplus for its most recent year end. The County's 2019-2022 quadrennial budget assumes that the State of Michigan will keep county revenue sharing/county incentive programs at 100% of previous levels.
- The County has committed to plan future budgets to meet a fund balance goal of at least 20% of operating expenditures. The 2019-2022 quadrennial budget is balanced. Any annual surplus or deficit will have options for use or reductions recommended as outlined by the adopted budget priorities and principles to be used as decisions about budget allocations are made resolution and Board of Commissioner policy.
- Overall, financial trends in the region compare favorable in relation to national indices. Analysis of revenues, expenses/expenditures, operating position, debt structure, unfunded liabilities, condition of capital assets, 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 fiscal condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Washtenaw County Finance Department, 220 North Main Street, P.O. Box 8645, Ann Arbor, Michigan 48107-8645.

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BASIC FINANCIAL STATEMENTS

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WASHTENAW COUNTY

Statement of Net Position

December 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
	Component Units		
Assets			
Cash and pooled investments	\$ 124,718,426	\$ 14,578,257	\$ 139,296,683
Receivables, net	61,156,321	13,849,260	75,005,581
Prepaid items and other assets	5,974,533	-	5,974,533
Capital assets not being depreciated	61,169,877	-	61,169,877
Capital assets being depreciated, net	149,398,291	11,202	149,409,493
Total assets	402,417,448	28,438,719	430,856,167
Deferred outflows of resources			
Deferred pension amounts	33,345,406	-	33,345,406
Deferred other postemployment benefit amounts	13,149,460	-	13,149,460
Deferred charge on refunding	175,195	-	175,195
Total deferred outflows of resources	46,670,061	-	46,670,061
Liabilities			
Accounts payable and accrued liabilities	19,837,713	315,521	20,153,234
Accrued interest payable	95,567	28,367	123,934
Unearned revenue	4,896,270	-	4,896,270
Long-term debt:			
Due within one year	14,368,326	10,018,972	24,387,298
Due in more than one year	36,400,026	4,833,353	41,233,379
Other noncurrent liabilities due in more than one year:			
Net pension liability	152,820,834	-	152,820,834
Net other postemployment benefits liability	128,116,823	-	128,116,823
Total liabilities	356,535,559	15,196,213	371,731,772
Deferred inflows of resources			
Deferred pension amounts	2,586,521	-	2,586,521
Deferred other postemployment benefit amounts	4,735,523	-	4,735,523
Taxes levied for a subsequent period	40,260,661	-	40,260,661
Deferred gain on refunding	53,635	-	53,635
Total deferred inflows of resources	47,636,340	-	47,636,340
Net position			
Net investment in capital assets	181,945,187	11,202	181,956,389
Restricted for:			
Economic development	781,868	-	781,868
Public safety	10,705,784	-	10,705,784
Public works	2,500,986	-	2,500,986
Social services	3,846,310	-	3,846,310
Culture and recreation	30,721,058	-	30,721,058
Debt service	-	10,071,068	10,071,068
Capital projects	-	-	2,231,109
Property foreclosure	-	3,151,702	3,151,702
Principal residence exemption	-	8,534	8,534
Unrestricted (deficit)	(185,585,583)	-	(185,585,583)
Total net position	\$ 44,915,610	\$ 13,242,506	\$ 58,158,116
The accompanying notes are an integral part of these financial statements.			

WASHTENAW COUNTY

Statement of Activities

Year Ended December 31, 2018

Functions / Programs	Program Revenues					Net (Expense) Revenue	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Primary government							
Governmental activities:							
Legislative	\$ 790,165	\$ -	\$ -	\$ -	\$ (790,165)		
Judicial	29,943,384	3,014,600	5,940,954	-	-	(20,987,830)	
General government	23,866,380	7,051,366	1,900,085	8,126	-	(14,906,803)	
Public safety	73,346,884	20,096,545	5,720,179	-	-	(47,530,160)	
Public works	5,423,734	-	1,399,106	-	-	(4,024,628)	
Health	106,805,185	4,797,169	85,546,011	-	-	(16,462,005)	
Social services	24,025,651	287,527	16,305,010	-	-	(7,433,114)	
Culture and recreation	16,083,589	3,574,428	822,742	-	-	(11,686,419)	
Interest on long-term debt	664,323	-	-	-	-	(664,323)	
Total governmental activities	280,949,295	38,821,635	117,634,087	8,126	-	(124,485,447)	
Business-type activities:							
Delinquent tax collection	389,415	2,340,828	-	-	-	1,951,413	
Property foreclosure	569,651	735,430	-	-	-	165,779	
Principal residence exemption	5,996	9,195	-	-	-	3,199	
Total business-type activities	965,062	3,085,453	-	-	-	2,120,391	
Total primary government	\$ 281,914,357	\$ 41,907,088	\$ 117,634,087	\$ 8,126	\$ (122,365,056)		
Component units							
Department of Public Works Projects	\$ 1,487,567	\$ -	\$ -	\$ 182,747	\$ (1,304,820)		
Water Resources Commissioner	3,275,153	21,982	-	3,877,334	-	624,163	
Road Commission	42,044,868	-	57,574,312	-	-	15,529,444	
Brownfield Redevelopment Authority	3,172,725	-	723,246	-	-	(2,449,479)	
Total component units	\$ 49,980,313	\$ 21,982	\$ 58,297,558	\$ 4,060,081	\$ 12,399,308		

continued...

WASHTENAW COUNTY

Statement of Activities Year Ended December 31, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (124,485,447)	\$ 2,120,391	\$ (122,365,056)	\$ 12,399,308
General revenues:				
Property taxes	95,783,385	-	95,783,385	2,814,969
Accommodation taxes restricted for tourism programs	6,872,020	-	6,872,020	-
Grants and contributions not restricted to specific programs	10,261,382	-	10,261,382	-
Unrestricted investment earnings	1,795,152	411,475	2,206,627	420,820
Gain on sale of capital assets	29,101	-	29,101	185,586
Transfers - internal activities	2,356,390	(2,751,569)	(395,179)	-
Total general revenues and transfers	117,097,430	(2,340,094)	114,757,336	3,421,375
Change in net position	(7,388,017)	(219,703)	(7,607,720)	15,820,683
Net position, beginning of year, as restated	52,303,627	13,462,209	65,765,836	306,239,101
Net position, end of year	\$ 44,915,610	\$ 13,242,506	\$ 58,158,116	\$ 322,059,784

concluded.

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

WASHTENAW COUNTY

Balance Sheet - Governmental Funds

December 31, 2018

	General	Community Mental Health	Parks and Recreation	Road Millage	Enhanced Emergency Communication System Millage
Assets					
Cash and pooled investments	\$ 29,506,548	\$ 4,376,411	\$ 31,245,873	\$ 2,500,986	\$ 7,162,240
Receivables:					
Taxes - current	-	-	11,506,281	7,960,910	3,162,044
Taxes - delinquent	105,931	-	-	-	-
Accounts	1,265,918	1,237,326	34,975	-	-
Leases	-	-	-	-	-
Interfund receivable	-	-	-	-	-
Due from other governments	1,336,077	5,589,916	-	-	-
Prepaid items	1,849,597	-	-	-	271,027
Total assets	\$ 34,064,071	\$ 11,203,653	\$ 42,787,129	\$ 10,461,896	\$ 10,595,311
Liabilities					
Accounts payable	\$ 746,616	\$ 5,382,143	\$ 460,158	\$ -	\$ 71,731
Accrued liabilities	1,459,375	1,723,990	99,632	-	-
Due to other governments	691,156	172,447	-	-	-
Interfund payable	-	-	-	-	-
Unearned revenue	-	4,309,868	-	-	-
Total liabilities	2,897,147	11,588,448	559,790	-	71,731
Deferred inflows of resources					
Unavailable revenue - property taxes	105,931	-	-	-	-
Unavailable revenue - leases	-	-	-	-	-
Taxes levied for a subsequent period	-	-	11,506,281	7,960,910	3,162,044
Total deferred inflows of resources	105,931	-	11,506,281	7,960,910	3,162,044
Fund balances					
Nonspendable	1,849,597	-	-	-	271,027
Restricted for:					
Economic development	-	-	-	-	-
Public safety	-	-	-	-	7,090,509
Public works	-	-	-	2,500,986	-
Social services	-	-	-	-	-
Culture and recreation	-	-	30,721,058	-	-
Capital projects	-	-	-	-	-
Committed for:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Economic development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health	-	-	-	-	-
Social services	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned (deficit)	29,211,396	(384,795)	-	-	-
Total fund balances	31,060,993	(384,795)	30,721,058	2,500,986	7,361,536
Total liabilities, deferred inflows of resources and fund balances	\$ 34,064,071	\$ 11,203,653	\$ 42,787,129	\$ 10,461,896	\$ 10,595,311

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

2017-18 Budget Comparison

Mental Health/ Public Safety Millage	County Capital Projects	Other Governmental Funds	Total Governmental Funds
-----------------------------------------------	-------------------------------	--------------------------------	--------------------------------



\$ - \$ 18,256,031 \$ 16,245,356 \$ 109,293,445

16,041,508	-	1,589,918	40,260,661
-	-	-	105,931
-	-	1,929,119	4,467,338
-	603,680	19,476	623,156
-	962,444	-	962,444
-	-	7,056,907	13,982,900
-	21,550	37,827	2,180,001

\$ 16,041,508 \$ 19,843,705 \$ 26,878,603 \$ 171,875,876

\$ -	\$ 237,431	\$ 2,583,297	\$ 9,481,376
-	1,138	980,668	4,264,803
-	-	13,750	877,353
-	-	962,444	962,444
-	-	586,402	4,896,270
-	238,569	5,126,561	20,482,246

-	-	-	105,931
-	603,680	19,476	623,156
<u>16,041,508</u>	<u>-</u>	<u>1,589,918</u>	<u>40,260,661</u>
<u>16,041,508</u>	<u>603,680</u>	<u>1,609,394</u>	<u>40,989,748</u>

-	21,550	37,827	2,180,001
-	-	781,868	781,868
-	-	3,344,248	10,434,757
-	-	-	2,500,986
-	-	3,846,310	3,846,310
-	-	-	30,721,058
-	5,420,621	-	5,420,621
-	-	425,166	425,166
-	-	455,783	455,783
-	-	161,022	161,022
-	-	3,194,811	3,194,811
-	-	1,836,013	1,836,013
-	-	2,854,778	2,854,778
-	-	3,204,814	3,204,814
-	-	8	8
-	13,559,285	-	13,559,285
-	-	-	28,826,601
-	<u>19,001,456</u>	<u>20,142,648</u>	<u>110,403,882</u>

\$ 16,041,508 \$ 19,843,705 \$ 26,878,603 \$ 171,875,876

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WASHTENAW COUNTY

Reconciliation

Fund Balances for Governmental Funds
to Net Position of Governmental Activities
December 31, 2018

Fund balances - total governmental funds	\$ 110,403,882
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	61,169,877
Capital assets being depreciated, net	149,398,291
Less capital assets reported in internal service funds	(5,697,721)
Deferred inflows of resources in governmental funds is susceptible to full accrual on the government-wide statements.	
Property taxes	105,931
Leases receivable	623,156
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 position (and netted against bonds payable).	
Bond discounts	10,000
Bond premiums	(379,892)
Gains and losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net position.	
Deferred gain on refunding	(53,635)
Deferred loss on refunding	175,195
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 position.	
	20,965,413
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds, notes and capital leases payable	(33,814,746)
Accrued interest on bonds payable	(95,567)
Accrued compensated absences	(16,129,739)
Certain pension and other postemployment benefit-related amounts, such as the net pension and the net other postemployment benefit liabilities and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(152,820,834)
Deferred outflows related to the net pension liability	33,345,406
Deferred inflows related to the net pension liability	(2,586,521)
Net other postemployment benefits liability	(128,116,823)
Deferred outflows related to the net other postemployment benefits liability	13,149,460
Deferred inflows related to the net other postemployment benefits liability	<u>(4,735,523)</u>
Net position of governmental activities	<u>\$ 44,915,610</u>

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, 2018

	General	Community Mental Health	Parks and Recreation	Road Millage	Enhanced Emergency Communication System Millage
Revenues					
Property taxes	\$ 72,422,271	\$ -	\$ 12,666,323	\$ 6,115,318	\$ 3,051,374
Accommodation taxes	381,896	-	-	-	-
Licenses and permits	13,124,013	75,971,798	858,923	57,087	22,683
Intergovernmental	22,756,423	1,283,022	3,574,428	-	110,104
Charges for services	982,392	-	-	-	-
Fines and forfeits	378,171	-	539,261	93,573	122,620
Investment income	2,799,311	1,792,921	46,387	-	882,309
Other					
Total revenues	112,844,477	79,047,741	17,685,322	6,265,978	4,189,090
Expenditures					
Current:					
Legislative	788,854	-	-	-	-
Judicial	20,687,885	-	-	-	-
General government	7,870,970	-	-	-	-
Public safety	56,009,309	-	-	-	1,374,294
Public works	105,132	-	-	4,163,534	-
Health	3,696,368	83,886,900	-	-	-
Social services	-	-	-	-	-
Culture and recreation	441,946	-	15,086,586	-	-
Other unallocated	3,119,939	-	-	-	-
Debt service:					
Principal	742,547	-	-	-	689,551
Interest and fiscal charges	33,237	-	-	-	110,840
Capital outlay	-	-	-	-	-
Total expenditures	93,496,187	83,886,900	15,086,586	4,163,534	2,174,685
Revenues over (under) expenditures	19,348,290	(4,839,159)	2,598,736	2,102,444	2,014,405
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Transfers in	2,167,121	1,720,756	-	-	-
Transfers out	(21,515,411)	-	(9,566)	-	-
Total other financing sources (uses)	(19,348,290)	1,720,756	(9,566)	-	-
Net change in fund balances		(3,118,403)	2,589,170	2,102,444	2,014,405
Fund balances, beginning of year	31,060,993	2,733,608	28,131,888	398,542	5,347,131
Fund balances (deficit), end of year	\$ 31,060,993	\$ (384,795)	\$ 30,721,058	\$ 2,500,986	\$ 7,361,536

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

Mental Health/ Public Safety Millage	County Capital Projects	Other Governmental Funds	Total Governmental Funds
-----------------------------------------------	-------------------------------	--------------------------------	--------------------------------

\$ - \$ -	\$ 1,534,971	\$ 95,790,257
- -	6,872,020	6,872,020
- -	3,498,941	3,880,837
- -	25,667,416	115,701,920
- 737,445	5,072,400	33,533,822
- -	137,057	1,119,449
- 208,439	172,046	1,514,110
- 437,719	6,673,960	12,632,607
<hr/>	<hr/>	<hr/>
- 1,383,603	49,628,811	271,045,022
<hr/>	<hr/>	<hr/>

- - -	788,854	
- -	5,945,269	26,633,154
- -	7,708,579	15,579,549
- -	7,834,776	65,218,379
- -	1,074,980	5,343,646
- -	14,103,795	101,687,063
- -	22,967,986	22,967,986
- -	-	15,528,532
- -	-	3,119,939

- 59,019	3,814,477	5,305,594
- 118,311	581,682	844,070
<hr/>	<hr/>	<hr/>
- 3,558,314	-	3,558,314
<hr/>	<hr/>	<hr/>
- 3,735,644	64,031,544	266,575,080
<hr/>	<hr/>	<hr/>

- (2,352,041)	(14,402,733)	4,469,942
<hr/>	<hr/>	<hr/>

- 5,400,000	-	5,400,000
- 85,481	-	85,481
- 8,022,779	18,777,434	30,688,090
- (4,401,660)	(2,417,954)	(28,344,591)
<hr/>	<hr/>	<hr/>

- 9,106,600	16,359,480	7,828,980
- 6,754,559	1,956,747	12,298,922
<hr/>	<hr/>	<hr/>
- 12,246,897	18,185,901	98,104,960
<hr/>	<hr/>	<hr/>
\$ - \$ 19,001,456	\$ 20,142,648	\$ 110,403,882
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WASHTENAW COUNTY

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ 12,298,922
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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.

Capital assets purchased/constructed	7,111,131
Depreciation expense	(10,689,828)
Loss on disposal of capital assets	(972,041)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Change in unavailable leases receivable	(151,531)
Change in unavailable property tax receivable	(6,872)

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

Issuance of long-term debt	(5,400,000)
Premium on bonds	(85,481)
Principal payments on long-term debt	3,814,476
Principal payments on capital leases	1,491,118

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

Change in accrued interest payable on long-term debt	7,506
Amortization of discount on bonds	(2,500)
Amortization of premium on bonds	48,683
Amortization of deferred charge on refunding	(28,861)
Amortization of deferred gain on refunding	5,959

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.

Net operating income from governmental activities in internal service funds	343,053
Interest revenue from governmental internal service funds	281,042
Net gain on sale of capital assets in governmental internal service funds	29,101
Capital contributions in governmental internal service funds	8,126
Net transfers in governmental internal service funds	12,891

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.

Change in net other postemployment benefits liability and related deferred amounts	(2,610,267)
Change in net pension liability and related deferred amounts	(12,668,314)
Change in accrual for accrued compensated absences	<u>(224,330)</u>

Change in net position of governmental activities	<u>\$ (7,388,017)</u>
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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, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 70,098,299	\$ 72,330,112	\$ 72,422,271	\$ 92,159
Licenses and permits	348,833	348,833	381,896	33,063
Intergovernmental	12,732,464	12,754,464	13,124,013	369,549
Charges for services	22,311,023	22,176,998	22,756,423	579,425
Fines and forfeits	1,012,100	1,012,100	982,392	(29,708)
Investment income	107,419	107,419	378,171	270,752
Other	2,096,722	2,641,511	2,799,311	157,800
Total revenues	108,706,860	111,371,437	112,844,477	1,473,040
Expenditures				
Current:				
Legislative -				
Board of commissioners	622,287	769,826	788,854	(19,028)
Judicial:				
District court	6,362,387	6,363,987	6,175,245	188,742
Trial court	11,220,350	11,283,111	11,268,682	14,429
Probation department	233,287	233,287	215,306	17,981
Public defender	3,271,899	3,270,156	3,028,652	241,504
Total judicial	21,087,923	21,150,541	20,687,885	462,656
General government:				
Information technology	7,714,165	7,422,746	7,390,962	31,784
Building authority	6,900	6,900	3,625	3,275
Clerk / Register	2,824,325	2,824,325	2,636,237	188,088
Human resources	1,547,478	1,727,478	1,471,956	255,522
Water resources commissioner	3,888,298	3,951,159	4,026,994	(75,835)
Equalization	1,615,741	1,615,741	1,510,500	105,241
Finance	2,965,142	2,981,142	2,765,290	215,852
Corporation counsel	673,308	773,308	571,438	201,870
Treasurer	1,795,465	1,814,465	1,741,316	73,149
Administrator	1,290,479	1,285,479	1,224,194	61,285
Allocated to other departments	(15,471,542)	(15,471,542)	(15,471,542)	-
Total general government	8,849,759	8,931,201	7,870,970	1,060,231

continued...

WASHTENAW COUNTY

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
Year Ended December 31, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
Public safety:				
Sheriff	\$ 49,966,248	\$ 50,212,175	\$ 50,118,574	\$ 93,601
Prosecuting attorney	6,136,210	6,115,055	5,890,735	224,320
Total public safety	<u>56,102,458</u>	<u>56,327,230</u>	<u>56,009,309</u>	<u>317,921</u>
Public works	<u>126,448</u>	<u>126,448</u>	<u>105,132</u>	<u>21,316</u>
Health -				
Excess community mental health expenditures	-	-	3,696,368	(3,696,368)
Culture and recreation - county extension	<u>446,028</u>	<u>450,028</u>	<u>441,946</u>	<u>8,082</u>
Other unallocated - central charges	<u>3,173,258</u>	<u>3,837,851</u>	<u>3,119,939</u>	<u>717,912</u>
Debt service:				
Principal	-	724,544	742,547	(18,003)
Interest and fiscal charges	-	-	33,237	(33,237)
Total debt service	<u>-</u>	<u>724,544</u>	<u>775,784</u>	<u>(51,240)</u>
Total expenditures	<u>90,408,161</u>	<u>92,317,669</u>	<u>93,496,187</u>	<u>(1,178,518)</u>
Revenues over expenditures	<u>18,298,699</u>	<u>19,053,768</u>	<u>19,348,290</u>	<u>294,522</u>
Other financing sources (uses)				
Transfers in	2,195,239	2,162,065	2,167,121	5,056
Transfers out	<u>(20,547,701)</u>	<u>(22,613,230)</u>	<u>(21,515,411)</u>	<u>1,097,819</u>
Total other financing uses	<u>(18,352,462)</u>	<u>(20,451,165)</u>	<u>(19,348,290)</u>	<u>1,102,875</u>
Net change in fund balance	(53,763)	(1,397,397)	-	1,397,397
Fund balance, beginning of year	<u>31,060,993</u>	<u>31,060,993</u>	<u>31,060,993</u>	<u>-</u>
Fund balance, end of year	<u>\$ 31,007,230</u>	<u>\$ 29,663,596</u>	<u>\$ 31,060,993</u>	<u>\$ 1,397,397</u>

concluded.

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 Mental Health Fund

Year Ended September 30, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 78,679,506	\$ 78,784,783	\$ 75,971,798	\$ (2,812,985)
Charges for services	1,629,474	1,795,933	1,283,022	(512,911)
Other	<u>1,362,774</u>	<u>1,708,970</u>	<u>1,792,921</u>	<u>83,951</u>
Total revenues	81,671,754	82,289,686	79,047,741	(3,241,945)
Expenditures				
Current -				
Health	<u>83,365,026</u>	<u>86,203,121</u>	<u>83,886,900</u>	<u>2,316,221</u>
Revenues under expenditures	(1,693,272)	(3,913,435)	(4,839,159)	(925,724)
Other financing sources				
Transfers in	<u>1,693,272</u>	<u>1,693,272</u>	<u>1,720,756</u>	<u>27,484</u>
Net change in fund balance	-	(2,220,163)	(3,118,403)	(898,240)
Fund balance, beginning of year	2,733,608	2,733,608	2,733,608	-
Fund balance (deficit), end of year	<u>\$ 2,733,608</u>	<u>\$ 513,445</u>	<u>\$ (384,795)</u>	<u>\$ (898,240)</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 Fund

Year Ended December 31, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 10,979,287	\$ 10,979,287	\$ 12,666,323	\$ 1,687,036
Intergovernmental	-	-	858,923	858,923
Charges for services	3,460,000	3,460,000	3,574,428	114,428
Investment income	150,000	350,000	539,261	189,261
Other	15,000	15,000	46,387	31,387
Total revenues	14,604,287	14,804,287	17,685,322	2,881,035
Expenditures				
Current -				
Culture and recreation	14,373,081	14,933,836	15,086,586	(152,750)
Net change in fund balance	231,206	(129,549)	2,598,736	2,728,285
Fund balance, beginning of year	28,131,888	28,131,888	28,131,888	-
Fund balance, end of year	\$ 28,363,094	\$ 28,002,339	\$ 30,730,624	\$ 2,728,285

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 - Road Millage Fund
Year Ended December 31, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 7,599,135	\$ 7,599,135	\$ 6,115,318	\$ (1,483,817)
Intergovernmental	-	-	57,087	57,087
Investment income	-	-	93,573	93,573
Total revenues	7,599,135	7,599,135	6,265,978	(1,333,157)
Expenditures				
Current -				
Public works	7,599,135	7,599,135	4,163,534	3,435,601
Net change in fund balance	-	-	2,102,444	2,102,444
Fund balance, beginning of year	398,542	398,542	398,542	-
Fund balance, end of year	\$ 398,542	\$ 398,542	\$ 2,500,986	\$ 2,102,444

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 - Enhanced Emergency Communication System Millage
Year Ended December 31, 2018

	Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 2,656,062	\$ 2,656,062	\$ 3,051,374	\$ 395,312
Intergovernmental	-	-	22,683	22,683
Charges for services	18,000	18,000	110,104	92,104
Investment income	-	-	122,620	122,620
Other	-	934,613	882,309	(52,304)
Total revenues	2,674,062	3,608,675	4,189,090	580,415
Expenditures				
Current -				
Public safety	137,500	1,824,913	1,374,294	450,619
Debt service:				
Principal	-	691,900	689,551	2,349
Interest and fiscal charges	-	113,100	110,840	2,260
Total expenditures	137,500	2,629,913	2,174,685	455,228
Revenues over expenditures	2,536,562	1,783,762	2,014,405	230,643
Other financing uses				
Transfers out	(3,400,000)	(1,842,200)	-	1,842,200
Net change in fund balance	(863,438)	(58,438)	2,014,405	2,072,843
Fund balance, beginning of year	5,347,131	5,347,131	5,347,131	-
Fund balance, end of year	\$ 4,483,693	\$ 5,288,693	\$ 7,361,536	\$ 2,072,843

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

WASHTENAW COUNTY

Statement of Net Position

Proprietary Funds

December 31, 2018

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Delinquent Tax Revolving	Other Enterprise Funds	Total	

Assets

Current assets:

Cash and pooled investments	\$ 11,344,431	\$ 3,233,826	\$ 14,578,257	\$ 15,424,981
Receivables:				
Delinquent taxes	10,510,845	-	10,510,845	-
Interest and collection fees	1,588,232	-	1,588,232	-
Accounts	-	-	-	1,708,046
Due from other governments	1,750,183	-	1,750,183	8,289
Inventories	-	-	-	7,695
Prepaid items	-	-	-	3,786,837
Total current assets	25,193,691	3,233,826	28,427,517	20,935,848
Noncurrent assets - capital assets, net	-	11,202	11,202	5,697,721
Total assets	25,193,691	3,245,028	28,438,719	26,633,569

Liabilities

Current liabilities:

Accounts payable	294,256	16,128	310,384	1,581,935
Accrued liabilities	-	5,137	5,137	91,348
Due to other governments	-	-	-	67,953
Accrued interest payable	28,367	-	28,367	-
Current portion of:				
Accrued compensated absences	-	18,972	18,972	170,298
Claims payable	-	-	-	1,869,458
General obligation notes payable	10,000,000	-	10,000,000	-
Total current liabilities	10,322,623	40,237	10,362,860	3,780,992

Noncurrent liabilities:

Accrued compensated absences, net	-	33,353	33,353	283,677
Claims payable, net	-	-	-	1,603,487
General obligation notes payable, net	4,800,000	-	4,800,000	-
Total noncurrent liabilities	4,800,000	33,353	4,833,353	1,887,164

Total liabilities

15,122,623 **73,590** **15,196,213** **5,668,156**

Net position

Investment in capital assets	-	11,202	11,202	5,697,721
Restricted for:				
Debt service	10,071,068	-	10,071,068	-
Property foreclosure	-	3,151,702	3,151,702	-
Principal residence exemption	-	8,534	8,534	-
Unrestricted	-	-	-	15,267,692
Total net position	\$ 10,071,068	\$ 3,171,438	\$ 13,242,506	\$ 20,965,413

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

WASHTENAW COUNTY

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended December 31, 2018

	Delinquent Tax Revolving	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Operating revenues				
Charges for services	\$ -	\$ 735,430	\$ 735,430	\$ 52,062,213
Interest charges	1,751,195	9,195	1,760,390	-
Collection fees on taxes	589,633	-	589,633	-
Total operating revenues	2,340,828	744,625	3,085,453	52,062,213
Operating expenses				
Personnel services	40,678	328,079	368,757	3,457,446
Contractual services	49,587	64,322	113,909	1,971,641
Supplies	-	50,637	50,637	1,494,526
Occupancy	-	-	-	2,393,257
Auction expenses	-	24,247	24,247	-
Fees	-	75,810	75,810	-
Title research	-	9,905	9,905	-
Telephone	-	1,631	1,631	830,394
Equipment repair and rental	-	-	-	542,595
Building repair and rental	-	-	-	613,897
Benefits and insurance premiums	-	-	-	37,732,153
Other	-	19,919	19,919	1,176,588
Depreciation	-	1,097	1,097	1,506,663
Total operating expenses	90,265	575,647	665,912	51,719,160
Operating income	2,250,563	168,978	2,419,541	343,053
Nonoperating revenues (expenses)				
Investment earnings	360,556	50,919	411,475	281,042
Interest expense and fiscal charges	(299,150)	-	(299,150)	-
Gain on sale of equipment	-	-	-	29,101
Total nonoperating revenues	61,406	50,919	112,325	310,143
Income before contributions and transfers	2,311,969	219,897	2,531,866	653,196
Capital contributions	-	-	-	8,126
Transfers in	-	-	-	62,891
Transfers out	(2,651,569)	(100,000)	(2,751,569)	(50,000)
Change in net position	(339,600)	119,897	(219,703)	674,213
Net position, beginning of year	10,410,668	3,051,541	13,462,209	20,291,200
Net position, end of year	\$ 10,071,068	\$ 3,171,438	\$ 13,242,506	\$ 20,965,413

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

WASHTENAW COUNTY

Statement of Cash Flows Proprietary Funds Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Delinquent Tax Revolving	Other Enterprise Funds	Total	
Cash flows from operating activities				
Cash received from customers	\$ 17,051,099	\$ 744,625	\$ 17,795,724	\$ -
Cash received from interfund services	-	-	-	51,875,151
Cash payments for delinquent taxes	(15,197,727)	-	(15,197,727)	-
Cash payments to employees	-	(327,525)	(327,525)	(3,353,659)
Cash payments to suppliers	(90,265)	(265,130)	(355,395)	(48,019,549)
Cash payments for interfund services	-	-	-	(42,377)
Net cash provided by operating activities	1,763,107	151,970	1,915,077	459,566
Cash flows from noncapital financing activities				
Transfers in	-	-	-	62,891
Transfers out	(2,651,569)	(100,000)	(2,751,569)	(50,000)
Proceeds from issuance of long-term debt	9,000,000	-	9,000,000	-
Principal paid on long-term debt	(12,200,000)	-	(12,200,000)	-
Interest paid on long-term debt	(289,713)	-	(289,713)	-
Net cash provided (used) by noncapital financing activities	(6,141,282)	(100,000)	(6,241,282)	12,891
Cash flows from capital and related financing activities				
Proceeds from sale of equipment	-	-	-	235,347
Payments for equipment acquisitions	-	-	-	(2,165,990)
Net cash used by capital and related financing activities	-	-	-	(1,930,643)
Cash flows from investing activities				
Interest received	360,556	50,919	411,475	281,042
Change in cash and pooled investments	(4,017,619)	102,889	(3,914,730)	(1,177,144)
Cash and pooled investments, beginning of year	15,362,050	3,130,937	18,492,987	16,602,125
Cash and pooled investments, end of year	\$ 11,344,431	\$ 3,233,826	\$ 14,578,257	\$ 15,424,981

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WASHTENAW COUNTY

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Delinquent Tax Revolving	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 2,250,563	\$ 168,978	\$ 2,419,541	\$ 343,053
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	1,097	1,097	1,506,663
Changes in assets and liabilities:				
Receivables:				
Delinquent taxes	(857,276)	-	(857,276)	-
Interest and collection fees	175,261	-	175,261	-
Accounts	-	-	-	(179,771)
Due from other governments	90,205	-	90,205	(7,291)
Inventories	-	-	-	21,215
Prepaid items	-	-	-	(1,483,762)
Accounts payable	104,354	(19,734)	84,620	(320,770)
Accrued liabilities	-	994	994	29,853
Accrued interest payable	-	-	-	37,678
Claims payable	-	-	-	424,791
Accrued compensated absences	-	635	635	87,907
Net cash provided by operating activities	<u>\$ 1,763,107</u>	<u>\$ 151,970</u>	<u>\$ 1,915,077</u>	<u>\$ 459,566</u>

concluded.

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

WASHTENAW COUNTY

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2018

	Pension and Other Employee Benefit Trust Funds	Agency Fund
Assets		
Cash and pooled investments	\$ 4,766,254	\$ 14,723,191
Investments, at fair value:		
Equity securities and funds	221,875,954	-
Fixed income securities and funds	77,557,030	-
Other investments	61,438,100	-
Money market funds	21,674,028	-
Accounts receivable	352,942	-
Accrued interest and dividends	<u>209,555</u>	-
 Total assets	 <u>387,873,863</u>	 <u>\$ 14,723,191</u>
 Liabilities		
Accounts payable	323,003	\$ -
Accrued liabilities	172,138	-
Undistributed receipts	<u>-</u>	<u>14,723,191</u>
 Total liabilities	 <u>495,141</u>	 <u>\$ 14,723,191</u>
 Net position		
Restricted for pensions	261,601,261	
Restricted for other postemployment benefits	123,858,671	
Restricted for other employee benefits	<u>1,918,790</u>	
 Total net position	 <u>\$ 387,378,722</u>	

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

WASHTENAW COUNTY

Statement of Changes in Fiduciary Net Position Pension and Other Employee Benefit Trust Funds Year Ended December 31, 2018

Additions

Investment income:	
From investing activities:	
Net depreciation in fair value of investments	\$ (29,370,102)
Interest and dividends	<u>8,836,439</u>
Total investment income	(20,533,663)
Less: investment management fees	<u>(1,059,980)</u>
Total net investment loss	<u>(21,593,643)</u>
Contributions:	
Employer	24,296,423
Employees	4,752,229
Employees - rollover	80,419
On behalf - federal Medicare Part D subsidy	<u>318,699</u>
Total contributions	<u>29,447,770</u>
Total additions	<u>7,854,127</u>
Deductions	
Participant benefits	37,505,156
Administrative expenses	783,821
Participant refunds	<u>577,613</u>
Total deductions	<u>38,866,590</u>
Net change in net position	
Employees' pension benefits	\$ (24,081,210)
Postemployment healthcare benefits	(6,365,660)
Other employee benefits	<u>(565,593)</u>
Total net change in net position	<u>(31,012,463)</u>
Net position, beginning of year, as restated	<u>418,391,185</u>
Net position, end of year	
Restricted for employees' pension benefits	261,601,261
Restricted for employees' postemployment healthcare benefits	123,858,671
Restricted for other employees' benefits	<u>1,918,790</u>
Total net position, end of year	<u>\$ 387,378,722</u>

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

WASHTENAW COUNTY

Combining Statement of Net Position

Discretely Presented Component Units

December 31, 2018

	Department of Public Works Projects	Water Resources Commissioner	Road Commission	Brownfield Redevelopment Authority	Total
Assets					
Cash and pooled investments	\$ 509,028	\$ 8,755,496	\$ 16,652,101	\$ 2,830,731	\$ 28,747,356
Receivables, net	17,888,328	8,674,189	11,708,081	-	38,270,598
Prepaid items and other assets	-	11,775	2,456,167	-	2,467,942
Capital assets not being depreciated	-	3,921,814	30,231,043	-	34,152,857
Capital assets being depreciated, net	-	46,247,442	269,078,451	-	315,325,893
Total assets	<u>18,397,356</u>	<u>67,610,716</u>	<u>330,125,843</u>	<u>2,830,731</u>	<u>418,964,646</u>
Deferred outflows of resources					
Deferred pension amounts	-	-	3,682,210	-	3,682,210
Deferred other postemployment benefit amounts	-	-	1,121,721	-	1,121,721
Deferred charge on refunding	90,443	5,565	-	-	96,008
Total deferred outflows of resources	<u>90,443</u>	<u>5,565</u>	<u>4,803,931</u>	<u>-</u>	<u>4,899,939</u>
Liabilities					
Accounts payable / accrued liabilities	171,000	6,129,178	6,168,480	572,523	13,041,181
Accrued interest payable	64,617	86,601	66,025	-	217,243
Long-term debt:					
Due within one year	1,560,057	1,270,887	2,386,512	-	5,217,456
Due in more than one year	9,978,330	18,369,641	9,438,667	-	37,786,638
Other noncurrent liabilities due in more than one year:					
Net pension liability	-	-	27,666,716	-	27,666,716
Net other postemployment benefits liability	-	-	15,828,172	-	15,828,172
Total liabilities	<u>11,774,004</u>	<u>25,856,307</u>	<u>61,554,572</u>	<u>572,523</u>	<u>99,757,406</u>
Deferred inflows of resources					
Deferred pension amounts	-	-	2,047,241	-	2,047,241
Deferred gain on refunding	154	-	-	-	154
Total deferred inflows of resources	<u>154</u>	<u>-</u>	<u>2,047,241</u>	<u>-</u>	<u>2,047,395</u>
Net position					
Net investment in capital assets	-	30,528,728	288,170,508	-	318,699,236
Restricted for:					
Debt service	398,665	1,691,545	3,839,934	-	5,930,144
Capital projects	667,971	1,563,138	-	-	2,231,109
Unrestricted (deficit)	5,647,005	7,976,563	(20,682,481)	2,258,208	(4,800,705)
Total net position	<u>\$ 6,713,641</u>	<u>\$ 41,759,974</u>	<u>\$ 271,327,961</u>	<u>\$ 2,258,208</u>	<u>\$ 322,059,784</u>

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

WASHTENAW COUNTY

Combining Statement of Activities

Discretely Presented Component Units
Year Ended December 31, 2018

	Department of Public Works Projects	Water Resources Commissioner	Road Commission	Brownfield Redevelopment Authority	Total
Expenses					
Public works	\$ 1,487,567	\$ 3,275,153	\$ -	\$ 3,172,725	\$ 7,935,445
Highways and streets	-	-	42,044,868	-	42,044,868
Total expenses	1,487,567	3,275,153	42,044,868	3,172,725	49,980,313
Program revenues					
Charges for services	-	21,982	-	-	21,982
Operating grants and contributions	-	-	57,574,312	723,246	58,297,558
Capital grants and contributions	182,747	3,877,334	-	-	4,060,081
Total program revenues	182,747	3,899,316	57,574,312	723,246	62,379,621
Net program (expense) revenue	(1,304,820)	624,163	15,529,444	(2,449,479)	12,399,308
General revenues					
Property taxes	-	-	-	2,814,969	2,814,969
Unrestricted investment earnings	11,311	125,337	248,972	35,200	420,820
Gain on sale of capital assets	-	-	185,586	-	185,586
Total general revenues	11,311	125,337	434,558	2,850,169	3,421,375
Change in net position	(1,293,509)	749,500	15,964,002	400,690	15,820,683
Net position, beginning of year, as restated	8,007,150	41,010,474	255,363,959	1,857,518	306,239,101
Net position, end of year	\$ 6,713,641	\$ 41,759,974	\$ 271,327,961	\$ 2,258,208	\$ 322,059,784

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

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NOTES TO FINANCIAL STATEMENTS

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WASHTENAW COUNTY

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WASHTENAW COUNTY

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Washtenaw County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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.

Reporting Entity

Washtenaw County is a municipal corporation governed by a nine-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 Water Resources 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 Water Resources Commissioner, the Chair of the County Board of Commissioners, and one other member of the Board of Commissioners. The Water Resources 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.

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.

WASHTENAW COUNTY

Notes to Financial Statements

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 23 member communities in Washtenaw County. The WCBRA is currently administered by the Office of Community and Economic Development, whose budget is approved by the County Board of Commissioners. No separate financial report was issued. Financial statements are included herein in the supplementary information section.

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

Department of Public Works or Water Resources Commissioner	Road Commission
705 North Zeeb Road Ann Arbor, MI 48107	555 North Zeeb Road Ann Arbor, MI 48106

Funds with Another Year End

The community mental health, public health, child care, friend of the court and prosecuting attorney funds (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.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and 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 the governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

WASHTENAW COUNTY

Notes to Financial Statements

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 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.

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 accounted for and reported in another fund.

The *community mental health special revenue fund* accounts for the activities of delivering an array of mental health services to residents. Its major source of funding for the contractual services it provides is intergovernmental revenues from the Community Mental Health Partnership of Southeast Michigan.

The *parks and recreation special revenue fund* accounts for the operations of the County-owned parks and recreational facilities and for the millage approved by County voters for the purchase of natural areas within the County. Its major source of funding is from voter-approved millages and from fees collected from visitors to the various parks.

The *road millage special revenue fund* accounts for the revenues and expenditures resulting from the voter-approved road millage. These monies will be used primarily to help keep existing roads, streets, paths, bridges and culverts in reasonable repair and in a condition reasonably safe and fit for public travel.

WASHTENAW COUNTY

Notes to Financial Statements

The *enhanced emergency communication system millage special revenue fund* accounts for the resources accumulated, including a voter-approved millage that began in 2006, and payments made for principal and interest on long-term general obligation debt that finances acquisition, construction, renovation, maintenance and operation of an upgrade to the County's communication system.

The *mental health/public safety millage special revenue fund* accounts for the revenues and expenditures resulting from the voter-approved millage for the joint services provided by the mental health and public safety areas of the government. These monies will be used for three distinct purposes: 1) 38% of the millage to fund mental health crisis, stabilization, and prevention efforts; 2) 38% to fund public safety efforts to ensure continued operations and greater cooperation with the mental health community and; 3) 24% to be distributed to local governmental entities within the County which maintain their own police force (currently Ann Arbor, Chelsea, Milan, Saline, Ypsilanti, Pittsfield Township, and Northfield Township) to support these efforts at the local level as well.

The *county capital projects fund* accounts for the construction of County buildings as well as renovation/small construction projects performed on existing County facilities and the purchase of capital equipment. Bond proceeds are often used to finance these projects.

The government reports the following major proprietary fund:

The *delinquent tax revolving enterprise 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.

Additionally, the government reports the following fund types:

The *special revenue funds* account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

The *debt service funds* account for and report financial resources that are restricted, committed, or assigned to expenditure 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 and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including 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.

WASHTENAW COUNTY

Notes to Financial Statements

The *agency fund* accounts for assets held by the County in an agency capacity for other governments and entities. Primarily this includes undistributed collections and withholdings such as state education taxes, current property taxes, state jail booking fees, state real estate transfer taxes, soil erosion inspections, library penal fines and state payroll withholding taxes.

The pension and other employee benefit trust funds account for the activities of the Employees Retirement System, Voluntary Employees Beneficiary Association (VEBA), Defined Contribution Plan, and the Retirement Health Savings Plan, which accumulate resources for pension and health benefit payments for qualified employees. The trust funds also include the severance fund, which accumulates resources for severance benefit payments to qualified employees.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

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.

WASHTENAW COUNTY

■ Notes to Financial Statements

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 for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the governing body, with the assistance of a valuation service; 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 VEBAs, 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). The Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the Employees' Retirement System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

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 nonspendable fund balance 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.

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, using the consumption method, in both government-wide and fund financial statements. For the Road Commission component unit, inventory is valued at average cost.

WASHTENAW COUNTY

Notes to Financial Statements

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 Water Resources Commissioner and Road Commission component units. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more 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 acquisition cost 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 the asset's life, 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
Improvements other than buildings	5 to 50 years
Drain infrastructure	50 years
Equipment (computer, office and vehicles)	2.5 to 20 years

For the Road Commission, 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
Other infrastructure	12 to 50 years

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension and other postemployment benefit plans as well as for the deferred charge on refunding. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

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

WASHTENAW COUNTY

Notes to Financial Statements

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 position. Bond premiums and discounts 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.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has four types of items that qualify for reporting in this category. The first one is the deferred pension inflows amount reported in the statement of net position. Deferred pension and other postemployment benefit inflows result when there is a change in total pension and other postemployment benefit liabilities due to differences between expected and actual experience, changes in actuarial assumptions, or differences between expected and actual investment returns. The amount is deferred and amortized over the average expected remaining service lives of all employees or five years, depending on the type of change. The second one is the deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually require to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Commissioners. A formal resolution of the Board of Commissioners is required to establish, modify or rescind a fund balance commitment. Assigned fund balance is reported for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assignments, if any, will be authorized by the Board of Commissioners; however, no such authorizations have yet been made. Unassigned fund balance is the residual classification used for a general fund.

WASHTENAW COUNTY

Notes to Financial Statements

When the County incurs an expenditure for purposes for which various fund balance classifications can be used, it is the County's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance, if any.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, net other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit plans, and pension and other postemployment benefit expenses, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. 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 has utilized a rolling quadrennial budget since 2013 to improve the efficiency of the overall budgeting process. The first year of the quadrennial budget is prepared for approval and adoption, and the second through fourth years are based on information currently available. Annually the budget is amended during the 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, therefore, there are no encumbrances to disclose as of year end.

WASHTENAW COUNTY

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

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

	Final Budget	Actual	Excess
General fund			
Legislative - board of commissioners	\$ 769,826	\$ 788,854	\$ 19,028
General government - water resources commissioner	3,951,159	4,026,994	75,835
Health - excess community mental health expenditures	-	3,696,368	3,696,368
Debt service:			
Principal	724,544	742,547	18,003
Interest and fiscal charges	-	33,237	33,237
Parks and recreation fund			
Culture and recreation	14,933,836	15,086,586	152,750
Nonmajor special revenue funds			
Building services - transfers out	100,000	134,386	34,386
Community corrections - public safety	1,803,825	1,860,313	56,488
E-911:			
Public safety	387,309	472,575	85,266
Transfers out	1,893,462	1,910,438	16,976
HIDTA grant - public safety	1,613,273	1,927,472	314,199
Inmate concessions - public safety	500,000	542,983	42,983
Other special revenue funds - general government	192,852	235,001	42,149
Sheriff's grants:			
Public safety	618,337	912,363	294,026
Transfers out	-	28,324	28,324

These excesses over appropriations were funded by available fund balance except for the deficit related to the excess community mental health expenditures as discussed below.

The County's initial general fund surplus of \$3.7 million was fully utilized to reduce the fund balance shortfall in the community mental health fund by assigning mental health expenditures for the Mental Health Shared Risk Corridor in this amount to the general fund. The general fund will be reimbursed for these mental health expenditures if/when the State reimburses any portion of the Mental Health Shared Risk Corridor expenses for 2018 and beyond.

WASHTENAW COUNTY

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposits and investments as of December 31, 2018:

	Primary Government	Component Units	Total
Statement of Net Position			
Cash and pooled investments	\$ 139,296,683	\$ 28,747,356	\$ 168,044,039
Statement of Fiduciary Net Position			
Cash and pooled investments	19,489,445	-	19,489,445
Investments	382,545,112	-	382,545,112
Total	\$ 541,331,240	\$ 28,747,356	\$ 570,078,596
Deposits and Investments			
Bank deposits (checking accounts and certificates of deposit)			\$ 35,680,721
Investments in securities, mutual funds and similar vehicles:			
Treasurer's investment pool			140,230,845
Employees' retirement system			253,822,776
Voluntary employees' beneficiary association			120,993,328
Defined contribution plan			7,729,008
Retirement health savings plan			2,757,686
Cash on hand			40,906
Net effect of funds with different fiscal year ends			8,823,326
Total	\$ 570,078,596		

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. The federal government provides \$250,000 of FDIC insurance per customer. The County had \$14,543,818 of insured deposits through this coverage. At December 31, 2018, of the County's total bank balance of \$36,449,611 (total book balance was \$35,680,721), \$21,905,793 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. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to obtain FDIC insurance for all bank deposits. 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 Treasurer's investment pool holdings as of December 31, 2018:

U.S. agencies	\$ 19,383,113
U.S. treasuries	11,882,500
Michigan municipal bonds and notes	48,429,572
Commercial paper	25,364,856
Money market 2a7-like investment pools	23,024,757
Local government investment pool	<u>12,146,047</u>
 Total	 <u>\$ 140,230,845</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 certain money market funds.

As of December 31, 2018, all of the County's investments in securities of U.S. agencies were rated AA+ by Standard & Poor's (S&P) and Aaa by Moody's. The County's holdings in commercial paper were rated either A1 by S&P or P1 by Moody's. All of the County's investments in money market 2a7-like investment pools and the local government investment pool are rated AAAm by S&P. The County's investments in Michigan municipal bonds and notes are rated in the top tier by at least one rating agency.

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, 2018, the Treasurer's investment pool had greater than 5% of its total investment portfolio concentrated as follows:

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal Home Loan Bank	8.47%
Michigan municipal bonds and notes	Oakland County	17.65%
Michigan municipal bonds and notes	State of Michigan	5.30%
Local government investment pool	Michigan CLASS	8.58%
Money market mutual funds	Morgan Stanley Smith Barney	10.28%
Money market mutual funds	PNC Capital Markets-Dreyfus	5.97%

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 long-term investments. This laddering approach also matches investment maturities to projected cash flow needs.

As of December 31, 2018, maturities of the County's debt securities were as follows:

	Investment maturities (fair value by years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	Over 10
U.S. agencies	\$ 19,383,113	\$ 7,975,152	\$ 8,988,479	\$ 2,419,482	\$ -
U.S. treasuries	11,882,500	6,963,165	4,919,335	-	-
Michigan municipal bonds and notes	48,429,572	35,619,782	9,898,551	2,911,239	-
Commercial paper	25,364,856	25,364,856	-	-	-
Total	\$ 105,060,041	\$ 75,922,955	\$ 23,806,365	\$ 5,330,721	\$ -

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County uses a subscription pricing service, Interactive Data Pricing and Reference Data, LLC, whose methodology uses a blend of Level 1 and Level 2 inputs. Accordingly, the County categorizes any investments measured with blended inputs at the lowest level of the blended inputs. Any investments not priced by the pricing service are valued using Level 2 inputs, which utilize a present value technique using published market interest rates.

The money market 2a7-like investment pools and local government investment pool are valued at published fair value per share (unit) for the fund. The underlying investments of the pools are reported at fair value and classified at Level 2.

WASHTENAW COUNTY

Notes to Financial Statements

The County had the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
U.S. agencies	\$ -	\$ 19,383,113	\$ -	\$ 19,383,113
U.S. treasuries	-	11,882,500	-	11,882,500
Michigan municipal bonds and notes	-	48,429,572	-	48,429,572
Commercial paper	-	25,364,856	-	25,364,856
Money market 2a7-like investment pools	-	23,024,757	-	23,024,757
Local government investment pool	<u>-</u>	<u>12,146,047</u>	<u>-</u>	<u>12,146,047</u>
Total investments at fair value	\$ -	\$ 140,230,845	\$ -	\$ 140,230,845

Employees' Retirement System (the "System") Investments

The System's policy in regard to the allocation of invested assets is established and may be amended by its Board of Trustees. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. System assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the System may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the System will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

The adopted asset allocation policy as of December 31, 2018, is as follows:

Asset class	Target Allocation	Allocation Range
Equities		
Domestic equities - large cap	22.5%	10.0% to 40.0%
Domestic equities - small to mid cap	10.0%	5.0% to 15.0%
International equities	18.5%	8.5% to 28.5%
	<u>51.0%</u>	<u>23.5% to 83.5%</u>
Fixed income	34.0%	19.0% to 49.0%
Other investments		
Real estate	15.0%	5.0% to 20.0%
Cash	0.0%	<=5.0%
	<u>15.0%</u>	<u>5.0% to 25.0%</u>
Total	<u>100.0%</u>	

WASHTENAW COUNTY

Notes to Financial Statements

The System's investments are primarily held in a bank administered trust fund. Following is a summary of those investments as of December 31, 2018:

Equity securities and funds	
Common stocks	\$ 15,520,350
Exchange-traded and closed end funds	<u>131,591,102</u>
	<u>147,111,452</u>
Fixed income securities and funds	
Bond mutual funds	13,845,976
Corporate and other bonds	6,806,747
Commingled fixed income funds	19,498,972
U.S. treasuries	3,768,266
U.S. agencies	<u>10,146,219</u>
	<u>54,066,180</u>
Other investments	
Infrastructure funds limited partnership	7,364,016
Real estate investment trusts	<u>34,535,741</u>
	<u>41,899,757</u>
Money market funds	<u>10,745,387</u>
Total investments	<u>\$ 253,822,776</u>

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 70% of its investments in fixed income securities be limited to those rated BBB 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, 2018, all of the System's investments in securities of U.S. agencies were implicitly guaranteed by the U.S. government and of which \$5,611,200 was rated AA by Standard & Poor's. The remaining balance of \$4,535,019, was not rated by a nationally recognized statistical rating organization.

The System's investments in bond mutual funds, corporate and other bonds, and commingled fixed income funds were rated by Standard & Poor's as follows:

AAA	\$ 715,943
AA	13,845,976
A	21,947,008
BBB	<u>3,642,768</u>
	<u>\$ 40,151,695</u>

The System's investments in money market funds were rated AAA by Standard & Poor's; real estate investment trusts and infrastructure funds limited partnerships were not rated.

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. At December 31, 2018 the System's investment policy requires that no more than: 55.0% of its assets be invested in domestic equities, 28.5% in international equities, 20.0% in real estate, and 49.0% in fixed income securities. At December 31, 2018, the System's investment portfolio was not concentrated.

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 and a maximum weighted average portfolio maturity of 10 years.

As of December 31, 2018, maturities of the System's fixed income securities were as follows:

	Investment maturities (fair value by years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	Over 10
Bond mutual funds	\$ 13,845,976	\$ -	\$ -	\$ -	\$ 13,845,976
Corporate and other bonds	6,806,747	-	4,007,230	1,223,847	1,575,670
Commingled fixed income funds	19,498,972	-	-	14,439,789	5,059,183
U.S. treasuries	3,768,266	470,469	1,063,808	357,837	1,876,152
U.S. agencies	10,146,219	-	19	-	10,146,200
Total	\$ 54,066,180	\$ 470,469	\$ 5,071,057	\$ 16,021,473	\$ 32,503,181

Money market funds have a rolling maturity date of less than sixty days as of December 31, 2018. Corporate securities totaling \$521,463 were callable at December 31, 2018.

Rate of return. For the year ended December 31, 2018, the annual money-weighted rate of return on system investments, net of investment expenses, was a negative 5.03 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

WASHTENAW COUNTY

Notes to Financial Statements

Fair Value Measurements - The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as previously described. These levels are determined by the System's management review of the type and substance of investments held by the Plan. Level 2 inputs use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

The System had the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Equity securities and funds				
Common stocks	\$ 15,520,350	\$ -	\$ -	\$ 15,520,350
Exchange-traded and closed end funds	131,591,102	-	-	131,591,102
Fixed income securities and funds				
Bond mutual funds	13,845,976	-	-	13,845,976
Corporate and other bonds	-	6,806,747	-	6,806,747
Commingled fixed income funds	-	19,498,972	-	19,498,972
U.S. treasuries	-	3,768,266	-	3,768,266
U.S. agencies	-	10,146,219	-	10,146,219
Other investments				
Real estate investment trusts	-	-	34,535,741	34,535,741
Money market funds	-	10,745,387	-	10,745,387
Total investments at fair value	\$ 160,957,428	\$ 50,965,591	\$ 34,535,741	246,458,760
Investments measured at the net asset value (NAV)				
Infrastructure funds limited partnership				7,364,016
Total investments				\$ 253,822,776

WASHTENAW COUNTY

■ Notes to Financial Statements

Infrastructure funds limited partnership. This type includes investments in seven foreign infrastructure funds (two electricity distribution networks, two seaport facilities, one motorway service areas network, one oil transportation and storage network, and one water and sewerage company). The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. There is a 15 year lock up on each asset. Upon the 15th anniversary, the portfolio investments may be liquidated. Beginning after the 3rd anniversary of the final closing, a limited partner may either: a) transfer its interests to another qualified party or b) upon the affirmative vote of the fund partners holding at least 75% of aggregate commitments, have the investments liquidated. Beginning after the 5th anniversary of the final closing, a limited partner may have the investments liquidated if: a) there is an affirmative vote of fund partners holding at least 75% of aggregate commitments or b) the net internal rate of return on a three year rolling basis has been less than 6.3%. Upon the 15th anniversary of the closing, the investments may be liquidated. Distributions from each fund will be received as the underlying assets of the funds are liquidated. At year-end, the System had \$5.58 million in unfunded commitments. There are no material changes to the limited partnership funds' fair value of investments during the fourth quarter of 2018.

Voluntary Employees' Beneficiary Association (VEBA) Investments

The VEBA's policy in regard to the allocation of invested assets is established and may be amended by its Board of Trustees. The policy pursues an investment strategy that protects the financial health of the VEBA and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. VEBA assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the VEBA may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the VEBA will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

WASHTENAW COUNTY

Notes to Financial Statements

The adopted asset allocation policy as of December 31, 2018, is as follows:

Asset class	Target Allocation	Allocation Range
Equities		
Domestic equities - large cap	25%	0% to 65%
Domestic equities - small to mid cap	10%	0% to 20%
International equities	20%	0% to 30%
Private equities	5%	0% to 10%
	<u>60.0%</u>	
Fixed income	<u>25.0%</u>	10% to 100%
Other investments		
Hedge funds	10%	0% to 15%
Real estate	5%	0% to 10%
Cash	0%	0% to 10%
	<u>15.0%</u>	
Total investments	<u>100.0%</u>	

The VEBA's investments were held by an independent investment management company. Following is a summary of its investments as of December 31, 2018:

Equity securities and funds	
Common stocks	\$ 42,544,505
Exchange-traded and closed end funds	<u>31,256,230</u>
	<u>73,800,735</u>
Fixed income securities and funds	
Bond mutual fund	12,325,620
Corporate securities	2,087,604
Fixed income exchange-traded fund	3,886,510
U.S. agencies	3,814,678
U.S. treasuries	<u>1,287,211</u>
	<u>23,401,623</u>
Other investments	
Hedge funds limited partnership	6,234,900
Infrastructure funds limited partnership	2,356,487
Multi-strategy limited partnership	462,787
Real estate exchange-traded fund	1,407,658
Real estate investment fund	2,251,784
Real estate limited partnership	<u>148,713</u>
	<u>12,862,329</u>
Money market funds	<u>10,928,641</u>
Total investments	<u>\$ 120,993,328</u>

WASHTENAW COUNTY

Notes to Financial Statements

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 fixed income investments be rated A1 (or equivalent) 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, 2018, \$238,240 of the VEBA's investments in securities of U.S. agencies were explicitly guaranteed by the U.S. government and rated BBB by Standard & Poors, and \$3,576,438 of the VEBA's investments in securities in U.S. agencies were implicitly guaranteed by the U.S. government and rated AA by Standard & Poors.

The VEBA's investments in exchange-traded fixed income funds, corporate securities and bond mutual funds were rated by Standard & Poor's as follows at December 31:

AAA	\$ 4,131,106
A	837,361
BBB	1,005,647
BB	7,624,638
Not rated	<u>4,700,982</u>
	<u><u>\$ 18,299,734</u></u>

As of December 31, 2018, the VEBA's investments in money market funds were rated AAA by Standard & Poor's.

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, 2018, the VEBA's investment portfolio was concentrated as follows:

Investment Type	Issuer	% of Portfolio
Equities	Vanguard FTSE Developed Markets ETF	7.46%
Equities	Vanguard Index Funds S&P 500 ETF	8.90%
Hedge funds limited partnership	Pinehurst Institutional, Limited Partnership	5.15%

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. The VEBA's investment policy provides that the weighted average maturity of its fixed income portfolio may not exceed 10 years.

As of December 31, 2018, maturities of the VEBA's direct investments in debt securities were as follows:

	Investment maturities (fair value by years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	Over 10
Corporate securities	\$ 2,087,604	\$ -	\$ 1,130,300	\$ 418,834	\$ 538,470
U.S. agencies	3,814,678	-	238,240	-	3,576,438
U.S. treasuries	<u>1,287,211</u>	<u>161,133</u>	<u>363,517</u>	<u>121,625</u>	<u>640,936</u>
Total	<u><u>\$ 7,189,493</u></u>	<u><u>\$ 161,133</u></u>	<u><u>\$ 1,732,057</u></u>	<u><u>\$ 540,459</u></u>	<u><u>\$ 4,755,844</u></u>

At December 31, 2018 and 2017, the effective maturity of the VEBA's fixed income and bond mutual funds are as follows:

	Average Maturity (Years)
Bond mutual funds	
Templeton Global Bond Mutual Fund	2.91
JP Morgan Strategic Income Opportunity I Bond Mutual Fund	1.77
Western Asset SMASH Series C Bond Mutual	22.11
Western Asset SMASH Series M Bond Mutual	22.11
Fixed income funds	
iShares TIPS Bond Exchange-Traded Fixed	7.91

Money market funds have a rolling maturity date of less than sixty days as of December 31, 2018.

Rate of return. For the year ended December 31, 2018, the annual money-weighted rate of return on VEBA investments, net of investment expenses, was a negative 5.34 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Fair Value Measurements - The VEBA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as previously described. These levels are determined by the VEBA's management review of the type and substance of investments held by the VEBA. Level 2 inputs use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

WASHTENAW COUNTY

Notes to Financial Statements

The VEBA had the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Equity securities and funds				
Common stock	\$ 42,544,505	\$ -	\$ -	\$ 42,544,505
Exchange-traded and closed end funds	31,256,230	-	-	31,256,230
Fixed income securities and funds				
Bond mutual funds	12,325,620	-	-	12,325,620
Corporate securities	-	2,087,604	-	2,087,604
Fixed income exchange-traded fund	3,886,510	-	-	3,886,510
U.S. agencies	-	3,814,678	-	3,814,678
U.S. treasuries	-	1,287,211	-	1,287,211
Other investments				
Real estate exchange-traded fund	1,407,658	-	-	1,407,658
Money market funds	-	10,928,641	-	10,928,641
Total investments at fair value	\$ 91,420,523	\$ 18,118,134	\$ -	109,538,657
 Investments measured at the net asset value (NAV)				
Multi-strategy limited partnership				462,787
Real estate limited partnership				148,713
Real estate investment fund				2,251,784
Hedge funds limited partnership				6,234,900
Infrastructure funds limited partnership				2,356,487
Total investments measured at NAV				11,454,671
Total investments				\$ 120,993,328

Multi-strategy limited partnership funds. This type includes private and hedged investments. The asset allocation is approximately 72% private investments, 23% hedged investments, and 5% cash. The private investment managers invest in private debt, buyout, energy and natural resources, real estate, venture capital, and growth capital managers. The hedged investment managers invest in long/short equity, event driven, relative value, and global macro managers. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the VEBA's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The underlying assets of the funds are currently being liquidated and project to conclude liquidation over the next 3-4 years. 100% of the total investment in this type is expected to be sold. Once the investment falls below \$25,000, it will be forced out of the fund at the end of the first or third quarter. To redeem from the investment, there is a quarterly tender process which allows approximately 5% liquidity per fund. At December 31, 2018, multi-strategy limited partnership funds have no unfunded commitments.

WASHTENAW COUNTY

Notes to Financial Statements

Real estate limited partnership funds. This type includes closed-end private equity real estate funds that invest primarily in global commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the VEBA's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The underlying assets of the funds are currently being liquidated and project to conclude liquidation over the next two years. 100% of the total investment in this type is expected to be sold. At September 30, 2018, the real estate limited partnership funds have unfunded commitments of \$11.0 million, which are not expected to be called. There are no material changes to the limited partnership funds' fair value of investments during the fourth quarter of 2018.

Real estate investment funds. This type includes open-ended commingled real estate investment funds that invest primarily in domestic office, retail, senior living, multi-family, hotel, industrial, and healthcare real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the VEBA's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The underlying assets of the funds are currently being liquidated and are reinvested quarterly into the VEBA through the Dividend Reinvestment Program (DRIP). There is no lock-out period. The VEBA is fully called. At December 31, 2018, the real estate investment funds have no unfunded commitments.

Hedge funds limited partnership. This type invests in 25-30 core hedge funds (core hedge funds are those with allocations of 1% or greater) that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds composite portfolio for this type includes investments in approximately 24% long/short equity, 15% equity special situations, 28% event-driven/distressed credit, 18% asset-backed securities, and 15% global macro. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. A quarterly 25% investor level gate has been imposed by the hedge fund manager, and a full year-end redemption is allowed. At December 31, 2018, the hedge funds limited partnership have no unfunded commitments.

Infrastructure funds limited partnership. This type includes investments in seven foreign infrastructure funds (two electricity distribution networks, two seaport facilities, one motorway service areas network, one oil transportation and storage network, and one water and sewerage company). The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the VEBA's ownership interest in partners' capital. There is a 15 year lock up on each asset. Upon the 15th anniversary, the portfolio investments may be liquidated. Beginning after the 3rd anniversary of the final closing, a limited partner may either: a) transfer its interests to another qualified party or b) upon the affirmative vote of the fund partners holding at least 75% of aggregate commitments, have the investments liquidated. Beginning after the 5th anniversary of the final closing, a limited partner may have the investments liquidated if: a) there is an affirmative vote of fund partners holding at least 75% of aggregate commitments or b) the net internal rate of return on a three year rolling basis has been less than 6.3%. Upon the 15th anniversary of the closing, the investments may be liquidated. Distributions from each fund will be received as the underlying assets of the funds are liquidated. At year end, the VEBA had \$1.8 million in unfunded commitments. There are no material changes to the limited partnership funds' fair value of investments during the fourth quarter of 2018.

WASHTENAW COUNTY

Notes to Financial Statements

Defined Contribution Plan Investments

The Plan's investments are held by its trustee, a third-party financial institution. The Plan invests in mutual funds, including a guaranteed annuity fund, a real estate fund, fixed income funds, equity stock funds, and multi-asset funds. Participants select the particular funds into which their contributions and the related County matching contributions are made. All of the Plan's investments totaling \$7,729,008 were 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, 2018, the Plan's fixed income mutual funds are not rated by a nationally recognized statistical rating organization. The County'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, 2018, the Plan's fixed income mutual funds were open-end mutual funds. Accordingly, the Plan's investments are not exposed to custodial 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. At December 31, 2018, the effective maturity of the Plan's fixed income mutual funds are as follows:

Investment	Average maturity (in years)
Fixed income mutual funds	
PIMCO Real Return Fund Administrative	6.31
PIMCO Total Return Fund Administrative	4.24
Prudential High Yield Fund Z	6.10

Fair Value Measurements. The Plan categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles as previously described. These levels are determined by the management's review of the type and substance of investments held by the Plan. At December 31, 2018, all of the Plan's investments were determined to be Level 1 as fair value was determined based on quoted prices in active markets for identical assets.

Retirement Health Savings Plan Investments

The Plan's investments are held by its trustee, a third-party financial institution. The Plan invests in collective trust funds, including equity stock funds, target risk funds, fixed income funds, target date funds, and cash management funds. The third-party financial institution selects the particular funds into which the County's contributions are made. All of the Plan's investments totaling \$2,757,686 were in collective trust funds.

WASHTENAW COUNTY

Notes to Financial Statements

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2018, the Plan had no direct investments in fixed income instruments. Accordingly, the Plan's investments are not exposed to credit risk. The County'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. At December 31, 2018, the Plan had no direct investments in fixed income instruments. Accordingly, the Plan's investments are not exposed to custodial 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. At December 31, 2018, the Plan had no direct investments in fixed income instruments. Accordingly, the Plan's investments are not exposed to interest rate risk.

Fair Value Measurements. The Plan categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles as previously described. At December 31, 2018, all of the Plan's investments were determined to be Level 1 as fair value was determined based on quoted prices in active markets for identical assets.

5. RECEIVABLES

Receivables in the governmental activities, of which \$471,625 of leases receivable are not expected to be collected within one year, are as follows:

Taxes	\$ 40,366,592
Accounts	7,203,560
Leases	623,156
Due from other governments	13,991,189
Less: allowance for uncollectible accounts	<u>(1,028,176)</u>
	<u>\$ 61,156,321</u>

Receivables for the business-type activities are composed of amounts due from taxpayers for delinquent taxes and related interest and collection fees (87.4 percent) and amounts due from other governments for chargebacks of uncollected delinquent taxes (12.6 percent).

Component unit receivables totaling \$38.3 million are comprised of leases receivable (30.0 percent), special assessments receivable (34.6 percent), accounts receivable (31.5 percent) and due from other governments (3.9 percent).

WASHTENAW COUNTY

Notes to Financial Statements

6. CAPITAL ASSETS

Primary Government. Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 51,320,965	\$ 50,659	\$ -	\$ -	\$ 51,371,624
Easement property in perpetuity	5,168,421	1,871,668	-	-	7,040,089
Construction in progress	1,480,940	1,862,955	(57,760)	(527,971)	2,758,164
	<u>57,970,326</u>	<u>3,785,282</u>	<u>(57,760)</u>	<u>(527,971)</u>	<u>61,169,877</u>
Capital assets being depreciated:					
Buildings and improvements	160,223,514	973,378	-	-	161,196,892
Improvements other than buildings	64,736,870	288,159	(1,777,885)	-	63,247,144
Machinery and equipment	44,309,045	4,238,428	(2,380,647)	527,971	46,694,797
	<u>269,269,429</u>	<u>5,499,965</u>	<u>(4,158,532)</u>	<u>527,971</u>	<u>271,138,833</u>
Less accumulated depreciation for:					
Buildings and improvements	(63,086,523)	(3,698,237)	-	-	(66,784,760)
Improvements other than buildings	(27,837,230)	(3,311,193)	987,019	-	(30,161,404)
Machinery and equipment	(21,658,303)	(5,187,061)	2,050,986	-	(24,794,378)
	<u>(112,582,056)</u>	<u>(12,196,491)</u>	<u>3,038,005</u>	<u>-</u>	<u>(121,740,542)</u>
Total capital assets being depreciated, net	<u>156,687,373</u>	<u>(6,696,526)</u>	<u>(1,120,527)</u>	<u>527,971</u>	<u>149,398,291</u>
Governmental activities capital assets, net	<u>\$ 214,657,699</u>	<u>\$ (2,911,244)</u>	<u>\$ (1,178,287)</u>	<u>\$ -</u>	<u>\$ 210,568,168</u>
Business-type activities					
Capital assets being depreciated -					
Machinery and equipment	\$ 58,031	\$ -	\$ -	\$ -	\$ 58,031
Less accumulated depreciation for -					
Machinery and equipment	<u>(45,732)</u>	<u>(1,097)</u>	<u>-</u>	<u>-</u>	<u>(46,829)</u>
Business-type activities capital assets, net	<u>\$ 12,299</u>	<u>\$ (1,097)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,202</u>

WASHTENAW COUNTY

Notes to Financial Statements

Depreciation expense was charged to activities of the primary government as follows:

Governmental activities

Legislative	\$ 9,277
Judicial	1,161,316
General government	2,427,196
Public safety	3,890,842
Health	650,159
Social services	308,935
Culture and recreation	2,242,103
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,506,663</u>

Total depreciation expense - governmental activities \$ 12,196,491

Business-type activities \$ 1,097

Discretely Presented Component Units

Water Resources Commissioner. Capital asset activity of the Water Resources Commissioner for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Capital assets not being depreciated -					
Construction in progress	\$ 4,543,442	\$ 1,143,696	\$ -	\$ (1,765,324)	\$ 3,921,814
Capital assets being depreciated:					
Infrastructure	60,218,212	-	-	1,765,324	61,983,536
Machinery and equipment	441,501	179,139	(77,852)	-	542,788
	<u>60,659,713</u>	<u>179,139</u>	<u>(77,852)</u>	<u>1,765,324</u>	<u>62,526,324</u>
Less accumulated depreciation for:					
Infrastructure	(14,852,294)	(1,204,363)	-	-	(16,056,657)
Machinery and equipment	(293,028)	(7,049)	77,852	-	(222,225)
	<u>(15,145,322)</u>	<u>(1,211,412)</u>	<u>77,852</u>	<u>-</u>	<u>(16,278,882)</u>
Total capital assets being depreciated, net	<u>45,514,391</u>	<u>(1,032,273)</u>	<u>-</u>	<u>1,765,324</u>	<u>46,247,442</u>
Water Resources Commissioner capital assets, net	<u>\$ 50,057,833</u>	<u>\$ 111,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,169,256</u>

WASHTENAW COUNTY

Notes to Financial Statements

Road Commission. Capital asset activity for the Road Commission for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Capital assets not being depreciated -					
Land and land improvements	\$ 29,937,965	\$ 293,078	\$ -	\$ -	\$ 30,231,043
Capital assets being depreciated:					
Buildings and storage bins	21,027,429	575,169	-	-	21,602,598
Road equipment	18,925,263	2,808,670	(846,067)	-	20,887,866
Other equipment	2,848,312	393,477	-	-	3,241,789
Brine wells and gravel pits	136,386	-	-	-	136,386
Infrastructure	432,138,883	29,415,917	(6,173,179)	-	455,381,621
	<u>475,076,273</u>	<u>33,193,233</u>	<u>(7,019,246)</u>	<u>-</u>	<u>501,250,260</u>
Less accumulated depreciation for:					
Buildings and storage bins	(7,482,359)	(523,479)	-	-	(8,005,838)
Road equipment	(14,355,307)	(2,020,831)	842,890	-	(15,533,248)
Other equipment	(2,347,796)	(100,415)	-	-	(2,448,211)
Brine wells and gravel pits	(136,386)	-	-	-	(136,386)
Infrastructure	(190,330,608)	(21,890,697)	6,173,179	-	(206,048,126)
	<u>(214,652,456)</u>	<u>(24,535,422)</u>	<u>7,016,069</u>	<u>-</u>	<u>(232,171,809)</u>
Total capital assets being depreciated, net	<u>260,423,817</u>	<u>8,657,811</u>	<u>(3,177)</u>	<u>-</u>	<u>269,078,451</u>
Road Commission capital assets, net	<u><u>\$ 290,361,782</u></u>	<u><u>\$ 8,950,889</u></u>	<u><u>\$ (3,177)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 299,309,494</u></u>

7. PAYABLES

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

Accounts	\$ 11,063,311
Wages, fringe benefits and other accrued liabilities	4,356,151
Due to other governments	945,306
Claims payable	<u>3,472,945</u>
Total	<u><u>\$ 19,837,713</u></u>

Accounts payable and accrued liabilities for the business-type activities are composed of accounts payable (98.4 percent) and other accrued liabilities (1.6 percent).

WASHTENAW COUNTY

Notes to Financial Statements

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund receivables and payables at year-end is as follows:

	Receivable	Payable
Interfund receivable/payable		
County capital projects fund	\$ 962,444	\$ -
Nonmajor governmental funds	- <hr/>	962,444
Totals	<hr/> <u>\$ 962,444</u>	<hr/> <u>\$ 962,444</u>

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.

A summary of interfund transfers for the year ended December 31, 2018, is as follows:

	Transfers In					
	General	CMH	CCP	NMGF	ISF	Totals
Transfers Out						
General	\$ -	\$ 1,760,756	\$ 5,026,884	\$ 14,727,771	\$ -	\$ 21,515,411
PR	- <hr/>	- <hr/>	- <hr/>	- <hr/>	9,566 <hr/>	9,566 <hr/>
CCP	- <hr/>	- <hr/>	- <hr/>	4,376,660 <hr/>	25,000 <hr/>	4,401,660 <hr/>
NMGF	1,935,438 <hr/>	- <hr/>	419,009 <hr/>	35,182 <hr/>	28,325 <hr/>	2,417,954 <hr/>
DTR	131,683 <hr/>	- <hr/>	2,519,886 <hr/>	- <hr/>	- <hr/>	2,651,569 <hr/>
NMEF	100,000 <hr/>	- <hr/>	- <hr/>	- <hr/>	- <hr/>	100,000 <hr/>
ISF	- <hr/>	- <hr/>	50,000 <hr/>	- <hr/>	- <hr/>	50,000 <hr/>
Timing	- <hr/>	(40,000) <hr/>	7,000 <hr/>	(362,179) <hr/>	- <hr/>	(395,179) <hr/>
	<hr/> <u>\$ 2,167,121</u>	<hr/> <u>\$ 1,720,756</u>	<hr/> <u>\$ 8,022,779</u>	<hr/> <u>\$ 18,777,434</u>	<hr/> <u>\$ 62,891</u>	<hr/> <u>\$ 30,750,981</u>

CMH - community mental health special revenue fund

PR - parks and recreation special revenue fund

CCP - county capital projects fund

NMGF - nonmajor governmental funds

DTR - delinquent tax revolving enterprise fund

NMEF - nonmajor enterprise funds

ISF - internal service funds

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.

WASHTENAW COUNTY

Notes to Financial Statements

Total transfers in for the primary government as shown in the accompanying financial statements were \$30,750,981 and total transfers out were \$31,146,160. The difference between these amounts, \$395,179, is attributable to transactions with September 30 year-end funds. As such, this is reported as an uneliminated internal balance in the statement of activities.

9. LEASES

Capital Leases - In prior years, the County entered into lease agreements as lessee for financing the acquisitions of information and technology computer equipment and emergency communication equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases in governmental activities are summarized as follows:

Machinery and equipment	\$ 10,230,950
Less accumulated depreciation	<u>(3,693,835)</u>
Net book value	<u>\$ 6,537,115</u>

The net present value of future minimum lease payments as of December 31, 2018, were as follows:

2019	\$ 1,223,385
2020	800,391
2021	800,391
2022	800,391
2023	800,391
2024-2026	<u>2,401,173</u>
Total minimum lease payments	<u>6,826,122</u>
Less: amount representing interest	<u>(465,852)</u>
Present value of minimum lease payments	<u>\$ 6,360,270</u>

Washtenaw County and the City of Ann Arbor have entered into an interagency agreement wherein the City, in exchange for the shared use of computer equipment leased by the County for enterprise storage, backup, and server upgrades, has agreed to reimburse the County for 50% of the cost to lease the equipment. The interagency agreement began December 1, 2014 and will expire December 31, 2019. The agreement calls for the City to reimburse the County \$208,348 annually during 2015-18.

WASHTENAW COUNTY

Notes to Financial Statements

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

2019	\$ 1,090,680
2020	818,204
2021	834,308
2022	687,550
2023	159,095
2024-2028	455,663
2029-2033	449,105
2034-2038	307,521
2039-2043	240,660
2044-2048	246,660
2049-2053	252,660
2054-2058	254,160
Total	<u>\$ 5,796,266</u>

In addition, for the year ended December 31, 2018, the County leased 350 spaces for employee parking that cost \$350,000; this is not included above or in the aforementioned cost for the year since the County is reimbursed by the employees through payroll deductions.

Total operating lease payments for the year ended December 31, 2018, were \$1,023,217.

Sales Leases - During 2013, the County entered into an agreement to lease to the Washtenaw Intermediate School District (WISD) the building and grounds located at 1661 LeForge Road in Ypsilanti that formerly housed the County's Head Start program. This agreement terminates with the retirement of the related bond issue. A lease receivable is reported at an amount equal to the outstanding bond principal. The annual lease payments under this agreement are equal to the related bond principal and interest due each year. At the termination of the lease, title to the leased property will pass to the WISD. This lease is classified as a sales lease. As a result, a lease receivable is recognized in the accompanying statement of net position, whereas capital assets are not. The lease agreement provides for the WISD to use, operate and maintain the property, subject to the terms and conditions of the agreement. The lease receivable balance at December 31, 2018 is \$603,680.

In 2002, the County entered into an agreement with the State of Michigan for certain renovation work funded by a federal grant. The lease receivable balance at December 31, 2018 is \$19,476.

The current and noncurrent portions of the leases receivable as of December 31, 2018 are as follows:

Due within one year	\$ 151,531
Due in more than one year	<u>471,625</u>
	 <u>\$ 623,156</u>

WASHTENAW COUNTY

Notes to Financial Statements

10. 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 are issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$45,195,000. General obligation bonds totaling \$5,400,000 were issued during the current year. 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 tax notes issued in prior years still outstanding at year end was \$14,300,000. General obligation tax notes totaling \$9,000,000 were issued during the current year.

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 nine-month due maturity. General obligation bonds and notes currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	2.00 - 4.75%	\$ 6,200,000
Governmental activities - refunding	1.75 - 3.00%	21,235,000
Business-type activities	0.25 - 1.05%	<u>14,800,000</u>
		<u>\$ 42,235,000</u>

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

Year Ended December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 3,870,000	\$ 504,433	\$ 10,000,000	\$ 273,400
2020	2,985,000	570,676	4,800,000	90,000
2021	3,030,000	505,629	-	-
2022	3,140,000	438,645	-	-
2023	3,030,000	366,036	-	-
2024-2028	<u>11,380,000</u>	<u>743,092</u>	-	-
	<u>\$ 27,435,000</u>	<u>\$ 3,128,511</u>	<u>\$ 14,800,000</u>	<u>\$ 363,400</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, 2018 is \$19,476. Willow Run Airport Authority will be reimbursing the County for the debt service payments made by the County.

WASHTENAW COUNTY

Notes to Financial Statements

Component Units

Department of Public Works Projects. General obligation bonds are issued by the County to finance construction projects managed and administered by the Department of Public Works. All of 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 April 1, 2028 and bear interest at varying rates from 1.625% to 5.000%. Such bonds currently outstanding are summarized as follows:

Purpose	Interest Rates	Amount
General obligation	1.625 - 5.0%	\$ 3,847,279
General obligation - refunding	2.0 - 4.375%	<u>7,630,000</u>
		<u>\$ 11,477,279</u>

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

Year Ended December 31,	Principal	Interest
2019	\$ 1,545,000	\$ 347,388
2020	1,577,279	299,852
2021	1,235,000	254,669
2022	1,180,000	215,483
2023	1,315,000	174,182
2024-2028	<u>4,625,000</u>	<u>247,199</u>
	<u>\$ 11,477,279</u>	<u>\$ 1,538,773</u>

Water Resources Commissioner. General obligation drain improvement bonds and notes are issued to finance certain drainage district construction projects. The original amount of general obligation bonds and notes issued in prior years was \$26,927,686. During the year, general obligation bonds and notes of \$387,080 were issued.

These direct obligations 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 obligations currently outstanding are as follows:

Purpose	Interest Rates	Amount
Drain improvement	1.625 - 5.15%	\$ 19,650,197

WASHTENAW COUNTY

Notes to Financial Statements

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

Year Ended December 31,	Principal	Interest
2019	\$ 1,271,450	\$ 496,555
2020	1,356,450	492,477
2021	1,340,671	436,535
2022	1,332,500	396,225
2023	1,372,500	361,940
2024-2028	6,687,962	1,277,914
2029-3033	5,257,177	476,424
3034-3037	1,296,450	42,378
	<u>19,915,160</u>	<u>3,980,448</u>
Less amount remaining to draw	<u>(264,963)</u>	<u>-</u>
	<u><u>\$ 19,650,197</u></u>	<u><u>\$ 3,980,448</u></u>

Road Commission. Following is a summary of debt currently outstanding:

Purpose	Interest Rates	Amount
General obligation	0.5 - 3.79%	\$ 3,826,000
Installment obligations	2.0 - 4.0%	<u>7,272,402</u>
		<u><u>\$ 11,098,402</u></u>

Annual principal and interest maturities as of December 31, 2018 are as follows:

Year Ended December 31,	Principal	Interest
2019	\$ 2,291,329	\$ 220,459
2020	2,153,057	171,487
2021	1,906,965	129,815
2022	1,560,890	90,514
2023	809,161	56,437
2024-2027	<u>2,377,000</u>	<u>90,426</u>
	<u><u>\$ 11,098,402</u></u>	<u><u>\$ 759,138</u></u>

WASHTENAW COUNTY

Notes to Financial Statements

Changes in Long-term Debt

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Loan from State of Michigan	\$ 38,952	\$ -	\$ (19,476)	\$ 19,476	\$ 19,476
Capital leases	7,851,388	-	(1,491,118)	6,360,270	1,113,801
General obligation bonds	25,830,000	5,400,000	(3,795,000)	27,435,000	3,870,000
Deferred amounts for:					
Issuance discounts	(12,500)	-	2,500	(10,000)	(2,500)
Issuance premiums	343,094	85,481	(48,683)	379,892	48,683
Compensated absences	<u>16,271,477</u>	<u>10,139,519</u>	<u>(9,827,282)</u>	<u>16,583,714</u>	<u>9,318,866</u>
Total governmental activities	<u>\$ 50,322,411</u>	<u>\$ 15,625,000</u>	<u>\$ (15,179,059)</u>	<u>\$ 50,768,352</u>	<u>\$ 14,368,326</u>
Business-type activities					
Delinquent tax revolving -					
General obligation notes	\$ 18,000,000	\$ 9,000,000	\$ (12,200,000)	\$ 14,800,000	\$ 10,000,000
Compensated absences	<u>51,690</u>	<u>19,607</u>	<u>(18,972)</u>	<u>52,325</u>	<u>18,972</u>
Total business-type activities	<u>\$ 18,051,690</u>	<u>\$ 9,019,607</u>	<u>\$ (12,218,972)</u>	<u>\$ 14,852,325</u>	<u>\$ 10,018,972</u>
Department of Public Works					
General obligation bonds	\$ 13,122,279	\$ -	\$ (1,645,000)	\$ 11,477,279	\$ 1,545,000
Deferred amounts for:					
Issuance discounts	(2,180)	-	545	(1,635)	(545)
Issuance premiums	78,345	-	(15,602)	62,743	15,602
Total Department of Public Works	<u>\$ 13,198,444</u>	<u>\$ -</u>	<u>\$ (1,660,057)</u>	<u>\$ 11,538,387</u>	<u>\$ 1,560,057</u>
Water Resources Commissioner					
General obligation bonds	\$ 20,322,477	\$ 387,080	\$ (1,291,760)	\$ 19,417,797	\$ 1,207,000
Notes payable	296,850	-	(64,450)	232,400	64,450
Deferred amounts for:					
Issuance discounts	(35,746)	-	2,804	(32,942)	(2,804)
Issuance premiums	25,514	-	(2,241)	23,273	2,241
Total Water Resources Commissioner	<u>\$ 20,609,095</u>	<u>\$ 387,080</u>	<u>\$ (1,355,647)</u>	<u>\$ 19,640,528</u>	<u>\$ 1,270,887</u>

WASHTENAW COUNTY

Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<i>Road Commission</i>					
Michigan transportation fund notes	\$ 3,000,000	\$ -	\$ (600,000)	\$ 2,400,000	\$ 600,000
Special assessment	1,825,000	-	(399,000)	1,426,000	353,000
Installment obligation	7,341,747	1,330,962	(1,400,307)	7,272,402	1,338,329
Deferred amounts for -					
Issuance premiums	51,909	-	(11,325)	40,584	11,325
Compensated absences	752,557	725,861	(792,225)	686,193	83,858
Total Road Commission	<u>\$ 12,971,213</u>	<u>\$ 2,056,823</u>	<u>\$ (3,202,857)</u>	<u>\$ 11,825,179</u>	<u>\$ 2,386,512</u>

Internal service funds predominantly serve the governmental funds; accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year end, \$453,975 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences and net pension liability and net other postemployment benefits liability are generally liquidated by the general fund.

11. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of the net investment in capital assets as of December 31, 2018:

	Governmental Activities	Business-type Activities	Total
Capital assets			
Capital assets not being depreciated	\$ 61,169,877	\$ -	\$ 61,169,877
Capital assets being depreciated, net	149,398,291	11,202	149,409,493
Total capital assets	<u>210,568,168</u>	<u>11,202</u>	<u>210,579,370</u>
Related debt			
General obligation bonds and notes	27,435,000	-	27,435,000
Unspent bond proceeds	(5,420,621)	-	(5,420,621)
Capital leases payable	6,360,270	-	6,360,270
Issuance discounts	(10,000)	-	(10,000)
Issuance premiums	379,892	-	379,892
Refunding charge	(175,195)	-	(175,195)
Refunding gain	53,635	-	53,635
Total related debt	<u>28,622,981</u>	<u>-</u>	<u>28,622,981</u>
Net investment in capital assets	<u>\$ 181,945,187</u>	<u>\$ 11,202</u>	<u>\$ 181,956,389</u>

WASHTENAW COUNTY

Notes to Financial Statements

12. OTHER INFORMATION

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 \$750,000 for each general liability, police liability or auto liability claim, and up to \$250,000 for a property claim. The internal service funds also provide coverage up to \$750,000 for any settlement, with all attorney fees being covered under the insurance policy for public officials and employee liability claims, up to \$600,000 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.

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 \$3,472,945 reported in the funds at December 31, 2018, is based on the requirements 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:

	2018	2017
Balance at the beginning of year	\$ 3,048,154	\$ 3,038,688
Current year claims and changes in estimates	29,334,071	27,364,792
Claims paid	<u>(28,909,280)</u>	<u>(27,355,326)</u>
Balance at end of year	<u>\$ 3,472,945</u>	<u>\$ 3,048,154</u>

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.

WASHTENAW COUNTY

Notes to Financial Statements

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.

Property Taxes

County general operating property taxes are levied annually on July 1 (the lien date) to fund operations for the current year. The property taxes are due in full within nine months (prior to March 1), at which time uncollected taxes became delinquent. 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 requires property taxes to be levied based on the taxable value of the underlying property. Annual increases in taxable value are limited to the lesser of 5% or the rate of inflation. Taxable value reverts to 50% of true cash value when the property is sold. Taxable value is determined by using such factors as equalized, assessed and capped values, along with a value change multiplier.

The taxable value of real and personal property for the July 1, 2018 general operating levy was \$16.6 billion. The general operating tax rate for this levy was at the maximum rate of 4.4511 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had voter approved taxes of 0.4758 mills for parks and recreation purposes, 0.2356 mills for purchase of selected natural areas in the County, 0.1955 mills for enhancements to emergency communications system, 0.0983 mills for veterans relief purposes, 0.9918 for mental health and public safety and 0.4922 for road repair and maintenance, which are levied annually on December 1 (the lien date).

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 (\$10.5 million at December 31, 2018, not including accrued interest and collection fees) are pledged to a bank for payment of the notes payable; the subsequent collection of the receivables, interest and collection fees thereon, and investment earnings are used to extinguish the debt.

WASHTENAW COUNTY

Notes to Financial Statements

Jointly Governed Organizations

The Aerotropolis Development Corporation (ADC) was created by an intergovernmental agreement under the Urban Cooperation Act (P.A. 7 of 1967). The creation of the ADC is an exciting initiative being implemented by Washtenaw County, Detroit Renaissance, Wayne County, Wayne County Airport Authority, leading business executives in Michigan, and the following seven local communities surrounding Detroit Metropolitan and Willow Run airports: the cities of Belleville, Romulus and Ypsilanti, and the townships of Huron, Taylor, Van Buren and Ypsilanti. The Aerotropolis is a proposed airport-focused, multi-jurisdictional economic development effort encompassing approximately 60,000 acres of land in Wayne and Washtenaw counties. The concept involves the clustering of air-commerce linked business adjacent to and surrounding the airports. As vested stakeholders, all participating entities have embraced the regional collaboration necessary for member governments to work as partners to attract businesses, to create jobs, to master plan, and to work cooperatively to build a better future for the region and the State of Michigan.

The County has no significant influence over the management of the ADC. The agreement includes financial support from local governments and businesses. Therefore, the ADC is not included in the County's financial report. Separate financial statements for the ADC may be obtained by writing to the Aerotropolis Development Corporation, 600 Randolph, Third Floor, Detroit, Michigan 48226.

The Livingston and Washtenaw Narcotics Enforcement Team (LAWNET) was organized to create a cooperative team of narcotics investigators made up of personnel from municipal, county, state, and federal law enforcement agencies within Livingston and Washtenaw counties for the purpose of combining their efforts toward the enforcement of narcotic and controlled substance laws in the State of Michigan. The participating entities include the Michigan Department of State Police, Livingston County, Washtenaw County, City of Ann Arbor, City of Brighton, City of Fowlerville, City of Howell, City of Milan, City of Saline, City of Ypsilanti, Eastern Michigan University, Green Oak Township, Northfield Township and Pittsfield Township. Participating entities are required to make an annual contribution or else assign a qualified law enforcement officer to LAWNET. Washtenaw County serves as the fiduciary for LAWNET monies. The LAWNET Command Board is made up of the administrative heads, or their representatives, of the police agencies of the participating entities and the prosecuting attorneys from Washtenaw and Livingston counties.

Separate financial statements for LAWNET may be obtained by writing to the Washtenaw County Finance Department, 220 North Main Street, Ann Arbor, Michigan 48104 or by calling (734) 222-6750.

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, 2018. Public safety dispatching services for the Sheriff's Department, Northfield Township Police and the Michigan State Police were provided by the County during 2018.

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

WASHTENAW COUNTY

Notes to Financial Statements

The Washtenaw County 800 MHz Communications Consortium (the Consortium) was formed to provide for the 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 a board made up of representatives from all member agencies.

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 Educational Telecommunications System Consortium (the Consortium) was formed by an agreement between Washtenaw County, Eastern Michigan University, Merit Networks and Fiber Link LLC. The purpose of the Consortium is to share telecommunications resources related to the County's fiber network construction and the sharing of recurring costs related to the ongoing maintenance and repair of the fiber network. The Consortium agreement is for a period of five years with the option to renew, and also permits other governmental partners to be included in the future, which may further reduce operating and maintenance costs. The Consortium agreement holds no monetary value. However, this agreement will enable the County and its partners to recognize reductions in operational costs for shared and common areas.

The Washtenaw Urban County was created by a formal cooperation agreement between the County, City of Ann Arbor, 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, CDBG (Community Development Block Grant), CDBG NSP (Neighborhood Stabilization Program), and ESG (Emergency Shelter Grant) funds for use in those jurisdictions to address community development, human services, housing and homelessness needs. The chairperson of the Washtenaw County Board of Commissioners and the chief elected officials of the eleven 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. As a recipient of HOME, CDBG and ESG funds, the Washtenaw Urban County is required to submit a 5-year Consolidated Plan as well as an Annual Action Plan to the U.S. Department of Housing and Urban Development.

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 County Hazardous Materials Response Team Authority (WCHMRTA) is managed by an 11-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, however the County has no significant influence over the management of WCHMRTA. Therefore, WCHMRTA is not included in the County's financial report.

WASHTENAW COUNTY

Notes to Financial Statements

The Community Mental Health Partnership of Southeast Michigan (CMHPSM) serves as the prepaid inpatient health plan for the four-county region of Lenawee, Livingston, Monroe and Washtenaw. Michigan Department of Health and Human Services contracts with CMHPSM for the provision of Medicaid behavioral health services (both mental health and substance use) within the region. CMHPSM delegates the provision of mental health services to Washtenaw County Community Mental Health, the community mental health services provider for Washtenaw County. CMHPSM is governed by a 13-member board made up of three members from each county as well as a representative from the Substance Use Disorder Oversight Policy Board. Therefore, CMHPSM is not included in the County's financial report.

13. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The County provides pension and postemployment health care benefits to eligible employees through four County administered plans - Employees' Retirement System (ERS), Voluntary Employees' Beneficiary Association (VEBA), Defined Contribution Plan (WCDC) and Retirement Health Savings Plan (RHS) - and a separate plan through the Municipal Employees' Retirement System of Michigan (MERS).

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

Employees' Retirement System (ERS)

General Information About the Plan

Plan description. The Washtenaw County Employees' Retirement System (the "System") is a single-employer defined benefit contributory retirement plan which provides pension, death and disability benefits covering certain full-time employees of Washtenaw County (the "County"). The Municipal Employees' Retirement System of Michigan, a separate defined benefit plan, covers Sheriff's Department employees hired on or after January 1, 1989.

The System is governed by the Retirement Commission of the Washtenaw County Employees' Retirement System. The seven-member board is either elected or appointed in accordance with the System Ordinance. Two members are county commissioners appointed by the Washtenaw County Board of Commissioners. Two members, who are active employees employed in County union positions with no more than one member from a single County department, are elected as determined by the Retirement Commission. One member, who is an active employee employed in a County union or non-union position with no more than one commissioner from a single County department, is elected by all members of the System. The County Administrator and County Chief Financial Officer are standing members. All elected terms are three years.

The System is administered by the County; accordingly, it is included as a pension trust fund in the County's financial statements. Plan amendments are under the authority of County Ordinances. Changes in required contributions are subject to collective bargaining agreements and approval by the Washtenaw County Board of Commissioners.

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

WASHTENAW COUNTY

Notes to Financial Statements

Administration. Administrative costs are financed through investment earnings.

Investment allocation policy. The System's policy in regard to the allocation of invested assets is established and may be amended by its Board of Trustees. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. System assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the System may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the System will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

Rate of return. For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a negative 5.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations. The System's investment portfolio was not concentrated as of December 31, 2018.

Benefits provided. The System provides retirement, disability, and death benefits. Retirement benefits for non-Sheriff members are calculated as total service times 2 percent of final average compensation. Total service equals the sum of age and service years, which must be 75 (minimum age 50 or 55 depending on hire date), or 60 with 8 years of service. Final average compensation is the average compensation of the highest 3 years of the last 10. Retirement benefits for Sheriff members are calculated as total service times 2.5 percent of final average compensation. Total service equals 20 years of service regardless of age, or age 55 with 10 years of service. Final average compensation is the average compensation of the highest 3 years of the last 10. The maximum County-financed portion for both groups is 75% of final average compensation.

As of January 1, 2014, the System was closed to new participants.

WASHTENAW COUNTY

Notes to Financial Statements

Benefits. Deferred members may retire at age 60 with 8 or 10 years of service depending on date of hire. Deferred retirement benefits are determined in the same manner as regular retirement benefits, but based upon service and final average compensation at termination date. All plan members are eligible for non-duty death in service benefits after 20 years of service, or at age 60 with 10 years of service. These benefits are determined in the same manner as regular retirement benefits, but actuarially reduced in accordance with a 100 percent joint and survivor election. In addition, all plan members are eligible for duty related death in service benefits which are payable upon expiration of worker's compensation to the survivors of a member who died in the line of duty. The benefits are equal to the worker's compensation payments to the spouse, children under age 18, and dependent parents. All plan members are eligible for non-duty disability benefits after 10 or more years of service and for duty related disability benefits upon hire. Non-duty disability retirement benefits are determined in the same manner as retirement benefits. Duty disability retirement benefits for non-Sheriff members are calculated in the same way as regular retirement benefits, but with additional service credited from date of disability to age 60. Maximum County-financed portion shall not exceed the excess of a) 70 percent of final average compensation or b) worker's compensation payments. Duty disability retirement benefits for Sheriff members are computed as 75 percent of final average compensation less worker's compensation. Post retirement lump sum death benefits for non-Sheriff members equal \$2,000 (\$3,500 for supervisors) or \$7,500 depending on retirement date. Death benefits for Sheriff members equal \$2,000. A plan member who leaves County service may withdraw his or her contributions plus any accumulated interest. A withdrawal may reduce or even eliminate any future benefit payable under a deferred vested retirement.

Contributions. For the year ended December 31, 2018, participating non-Sheriff department members are required to contribute 8.5% of their annual compensation to the System for pension benefits. There were no participating Sheriff department members at December 31, 2018. The County contributes such additional amounts, as necessary, based on an actuarial determination, to provide assets sufficient to pay for member benefits. The County's contribution for the non-Sheriff department members for the year ended December 31, 2018, represents 15.04% of annual covered payroll, and the County's contribution for the Sheriff department amounted to \$1,805,115. Effective with the December 31, 2008 actuarial valuation of the System, County contributions for non-Sheriff department members are actuarially determined amounts up to 10% of annual covered payroll. In the event that the annual required contribution (ARC) (the employee plus the employer portion) exceeds 17.5% of non-Sheriff department annual covered payroll, the members will contribute up to an additional 2.5% of annual covered payroll. If the ARC exceeds 20% of annual covered payroll, the County and AFSCME unions will negotiate payment of additional contributions.

Bargaining Unit / Employee Group	Benefit Multiplier	Contribution Percentage
General Benefit Group	2.00%	8.50%
Sheriff Benefit Group	2.50%	0.00%

Employees covered by benefit terms. At December 31, 2018, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	961
Terminated employees entitled to but not yet receiving benefits	152
Active employees	651
Total membership	1,764

WASHTENAW COUNTY

Notes to Financial Statements

Reserves. In accordance with the System policy, the County establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the County's actuaries. The policy for creating and adjusting reserves was established and can be amended by the System Board of Trustees. A summary of the reserves at December 31, 2018 is as follows:

Reserve / Group	Balance
Employees' reserve fund	\$ 65,856,486
Retirement reserve fund	<u>188,232,280</u>
	<u><u>\$ 254,088,766</u></u>

Net pension liability. The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 (rolled forward to December 31, 2018).

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2017 (and rolled forward to December 31, 2018, the measurement date), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	4.0 to 9.0 percent, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Mortality with Blue Collar adjustment, fully generational using Scale AA. This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. The healthy mortality table was used with ages set forward five years for projecting disability costs.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted in 2013. The next assumption review is scheduled to be completed in conjunction with the December 31, 2018 actuarial valuation.

WASHTENAW COUNTY

Notes to Financial Statements

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018 (see the discussion of the System's investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Equities			
Domestic equities - large cap	22.50%	6.90%	1.55%
Domestic equities - small to mid cap	10.00%	7.50%	0.75%
International equities	18.50%	6.90%	1.28%
Fixed income	34.00%	2.80%	0.95%
Other investments			
Real estate	15.00%	4.50%	0.68%
Cash	0.00%	1.40%	0.00%
	<u>100.00%</u>		<u>5.21%</u>
Inflation expectation			<u>2.04%</u>
Investment rate of return			<u>7.25%</u>

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WASHTENAW COUNTY

Notes to Financial Statements

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 361,536,795	\$ 279,717,636	\$ 81,819,159
Changes for the year:			
Service cost	5,401,509	-	5,401,509
Interest	25,524,467	-	25,524,467
Differences between expected and actual experience	2,345,308	-	2,345,308
Employer contributions	-	9,565,911	(9,565,911)
Employee contributions	-	3,487,854	(3,487,854)
Net investment loss	-	(13,808,798)	13,808,798
Benefit payments, including refunds of employee contributions	(24,351,866)	(24,351,866)	-
Administrative expense	-	(521,971)	521,971
Other changes	195,805	-	195,805
Net changes	<u>9,115,223</u>	<u>(25,628,870)</u>	<u>34,744,093</u>
Balances at December 31, 2018	\$ 370,652,018	\$ 254,088,766	\$ 116,563,252

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	\$ 156,575,429	\$ 116,563,252	\$ 82,712,560

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

WASHTENAW COUNTY

Notes to Financial Statements

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the County recognized pension expense of \$18,780,662. At December 31, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 5,226,912	\$ 1,935,325	\$ 3,291,587
Net difference between projected and actual earnings on pension plan investments	<u>17,277,063</u>	-	<u>17,277,063</u>
Total	<u>\$ 22,503,975</u>	<u>\$ 1,935,325</u>	<u>\$ 20,568,650</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2019	\$ 9,842,364
2020	2,456,787
2021	2,311,659
2022	6,344,905
2023	<u>(387,065)</u>
Total	<u>\$ 20,568,650</u>

Voluntary Employees' Beneficiary Association (VEBA)

The Washtenaw County Voluntary Employees' Beneficiary Association (the "VEBA") is a single-employer defined benefit postemployment healthcare plan established and administered 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 VEBA 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. The Plan is included as an other employee benefits trust fund in the County's financial statements.

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Notes to Financial Statements

As a result of collective bargaining agreements, effective January 1, 2014, Washtenaw County established a new 401(a) defined contribution plan, administered by a third-party financial institution, for its employees. As of January 1, 2014, the VEBA is closed to new participants. Beginning January 1, 2014, Washtenaw County began a new retirement health savings plan, administered by a third-party financial institution, for postemployment healthcare benefits. Most retirees from the new defined contribution plan will be eligible for these benefits.

The Association is governed by a five-member board of trustees that is appointed in accordance with the Trust Agreement. One member, who is an active employee and is not a county commissioner, is appointed by the Retirement Commission of the Washtenaw County Employees' Retirement System (WCERS). One member, who is an active employee and is not a county commissioner, is appointed by the Washtenaw County Deputy Sheriffs Association (WCDSA) from among the participants of the Municipal Employees' Retirement System (MERS). One member is a county commissioner appointed by the Retirement Commission. The County Human Resources Director and the County Chief Financial Officer are standing members. The term of office for the Retirement Commission's representative is two years (appointed every odd-numbered year); the term of office for the MERS representative is based on a term of the WCDSA's choice; the Retirement Commission's Board of Commissioner representative is appointed annually.

Subject to certain age and length of service requirements, eligible participants receive the same or comparable medical insurance coverage under the VEBA as was in effect at the time of their employment. At such time that participants become Medicare eligible, the benefits under the VEBA 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, 2018 were \$11,542,203. Although an actuarial valuation of the VEBA was completed during 2017, 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 were not required to contribute to the VEBA. As of December 31, 2018, 1,411 members received healthcare benefits under the Plan, and the cost of those benefits, net of retiree medical premiums, amounted to \$11,503,401.

Employees covered by benefit terms. At December 31, 2018, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	1,411
Terminated employees entitled to but not yet receiving benefits	55
Active participants	<hr/> 898
Total membership	<hr/> <hr/> 2,364

Net OPEB liability. The County's net OPEB liability was measured as of December 31, 2017 (and rolled forward to December 31, 2018, the measurement date).

WASHTENAW COUNTY

Notes to Financial Statements

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017 (and rolled forward to December 31, 2018, the measurement date), using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5%
Projected salary increases	4.0%
Healthcare cost trend rate	Pre-Medicare 7.75% initial, 4.50% ultimate; Post-Medicare 5.75% initial, 4.50% ultimate
Inflation rate	0.0%

Mortality rates were based on the head-count weighted RP-2014 Total Employee and Healthy Annuitant Mortality Tables, with Blue Collar adjustment, projected with mortality improvement scale MP-2014 on a fully generational basis. The disabled mortality rates were based on head-count weighted RP-2014 Disabled Mortality Tables, projected with mortality improvement scale MP-2014 on a fully generational basis.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted in 2013. The next assumption review is scheduled to be completed in conjunction with the December 31, 2018 actuarial valuation.

Long-term expected rate of return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of December 31, 2018 (see the discussion of the System's investment allocation policy) are summarized in the following table:

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Notes to Financial Statements

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Equities			
Domestic equities - large cap	25.00%	6.90%	1.73%
Domestic equities - small to mid cap	10.00%	7.50%	0.75%
International equities	20.00%	6.90%	1.38%
Private equities	5.00%	9.60%	0.48%
Fixed Income	25.00%	2.80%	0.70%
Other investments			
Hedge funds	10.00%	3.50%	0.35%
Real estate	5.00%	4.50%	0.23%
Cash	0.00%	1.40%	0.00%
	<u>100.00%</u>		<u>5.62%</u>
Inflation expectation			<u>1.88%</u>
Investment rate of return			<u>7.50%</u>

Discount rate. The discount rate used to measure the total OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WASHTENAW COUNTY

Notes to Financial Statements

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2017	\$ 245,224,469	\$ 128,131,850	\$ 117,092,619
Changes for the year:			
Service cost	3,364,665	-	3,364,665
Interest	18,220,604	-	18,220,604
Differences between expected and actual experience	(6,088,529)	-	(6,088,529)
Employer contributions	-	11,223,504	(11,223,504)
On behalf-federal Medicare Part D subsidy	-	318,699	(318,699)
Benefit payments, including refunds of employee contributions	(11,503,401)	(11,503,401)	-
Net investment loss	-	(6,834,307)	6,834,307
Administrative expense	-	(235,360)	235,360
Net changes	<u>3,993,339</u>	<u>(7,030,865)</u>	<u>11,024,204</u>
Balances at December 31, 2018	<u>\$ 249,217,808</u>	<u>\$ 121,100,985</u>	<u>\$ 128,116,823</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, calculated using the discount rate of 7.5 percent, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.5 percent) or 1% higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
County's net OPEB liability	\$ 173,496,842	\$ 128,116,823	\$ 112,328,518

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Notes to Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rates (post-medicare) of 5.75 percent decreasing to 4.5 percent, as well as what the County's net OPEB liability would be if it were calculated using the healthcare cost trend rates (post-medicare) that are 1% lower (4.75 percent decreasing to 3.5 percent) or 1% higher (6.75 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (4.75% decreasing to 3.5%)	Current (5.75% decreasing to 4.5%)	1% Increase (6.75% decreasing to 5.5%)
County's net OPEB liability	\$ 108,600,922	\$ 128,116,823	\$ 178,445,425

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Plan financial statements.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended December 31, 2018, the County recognized OPEB expense of \$13,833,771. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 4,735,523	\$ (4,735,523)
Net difference between projected and actual earnings on OPEB plan investments	<u>13,149,460</u>	-	<u>13,149,460</u>
	<u>\$ 13,149,460</u>	<u>\$ 4,735,523</u>	<u>\$ 8,413,937</u>

Amounts reported as net deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2019	\$ 1,934,359
2020	<u>1,934,359</u>
2021	1,934,359
2022	<u>2,610,860</u>
Total	<u>\$ 8,413,937</u>

WASHTENAW COUNTY

Notes to Financial Statements

Defined Contribution Plan (WCDC)

The Washtenaw County Defined Contribution Pension Plan (the “Plan”) is a defined contribution pension plan established and administered by the County to provide benefits at retirement to all regular employees of the County hired on or after January 1, 2014. Plan members are required to contribute 7.0% or 7.5% of covered salary depending on the particular collective bargaining unit to which they belong. 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 \$1,264,375 each for the year ended December 31, 2018. At December 31, 2018, there were 377 active plan members.

Retirement Health Savings Plan (RHS)

The Washtenaw County Retirement Health Savings Plan (the “Plan”) is a retiree welfare benefits plan established and administered by the County to provide benefits at retirement, to all regular employees of the County hired on or after January 1, 2014. Plan members are not required to contribute to the Plan. The County is required to contribute a flat dollar amount per pay period for each member based on years of service. 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 contributions totaled \$1,011,050 for the year ended December 31, 2018. As of December 31, 2018, there were 422 active members.

County Administered Plans - Summary of Significant Accounting Policies

The financial statements of ERS, VEBA, WCDC and RHS 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 for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of applicable boards, with the assistance of a valuation service.

Municipal Employees’ Retirement System of Michigan

General Information About the Plan

Plan description. The County’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

WASHTENAW COUNTY

Notes to Financial Statements

Benefits provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers at 2.25%. Participants are considered to be fully vested in the plan after 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, or age 55 with 15 years of service, depending on division/bargaining unit.

Employees covered by benefit terms. At December 31, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	30
Active employees	<u>307</u>
Total membership	<u>419</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2018:

Division/Bargaining Unit	Employer Contribution	Employee Contribution	Status
01 - General	\$35,212/month	0.00%	Closed
02 - Police/Fire	\$8,623/month	3.50%	Closed
03 - Gnrl 12/12 & Pol/Fi 7/16	6.95%	0.00%	Open
20 - Pol/Fi aft 7/16	6.90%	7.00%	Open

Net pension liability. The County's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 (rolled forward to December 31, 2018).

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2017 (and rolled forward to December 31, 2018, the measurement date), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.50% long-term wage inflation assumption would be consistent with a price inflation of 3.0% to 4.0%.

WASHTENAW COUNTY

Notes to Financial Statements

Mortality rates used were based on the RP-2014 Healthy Annuitant Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent actuarial experience study of 2009-2013, conducted in 2015.

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	55.50%	6.15%	3.41%
Global fixed income	18.50%	1.26%	0.23%
Real assets	13.50%	7.22%	0.98%
Diversifying strategies	<u>12.50%</u>	5.00%	0.63%
	<u><u>100.00%</u></u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u>7.75%</u>

Discount rate. The discount rate used to measure the total pension liability is 7.75% for 2018. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for 2017 was 7.75%.

WASHTENAW COUNTY

Notes to Financial Statements

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2017	\$ 114,914,404	\$ 90,258,258	\$ 24,656,146
Changes for the year:			
Service cost	3,713,551	-	3,713,551
Interest	8,901,209	-	8,901,209
Differences between expected and actual experience	332,477	-	332,477
Employer contributions	-	3,811,957	(3,811,957)
Employee contributions	-	1,901,576	(1,901,576)
Net investment loss	-	(3,659,709)	3,659,709
Benefit payments, including refunds of employee contributions	(3,833,744)	(3,833,744)	-
Administrative expense	-	(177,823)	177,823
Other changes	530,200	-	530,200
Net changes	<u>9,643,693</u>	<u>(1,957,743)</u>	<u>11,601,436</u>
Balances at December 31, 2018	\$ 124,558,097	\$ 88,300,515	\$ 36,257,582

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.75%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75%) or 1% higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's net pension liability	\$ 52,887,515	\$ 36,257,582	\$ 22,427,990

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

WASHTENAW COUNTY

Notes to Financial Statements

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the County recognized pension expense of \$7,265,518. The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 2,403,798	\$ 651,196	\$ 1,752,602
Changes in assumptions	2,066,628	-	2,066,628
Net difference between projected and actual earnings on pension plan investments	6,371,005	-	6,371,005
Total	\$ 10,841,431	\$ 651,196	\$ 10,190,235

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2019	\$ 2,905,278
2020	1,605,338
2021	2,044,413
2022	2,920,188
2023	776,053
Thereafter	<u>(61,035)</u>
Total	<u>\$ 10,190,235</u>

Road Commission - Pension Plan

General Information About the Plan

Plan description. The Road Commission participates in MERS, an agent multiple-employer defined benefit pension plan that covers 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.

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Retirement benefits changed for all employee groups hired after various dates in 2012. Retirement benefits for employees hired prior to 2012 are calculated at 2.25 percent of the employee's final three year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Vesting period is eight years. Retirement benefits for employees hired subsequent to 2012 are calculated as 1.5 percent of the employee's final three year average salary times the employee's years of service. Normal retirement age is 60. There is no provision for early retirement without a reduction of benefits. Vesting period is eight years.

For employees hired prior to 2012, benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent, noncompounding.

Contributions. For the year ended December 31, 2018, the average active employee contribution rate was 8.8 percent of annual pay for employees and the Road Commission's average contribution rate was 29.4 percent of annual payroll.

Employees covered by benefit terms. At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	14
Active employees	<u>127</u>
 Total membership	 <u>273</u>

Net pension liability. The Road Commission's net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent
Investment rate of return	8.00 percent, net of investment expense

Mortality rates were based on a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

For disabled retirees, the RP-2014 Disabled Retiree Mortality Table is used with a 50 percent male and 50 percent female blend.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent actuarial experience study from 2009-2013.

WASHTENAW COUNTY

Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future and real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2017, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equities	55.50%	6.65%
Global fixed income	18.50%	1.76%
Real assets	13.50%	7.72%
Diversifying strategies	12.50%	5.50%

Discount rate. The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Road Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2016	\$ 63,614,065	\$ 34,136,640	\$ 29,477,425
<i>Changes for the year:</i>			
Service cost	926,909	-	926,909
Interest	4,978,011	-	4,978,011
Differences between expected and actual experience	(312,006)	-	(312,006)
Employer contributions	-	2,341,505	(2,341,505)
Employee contributions	-	658,389	(658,389)
Net investment income	-	4,474,596	(4,474,596)
Benefit payments, including refunds of employee contributions	(3,704,748)	(3,704,748)	-
Administrative expense	-	(70,867)	70,867
Net changes	1,888,166	3,698,875	(1,810,709)
Balances at December 31, 2017	\$ 65,502,231	\$ 37,835,515	\$ 27,666,716

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Notes to Financial Statements

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.00%, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Road Commission's net pension liability	\$ 35,313,118	\$ 27,666,716	\$ 21,224,356

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2017, the Road Commission recognized pension expense of \$2,868,343. At December 31, 2018, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 1,392,868	\$ (1,392,868)
Changes in assumptions	1,193,915	-	1,193,915
Net difference between projected and actual earnings on pension plan investments	-	654,373	(654,373)
	1,193,915	2,047,241	(853,326)
Contributions subsequent to measurement date	2,488,295	-	2,488,295
Total	<u>\$ 3,682,210</u>	<u>\$ 2,047,241</u>	<u>\$ 1,634,969</u>

WASHTENAW COUNTY

Notes to Financial Statements

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2019	\$ 250,847
2020	129,672
2021	(816,506)
2022	<u>(417,339)</u>
Total	<u>\$ (853,326)</u>

Complete disclosures regarding the Road Commission's MERS pension plan are presented in the Road Commission's financial report.

Road Commission - Other Postemployment Benefits Plan

The Road Commission also participates in an agent multiple-employer defined benefit healthcare plan through MERS that covers all full-time employees of the Road Commission. The Road Commission's MERS healthcare plan is separate from that of the County's. The system provides healthcare, dental, and death benefits to all full-time employees hired prior to January 1, 2012 upon retirement. 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.

For the year ended December 31, 2018, the Road Commission contributed \$2,030,897. Employees are not required to contribute to the plan.

Employees Covered by Benefit Terms. At December 31, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	123
Active plan members	<u>78</u>
Total membership	<u>201</u>

Net OPEB Liability. The Road Commission's net OPEB liability was measured as of December 31, 2018.

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Notes to Financial Statements

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016 (and rolled forward to December 31, 2018, the measurement date), using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25%
Projected salary increases	4.0-17.0%
Healthcare cost trend rate	Initial trend of 9.0% gradually decreasing to an ultimate trend rate of 4.0% in year 10
Inflation rate	2.0-3.0%
Mortality	RP-2000 Combined Healthy Mortality tables projected 20 years with U.S. Projection Scale BB.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equities	55.50%	6.65%
Global fixed income	18.50%	1.76%
Real assets	13.50%	7.72%
Diversifying strategies	12.50%	5.50%

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Road Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

WASHTENAW COUNTY

Notes to Financial Statements

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2017	\$ 26,679,360	\$ 11,537,111	\$ 15,142,249
Changes for the year:			
Service cost	245,688	-	245,688
Interest	1,887,665	-	1,887,665
Differences between expected and actual experience	50,898	-	50,898
Contributions - employer	-	2,030,897	(2,030,897)
Net investment loss	-	(501,053)	501,053
Benefit payments, including refunds	(1,530,897)	(1,530,897)	-
Administrative expense	-	(31,516)	31,516
Net changes	653,354	(32,569)	685,923
Balances at December 31, 2018	\$ 27,332,714	\$ 11,504,542	\$ 15,828,172

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Road Commission, calculated using the discount rate of 7.25 percent, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.5 percent) or 1% higher (8.50 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Road Commission's net OPEB liability	\$ 19,124,184	\$ 15,828,172	\$ 13,071,663

WASHTENAW COUNTY

Notes to Financial Statements

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Road Commission, calculated using the healthcare cost trend rate of 9.00 percent, as well as what the Road Commission's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.00 %) or 1% higher (10.00%) than the current rate:

1% Decrease (8.00%)	Current (9.00%)	1% Increase (10.00%)
---------------------------	--------------------	----------------------------

Road Commission's net OPEB liability \$ 12,601,977 \$ 15,828,172 \$ 19,742,064

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Plan financial statements.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended December 31, 2018, the Road Commission recognized OPEB expense of \$1,595,099. At December 31, 2018, the Road Commission reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 38,140
Net difference between projected and actual earnings on OPEB plan investments	<u>1,083,581</u>
Total	<u>\$ 1,121,721</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount
2019	\$ 283,653
2020	283,653
2021	283,519
2022	<u>270,896</u>
Total	<u>\$ 1,121,721</u>

Complete disclosures regarding the Road Commission's MERS healthcare plan are presented in the Road Commission's financial report.

WASHTENAW COUNTY

■ Notes to Financial Statements

■ 14. TAX ABATEMENTS

The County received reduced property tax revenues during 2018 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the County.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to \$520,000 in reduced County tax revenues for 2018.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to \$208,000 in reduced County tax revenues for 2018.

■ 15. RESTATEMENT

The County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. In connection with the implementation of this standard, the prior reported net other postemployment benefit obligation of \$2,207,175 was eliminated. As a result of this change, beginning net position of governmental activities was decreased by \$114,885,441.

WASHTENAW COUNTY

Notes to Financial Statements

16. FUND BALANCES

Following is a summary of the composition of fund balances as of December 31, 2018:

	General	Community Mental Health	Parks and Recreation	Road Millage	EECS	County Capital Projects	NMGF	Total
Nonspendable	\$ 1,849,597	\$ -	\$ -	\$ -	\$ 271,027	\$ 21,550	\$ 37,827	\$ 2,180,001
Restricted for:								
Economic development:								
Tourism and convention promotion	-	-	-	-	-	-	655,144	655,144
Economic development and agriculture	-	-	-	-	-	-	126,724	126,724
Total economic development	-	-	-	-	-	-	781,868	781,868
Public safety:								
Emergency communication system and equipment	-	-	-	-	7,090,509	-	-	7,090,509
Building inspection and safety	-	-	-	-	-	-	1,434,781	1,434,781
E-911 emergency response	-	-	-	-	-	-	1,766,587	1,766,587
Drug trafficking investigation	-	-	-	-	-	-	142,880	142,880
Total public safety	-	-	-	-	7,090,509	-	3,344,248	10,434,757
Public works -								
Road construction and maintenance	-	-	-	2,500,986	-	-	-	2,500,986
Social services:								
Community development programs	-	-	-	-	-	-	2,918,667	2,918,667
Veterans' programs	-	-	-	-	-	-	927,643	927,643
Total social services	-	-	-	-	-	-	3,846,310	3,846,310
Culture and recreation:								
Park operations and improvements	-	-	18,084,174	-	-	-	-	18,084,174
Natural area land acquisitions	-	-	10,757,136	-	-	-	-	10,757,136
Non-motorized trails	-	-	1,879,748	-	-	-	-	1,879,748
Total culture and recreation	-	-	30,721,058	-	-	-	-	30,721,058
Capital projects	-	-	-	-	-	5,420,621	-	5,420,621
Total restricted	-	-	30,721,058	2,500,986	7,090,509	5,420,621	7,972,426	53,705,600

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WASHTENAW COUNTY

Notes to Financial Statements

	General	Community Mental Fund	Parks and Recreation	Road Millage	EECS	County Capital Projects	NMGF	Total
Committed for:								
Judicial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 425,166	\$ 425,166	
General government	-	-	-	-	-	-	455,783	455,783
Economic development	-	-	-	-	-	-	161,022	161,022
Public safety:								
Alternative to incarceration program	-	-	-	-	-	-	389,545	389,545
Domestic relations	-	-	-	-	-	-	238,584	238,584
Law and drug enforcement/training	-	-	-	-	-	-	2,391,493	2,391,493
Inmate concessions	-	-	-	-	-	-	175,189	175,189
Total public safety	-	-	-	-	-	-	3,194,811	3,194,811
Public works:								
Waste reduction and recycling	-	-	-	-	-	-	1,706,802	1,706,802
Other	-	-	-	-	-	-	129,211	129,211
Total public works	-	-	-	-	-	-	1,836,013	1,836,013
Health								
Public health programs	-	-	-	-	-	-	2,854,778	2,854,778
Social services:								
Neglected, abused and delinquent youth programs	-	-	-	-	-	-	2,608,764	2,608,764
Other	-	-	-	-	-	-	596,050	596,050
Total social service	-	-	-	-	-	-	3,204,814	3,204,814
Debt service	-	-	-	-	-	-	8	8
Capital projects:								
Building upgrade/repair	-	-	-	-	-	1,502,859	-	1,502,859
Technology	-	-	-	-	-	1,912,513	-	1,912,513
Reserve	-	-	-	-	-	10,045,463	-	10,045,463
Special projects	-	-	-	-	-	98,450	-	98,450
Total capital projects	-	-	-	-	-	13,559,285	-	13,559,285
Total committed	-	-	-	-	-	13,559,285	12,132,395	25,691,680
Unassigned (deficit)	29,211,396	(384,795)	-	-	-	-	-	28,826,601
Total fund balances	\$31,060,993	\$ (384,795)	\$30,721,058	\$ 2,500,986	\$ 7,361,536	\$19,001,456	\$20,142,648	\$ 110,403,882

EECS - enhanced emergency communication system special revenue fund

concluded.

NMGF - nonmajor government funds



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REQUIRED SUPPLEMENTARY INFORMATION

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WASHTENAW COUNTY

Required Supplementary Information

Employees' Retirement System



Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended December 31,				
	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 5,401,509	\$ 5,497,717	\$ 5,906,102	\$ 6,754,720	\$ 7,037,151
Interest	25,524,467	25,248,257	23,679,082	23,239,451	22,960,092
Differences between expected and actual experience	2,345,308	83,469	16,258,613	(3,483,585)	(1,698,174)
Benefit payments, including refunds of employee contributions	(24,351,866)	(24,093,492)	(23,489,750)	(22,950,875)	(22,413,209)
Other changes	195,805	-	-	244,858	-
Net change in total pension liability	9,115,223	6,735,951	22,354,047	3,804,569	5,885,860
Total pension liability, beginning of year	<u>361,536,795</u>	<u>354,800,844</u>	<u>332,446,797</u>	<u>328,642,228</u>	<u>322,756,368</u>
Total pension liability, end of year	<u>370,652,018</u>	<u>361,536,795</u>	<u>354,800,844</u>	<u>332,446,797</u>	<u>328,642,228</u>
Plan fiduciary net position					
Employer contributions	9,565,911	9,367,571	8,110,236	9,083,211	10,606,921
Employee contributions	3,487,854	3,940,128	3,869,088	5,022,156	5,573,695
Net investment income (loss)	(13,808,798)	38,647,650	19,741,722	(771,646)	16,411,607
Benefit payments, including refunds of employee contributions	(24,351,866)	(24,093,492)	(23,489,750)	(22,950,875)	(22,413,209)
Administrative expense	(521,971)	(527,440)	(507,575)	(521,551)	(511,255)
Net change in plan fiduciary net position	(25,628,870)	27,334,417	7,723,721	(10,138,705)	9,667,759
Plan fiduciary net position, beginning of year	<u>279,717,636</u>	<u>252,383,219</u>	<u>244,659,498</u>	<u>254,798,203</u>	<u>245,130,444</u>
Plan fiduciary net position, end of year	<u>254,088,766</u>	<u>279,717,636</u>	<u>252,383,219</u>	<u>244,659,498</u>	<u>254,798,203</u>
County's net pension liability	<u>\$ 116,563,252</u>	<u>\$ 81,819,159</u>	<u>\$ 102,417,625</u>	<u>\$ 87,787,299</u>	<u>\$ 73,844,025</u>
Plan fiduciary net position as a percentage of total pension liability	<u>68.55%</u>	<u>77.37%</u>	<u>71.13%</u>	<u>73.59%</u>	<u>77.53%</u>
Covered payroll	\$ 41,088,440	\$ 43,716,744	\$ 44,918,801	\$ 49,687,696	\$ 52,969,474
County's net pension liability as a percentage of covered payroll	283.69%	187.16%	228.01%	176.68%	139.41%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WASHTENAW COUNTY

Required Supplementary Information Employees' Retirement System

Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2014	\$ 10,606,921	\$ 10,606,921	\$ -	\$ 52,969,474	20.02%
2015	9,083,211	9,083,211	-	49,687,696	18.28%
2016	8,110,236	8,110,236	-	44,918,801	18.06%
2017	9,367,571	9,367,571	-	43,716,744	21.43%
2018	9,565,911	9,565,911	-	41,088,440	23.28%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of December 31 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Other information There were no changes in benefit provisions or actuarial assumptions as of the actuarial valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost for General and Sheriff's divisions.

Amortization method General division liabilities funded as a level percent of payroll over 27 years. Sheriff's division liabilities funded as a level percent of payroll over 10 years.

Remaining amortization period 22 years and decreasing for General division, 5 years and decreasing for Sheriff's

Asset valuation method Market value with 5 year smoothing of gains and losses.

Inflation 3.25%

Salary increases 4.0%-9.0% including inflation

Investment rate of return 7.25% net of pension plan investment expense, including inflation

Mortality rates Based on the RP 2000 Combined Mortality with Blue Collar adjustment, fully generational using Scale AA. This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. The healthy mortality table was used with ages set forward 5 years for projecting disability costs.

WASHTENAW COUNTY

Required Supplementary Information Employees' Retirement System

Schedule of Investment Returns

Fiscal Year Ending December 31,	Annual Return ⁽¹⁾
2013	15.76%
2014	6.95%
2015	-0.05%
2016	8.35%
2017	16.05%
2018	-5.03%

⁽¹⁾ Annual money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WASHTENAW COUNTY

Required Supplementary Information Voluntary Employees' Beneficiary Association

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ending December 31,	
	2018	2017
Total OPEB liability		
Service cost	\$ 3,364,665	\$ 3,448,539
Interest	18,220,604	17,515,459
Differences between expected and actual experience	(6,088,529)	61,460
Benefit payments, including refunds of employee contributions	(11,503,401)	(11,574,498)
Net change in total OPEB liability	<u>3,993,339</u>	<u>9,450,960</u>
 Total OPEB liability, beginning of year	<u>245,224,469</u>	<u>235,773,509</u>
 Total OPEB liability, end of year	<u>249,217,808</u>	<u>245,224,469</u>
 Plan fiduciary net position		
Employer contributions	11,223,504	10,501,156
On behalf-federal Medicare Part D subsidy	318,699	425,088
Net investment income (loss)	(6,834,307)	16,274,768
Benefit payments, including refunds of employee contributions	(11,503,401)	(11,574,498)
Administrative expense	(235,360)	(275,782)
Net change in plan fiduciary net position	<u>(7,030,865)</u>	<u>15,350,732</u>
 Plan fiduciary net position, beginning of year	<u>128,131,850</u>	<u>112,781,118</u>
 Plan fiduciary net position, end of year	<u>121,100,985</u>	<u>128,131,850</u>
 County's net OPEB liability	<u>\$ 128,116,823</u>	<u>\$117,092,619</u>
 Plan fiduciary net position as a percentage of total OPEB liability	<u>48.59%</u>	<u>52.25%</u>
 Covered payroll	\$ 62,368,840	\$ 65,871,257
 County's net OPEB liability as a percentage of covered payroll	<u>205.42%</u>	<u>177.76%</u>

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WASHTENAW COUNTY

Required Supplementary Information Voluntary Employees' Beneficiary Association

Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2017	\$ 10,501,156	\$ 10,501,156	\$ -	\$ 65,871,257	15.94%
2018	11,223,504	11,223,504	-	62,368,840	18.00%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation date	Actuarially determined contribution rates are calculated as of December 31 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.
Other information	There were no changes in benefit provisions. The following changes were made to the actuarial assumptions or valuation procedures as of the actuarial valuation date: per capita costs were updated based on recent experience.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age actuarial cost as a percentage of earnings
Amortization method	The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at the beginning of the measurement period is 4.5 years. (GASB 75 amortization); 26 years for the 12/31/2012 valuation, declining by one year for each year thereafter, as a percentage of earnings, with interest at 7.5% (for determination of funding status)
Remaining amortization period	21 years (for determination of funded status)
Asset valuation method	Market value with 5 year smoothing of gains and losses.
Inflation	0.00%
Healthcare cost trend rate	Pre-Medicare 7.75% initial, 4.50% ultimate; Post-Medicare 5.75% initial, 4.50% ultimate
Salary increases	4.0%
Investment rate of return	7.50% net of pension plan investment expense, including inflation
Mortality rates	Mortality rates were based on the head-count weighted RP-2014 Total Employee and Healthy Annuitant Mortality Tables, with Blue Collar adjustment, projected with mortality improvement scale MP-2014 on a fully generational basis. The disabled mortality rates were based on head-count weighted RP-2014 Disabled Mortality Tables, projected with mortality improvement scale MP-2014 on a fully generational basis.

WASHTENAW COUNTY

Required Supplementary Information Voluntary Employees' Beneficiary Association

Schedule of Investment Returns

Fiscal Year Ending December 31,	Annual Return ⁽¹⁾
2016	5.62%
2017	14.95%
2018	-5.34%

⁽¹⁾ Annual money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WASHTENAW COUNTY

Required Supplementary Information

Municipal Employees' Retirement System of Michigan

Schedule of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ended December 31,			
	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 3,713,551	\$ 3,741,464	\$ 3,547,497	\$ 3,251,957
Interest	8,901,209	8,268,782	7,575,557	6,904,648
Differences between expected and actual experience	332,477	(868,261)	3,390,108	-
Changes in assumptions	-	-	3,306,604	-
Benefit payments, including refunds of employee contributions	(3,833,744)	(2,905,765)	(2,317,372)	(2,026,912)
Other changes	530,200	402,071	(436,153)	-
Net change in total pension liability	9,643,693	8,638,291	15,066,241	8,129,693
Total pension liability, beginning of year	114,914,404	106,276,113	91,209,872	83,080,179
Total pension liability, end of year	124,558,097	114,914,404	106,276,113	91,209,872
Plan fiduciary net position				
Employer contributions	3,811,957	3,740,713	3,066,738	2,773,629
Employee contributions	1,901,576	2,051,237	2,016,415	2,048,222
Net investment income (loss)	(3,659,709)	10,457,956	7,802,910	(1,024,622)
Benefit payments, including refunds of employee contributions	(3,833,744)	(2,905,765)	(2,317,372)	(2,026,912)
Administrative expense	(177,823)	(164,992)	(153,733)	(146,431)
Net change in plan fiduciary net position	(1,957,743)	13,179,149	10,414,958	1,623,886
Plan fiduciary net position, beginning of year	90,258,258	77,079,109	66,664,151	65,040,265
Plan fiduciary net position, end of year	88,300,515	90,258,258	77,079,109	66,664,151
County's net pension liability	\$ 36,257,582	\$ 24,656,146	\$ 29,197,004	\$ 24,545,721
Plan fiduciary net position as a percentage of total pension liability	70.89%	78.54%	72.53%	73.09%
Covered payroll	\$ 23,754,492	\$ 23,571,736	\$ 22,771,226	\$ 22,686,971
County's net pension liability as a percentage of covered payroll	152.63%	104.60%	128.22%	108.19%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

WASHTENAW COUNTY

Required Supplementary Information

Municipal Employees' Retirement System of Michigan

Schedule of Contributions

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2014	\$ 2,159,447	\$ 2,159,447	\$ -	\$ 20,590,737	10.48%
2015	2,773,629	2,773,629	-	22,686,971	12.23%
2016	3,066,738	3,066,738	-	22,771,226	13.47%
2017	3,740,713	3,740,713	-	23,571,736	15.87%
2018	3,811,957	3,811,957	-	23,754,492	16.05%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of December 31 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Other information There were no changes in benefit provisions or actuarial assumptions as of the actuarial valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	Retirement rates for normal retirement are determined by each member's replacement index at the time of retirement. Retirement rates for early retirement are determined by the member's age at early retirement. The normal and early retirement rates were first used for the December 31, 2015 valuation.
Mortality rates	Mortality rates used were based on the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; the RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables. All Mortality Tables have a 50% Male and 50% Female blend. For disabled retirees, the RP-2014 Disabled Retiree Mortality Tables were used having a 50% Male and 50% Female blend.

SUPPLEMENTARY INFORMATION

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WASHTENAW COUNTY

Combining Balance Sheet - Nonmajor Governmental Funds December 31, 2018

	Special Revenue Funds					
	Accommodation Ordinance Tax	Aerial Photo	Building Services	Child Care	Community Corrections	Department of Human Services
Assets						
Cash and pooled investments	\$ 1,169,088	\$ 161,022	\$ 1,454,505	\$ 734,144	\$ 318,377	\$ 39,066
Receivables:						
Taxes - current	-	-	-	-	-	-
Accounts	319,316	-	-	5,029	136,769	-
Leases	-	-	-	-	-	-
Due from other governments	-	-	-	2,160,672	61,104	-
Prepaid items	-	-	-	-	-	-
Total assets	\$ 1,488,404	\$ 161,022	\$ 1,454,505	\$ 2,899,845	\$ 516,250	\$ 39,066
Liabilities						
Accounts payable	\$ 832,867	\$ -	\$ 1,999	\$ 153,841	\$ 109,026	\$ -
Accrued liabilities	393	-	17,725	176,306	17,679	-
Due to other governments	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	833,260	-	19,724	330,147	126,705	-
Deferred inflows of resources						
Unavailable revenue - leases	-	-	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Economic development	655,144	-	-	-	-	-
Public safety	-	-	1,434,781	-	-	-
Social services	-	-	-	-	-	-
Committed for:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Economic development	-	161,022	-	-	-	-
Public safety	-	-	-	-	389,545	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	2,569,698	-	39,066
Debt service	-	-	-	-	-	-
Total fund balances	655,144	161,022	1,434,781	2,569,698	389,545	39,066
Total liabilities, deferred inflows of resources and fund balances	\$ 1,488,404	\$ 161,022	\$ 1,454,505	\$ 2,899,845	\$ 516,250	\$ 39,066

continued...

WASHTENAW COUNTY

Combining Balance Sheet - Nonmajor Governmental Funds December 31, 2018

	Special Revenue Funds						Debt Service
	Public Health	Public Works Solid Waste Program	Sheriff's Grants	Veterans' Trust	Water Resources Commissioner Grants	County	
Assets							
Cash and pooled investments	\$ 3,266,266	\$ 1,439,146	\$ 2,379,927	\$ 960,000	\$ 130,386	\$ 4,877	
Receivables:							
Taxes - current	-	-	-	1,589,918	-	-	
Accounts	376,488	350,695	57,297	-	-	-	
Leases	-	-	-	-	-	19,476	
Due from other governments	105,275	-	-	-	-	-	
Prepaid items	-	-	37,827	-	-	-	
Total assets	\$ 3,748,029	\$ 1,789,841	\$ 2,475,051	\$ 2,549,918	\$ 130,386	\$ 24,353	
Liabilities							
Accounts payable	\$ 362,106	\$ 7,173	\$ 62,228	\$ 20,140	\$ 1,175	\$ 4,869	
Accrued liabilities	382,136	75,866	4,801	12,217	-	-	
Due to other governments	-	-	3,161	-	-	-	
Interfund payable	-	-	-	-	-	-	
Unearned revenue	149,009	-	-	-	-	-	
Total liabilities	893,251	83,039	70,190	32,357	1,175	4,869	
Deferred inflows of resources							
Unavailable revenue - leases	-	-	-	-	-	19,476	
Taxes levied for a subsequent period	-	-	-	1,589,918	-	-	
Total deferred inflows of resources	-	-	-	1,589,918	-	19,476	
Fund balances							
Nonspendable	-	-	37,827	-	-	-	
Restricted for:							
Economic development	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	
Social services	-	-	-	927,643	-	-	
Committed for:							
Judicial	-	-	-	-	-	-	
General government	-	-	-	-	-	-	
Economic development	-	-	-	-	-	-	
Public safety	-	-	2,367,034	-	-	-	
Public works	-	1,706,802	-	-	129,211	-	
Health	2,854,778	-	-	-	-	-	
Social services	-	-	-	-	-	-	
Debt service	-	-	-	-	-	8	
Total fund balances	2,854,778	1,706,802	2,404,861	927,643	129,211	8	
Total liabilities, deferred inflows of resources and fund balances	\$ 3,748,029	\$ 1,789,841	\$ 2,475,051	\$ 2,549,918	\$ 130,386	\$ 24,353	

Debt Service

Building Authority	Total Other Governmental Funds
\$ -	\$ 16,245,356
-	1,589,918
-	1,929,119
-	19,476
-	7,056,907
<hr/>	<hr/>
-	37,827
<hr/>	<hr/>
<u>\$ -</u>	<u>\$ 26,878,603</u>
\$ -	\$ 2,583,297
-	980,668
-	13,750
-	962,444
<hr/>	<hr/>
-	586,402
<hr/>	<hr/>
-	5,126,561
<hr/>	<hr/>
-	19,476
<hr/>	<hr/>
-	<u>1,589,918</u>
<hr/>	<hr/>
-	<u>1,609,394</u>
-	37,827
<hr/>	<hr/>
-	781,868
-	3,344,248
-	3,846,310
<hr/>	<hr/>
-	425,166
-	455,783
-	161,022
-	3,194,811
-	1,836,013
-	2,854,778
-	3,204,814
<hr/>	<hr/>
-	8
<hr/>	<hr/>
-	<u>20,142,648</u>
<hr/>	<hr/>
<u>\$ -</u>	<u>\$ 26,878,603</u>

concluded.

WASHTENAW COUNTY

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds**
Year Ended December 31, 2018

	Special Revenue Funds					
	Accommodation Ordinance Tax	Aerial Photo	Building Services	Child Care	Community Corrections	Department of Human Services
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	6,872,020	-	-	-	-	-
Licenses and permits	-	-	1,458,773	-	-	-
Intergovernmental	-	-	-	5,297,016	657,770	-
Charges for services	-	25,466	17,472	-	762,092	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	12,270	2,424	22,231	-	-	-
Other	-	-	359	287,527	8,943	-
Total revenues	6,884,290	27,890	1,498,835	5,584,543	1,428,805	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	6,828,636	1,666	-	-	-	-
Public safety	-	-	1,097,389	-	1,860,313	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	9,726,385	-	53,580
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	6,828,636	1,666	1,097,389	9,726,385	1,860,313	53,580
Revenues over (under) expenditures	55,654	26,224	401,446	(4,141,842)	(431,508)	(53,580)
Other financing sources (uses)						
Transfers in	-	-	-	4,141,841	496,678	54,109
Transfers out	-	-	(134,386)	-	-	-
Total other sources (uses)	-	-	(134,386)	4,141,841	496,678	54,109
Net change in fund balances	55,654	26,224	267,060	(1)	65,170	529
Fund balances, beginning of year	599,490	134,798	1,167,721	2,569,699	324,375	38,537
Fund balances, end of year	\$ 655,144	\$ 161,022	\$ 1,434,781	\$ 2,569,698	\$ 389,545	\$ 39,066

Special Revenue Funds								
E-911	Office of Community and Economic Development	Economic Development and Agriculture	Friend of the Court	HIDTA Grant	Homeland Security Grants	Inmate Concessions	Other Special Revenue Funds	Prosecuting Attorney Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	7,251,499	-	3,859,337	1,695,460	312,463	-	124,162	410,613
2,423,161	-	-	223,421	-	-	-	-	-
-	-	-	3,218	-	-	-	32,820	-
27,178	-	-	-	1,763	-	3,484	17,915	-
104,761	3,756,497	-	823	240,567	-	524,147	9,051	-
2,555,100	11,007,996	-	4,086,799	1,937,790	312,463	527,631	279,068	410,613
-	-	-	5,937,862	-	-	-	7,407	-
-	643,276	-	-	-	-	-	235,001	-
472,575	-	-	-	1,927,472	324,472	542,983	27,301	669,908
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	12,082,447	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
472,575	12,082,447	643,276	5,937,862	1,927,472	324,472	542,983	269,709	669,908
2,082,525	(1,074,451)	(643,276)	(1,851,063)	10,318	(12,009)	(15,352)	9,359	(259,295)
43,537	1,857,474	770,000	1,851,063	-	12,000	-	118,118	259,295
(1,910,438)	-	-	-	-	-	-	-	-
(1,866,901)	1,857,474	770,000	1,851,063	-	12,000	-	118,118	259,295
215,624	783,023	126,724	-	10,318	(9)	(15,352)	127,477	-
1,550,963	2,135,644	-	225,730	132,562	24,468	190,541	1,349,522	12,854
\$ 1,766,587	\$ 2,918,667	\$ 126,724	\$ 225,730	\$ 142,880	\$ 24,459	\$ 175,189	\$ 1,476,999	\$ 12,854

continued...

WASHTENAW COUNTY

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds**
Year Ended December 31, 2018

	Special Revenue Funds					Debt Service
	Public Health	Public Works Solid Waste Program	Sheriff's Grants	Veterans' Trust	Water Resources Commissioner Grants	County
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 1,534,971	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	1,945,048	-	-	-	-	-
Intergovernmental	5,650,143	110,376	271,853	11,410	(4,162)	19,476
Charges for services	1,569,099	-	51,689	-	-	-
Fines and forfeits	-	-	101,019	-	-	-
Investment income (loss)	158	22,290	40,199	22,196	(86)	24
Other	260,439	1,292,892	187,190	764	-	-
Total revenues	9,424,887	1,425,558	651,950	1,569,341	(4,248)	19,500
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	912,363	-	-	-
Public works	-	1,070,774	-	-	4,206	-
Health	14,103,795	-	-	-	-	-
Social services	-	-	-	1,105,574	-	-
Debt service:						
Principal	-	-	-	-	-	3,639,477
Interest and fiscal charges	-	-	-	-	-	536,988
Total expenditures	14,103,795	1,070,774	912,363	1,105,574	4,206	4,176,465
Revenues over (under) expenditures	(4,678,908)	354,784	(260,413)	463,767	(8,454)	(4,156,965)
Other financing sources (uses)						
Transfers in	4,576,688	-	219,971	-	-	4,156,966
Transfers out	(186,409)	-	(28,324)	(133,397)	(25,000)	-
Total other sources (uses)	4,390,279	-	191,647	(133,397)	(25,000)	4,156,966
Net change in fund balances	(288,629)	354,784	(68,766)	330,370	(33,454)	1
Fund balances, beginning of year	3,143,407	1,352,018	2,473,627	597,273	162,665	7
Fund balances, end of year	\$ 2,854,778	\$ 1,706,802	\$ 2,404,861	\$ 927,643	\$ 129,211	\$ 8

Debt Service	
Building Authority	Total Other Governmental Funds

\$	-	\$ 1,534,971
	-	6,872,020
	-	3,498,941
	-	25,667,416
	-	5,072,400
	-	137,057
	-	172,046
	-	<u>6,673,960</u>
	-	<u>49,628,811</u>

-	5,945,269
-	7,708,579
-	7,834,776
-	1,074,980
-	14,103,795
-	22,967,986
175,000	3,814,477
<u>44,694</u>	<u>581,682</u>
<u>219,694</u>	<u>64,031,544</u>
<u>(219,694)</u>	<u>(14,402,733)</u>

219,694	18,777,434
<u>-</u>	<u>(2,417,954)</u>
<u>219,694</u>	<u>16,359,480</u>
-	1,956,747
<u>-</u>	<u>18,185,901</u>
<u>\$</u>	<u>\$20,142,648</u>

concluded.

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Accommodation Ordinance Tax			Aerial Photo		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	7,344,000	6,872,020	(471,980)	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	39,000	25,466	(13,534)
Fines and forfeits	-	-	-	-	-	-
Investment income	-	12,270	12,270	-	2,424	2,424
Other	-	-	-	-	-	-
Total revenues	7,344,000	6,884,290	(459,710)	39,000	27,890	(11,110)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	7,344,000	6,828,636	515,364	39,000	1,666	37,334
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Total expenditures	7,344,000	6,828,636	515,364	39,000	1,666	37,334
Revenues over (under) expenditures	-	55,654	55,654	-	26,224	26,224
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	55,654	55,654	-	26,224	26,224
Fund balances, beginning of year	599,490	599,490	-	134,798	134,798	-
Fund balances, end of year	\$ 599,490	\$ 655,144	\$ 55,654	\$ 134,798	\$ 161,022	\$ 26,224

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Building Services			Child Care		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	1,138,963	1,458,773	319,810	-	-	-
Intergovernmental	-	-	-	6,446,119	5,297,016	(1,149,103)
Charges for services	6,350	17,472	11,122	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	22,231	22,231	-	-	-
Other	-	359	359	49,000	287,527	238,527
Total revenues	1,145,313	1,498,835	353,522	6,495,119	5,584,543	(910,576)
Expenditures						
Current:	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,345,313	1,097,389	247,924	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	11,679,445	9,726,385	1,953,060
Total expenditures	1,345,313	1,097,389	247,924	11,679,445	9,726,385	1,953,060
Revenues over (under) expenditures	(200,000)	401,446	601,446	(5,184,326)	(4,141,842)	1,042,484
Other financing sources (uses)						
Transfers in	-	-	-	5,184,326	4,141,841	(1,042,485)
Transfers out	(100,000)	(134,386)	(34,386)	-	-	-
Total other sources (uses)	(100,000)	(134,386)	(34,386)	5,184,326	4,141,841	(1,042,485)
Net change in fund balances	(300,000)	267,060	567,060	-	(1)	(1)
Fund balances, beginning of year	1,167,721	1,167,721	-	2,569,699	2,569,699	-
Fund balances, end of year	\$ 867,721	\$ 1,434,781	\$ 567,060	\$ 2,569,699	\$ 2,569,698	\$ (1)

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Community Corrections			Department of Human Services		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	655,712	657,770	2,058	50,000	-	(50,000)
Charges for services	517,000	762,092	245,092	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	7,500	8,943	1,443	-	-	-
Total revenues	1,180,212	1,428,805	248,593	50,000	-	(50,000)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,803,825	1,860,313	(56,488)	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	104,109	53,580	50,529
Total expenditures	1,803,825	1,860,313	(56,488)	104,109	53,580	50,529
Revenues over (under) expenditures	(623,613)	(431,508)	192,105	(54,109)	(53,580)	529
Other financing sources (uses)						
Transfers in	496,678	496,678	-	54,109	54,109	-
Transfers out	-	-	-	-	-	-
Total other sources (uses)	496,678	496,678	-	54,109	54,109	-
Net change in fund balances	(126,935)	65,170	192,105	-	529	529
Fund balances, beginning of year	324,375	324,375	-	38,537	38,537	-
Fund balances, end of year	\$ 197,440	\$ 389,545	\$ 192,105	\$ 38,537	\$ 39,066	\$ 529

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	E-911			Office of Community and Economic Development		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	8,812,011	7,251,499	(1,560,512)
Charges for services	2,100,000	2,423,161	323,161	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	27,178	27,178	-	-	-
Other	31,068	104,761	73,693	2,642,613	3,756,497	1,113,884
Total revenues	2,131,068	2,555,100	424,032	11,454,624	11,007,996	(446,628)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	387,309	472,575	(85,266)	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	12,625,856	12,082,447	543,409
Total expenditures	387,309	472,575	(85,266)	12,625,856	12,082,447	543,409
Revenues over (under) expenditures	1,743,759	2,082,525	338,766	(1,171,232)	(1,074,451)	96,781
Other financing sources (uses)						
Transfers in	149,703	43,537	(106,166)	1,171,232	1,857,474	686,242
Transfers out	(1,893,462)	(1,910,438)	(16,976)	-	-	-
Total other sources (uses)	(1,743,759)	(1,866,901)	(123,142)	1,171,232	1,857,474	686,242
Net change in fund balances	-	215,624	215,624	-	783,023	783,023
Fund balances, beginning of year	1,550,963	1,550,963	-	2,135,644	2,135,644	-
Fund balances, end of year	\$ 1,550,963	\$ 1,766,587	\$ 215,624	\$ 2,135,644	\$ 2,918,667	\$ 783,023

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Economic Development and Agriculture			Friend of the Court		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	4,143,953	3,859,337	(284,616)
Charges for services	-	-	-	230,682	223,421	(7,261)
Fines and forfeits	-	-	-	-	3,218	3,218
Investment income	-	-	-	-	-	-
Other	-	-	-	-	823	823
Total revenues	-	-	-	4,374,635	4,086,799	(287,836)
Expenditures						
Current:						
Judicial	-	-	-	6,255,326	5,937,862	317,464
General government	770,000	643,276	126,724	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Total expenditures	770,000	643,276	126,724	6,255,326	5,937,862	317,464
Revenues over (under) expenditures	(770,000)	(643,276)	126,724	(1,880,691)	(1,851,063)	29,628
Other financing sources (uses)						
Transfers in	770,000	770,000	-	1,880,691	1,851,063	(29,628)
Transfers out	-	-	-	-	-	-
Total other sources (uses)	770,000	770,000	-	1,880,691	1,851,063	(29,628)
Net change in fund balances	-	126,724	126,724	-	-	-
Fund balances, beginning of year	-	-	-	225,730	225,730	-
Fund balances, end of year	\$ -	\$ 126,724	\$ 126,724	\$ 225,730	\$ 225,730	\$ -

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	HIDTA Grant			Homeland Security Grants		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,313,273	1,695,460	382,187	434,534	312,463	(122,071)
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	1,763	1,763	-	-	-
Other	300,000	240,567	(59,433)	-	-	-
Total revenues	1,613,273	1,937,790	324,517	434,534	312,463	(122,071)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,613,273	1,927,472	(314,199)	434,534	324,472	110,062
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Total expenditures	1,613,273	1,927,472	(314,199)	434,534	324,472	110,062
Revenues over (under) expenditures	-	10,318	10,318	-	(12,009)	(12,009)
Other financing sources (uses)						
Transfers in	-	-	-	-	12,000	12,000
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	-	-	-	12,000	12,000
Net change in fund balances	-	10,318	10,318	-	(9)	(9)
Fund balances, beginning of year	132,562	132,562	-	24,468	24,468	-
Fund balances, end of year	\$ 132,562	\$ 142,880	\$ 10,318	\$ 24,468	\$ 24,459	\$ (9)

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Inmate Concessions			Other Special Revenue Funds		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	68,249	95,120	26,871
Intergovernmental	-	-	-	127,256	124,162	(3,094)
Charges for services	-	-	-	95,000	-	(95,000)
Fines and forfeits	-	-	-	8,500	32,820	24,320
Investment income	-	3,484	3,484	-	17,915	17,915
Other	500,000	524,147	24,147	-	9,051	9,051
Total revenues	500,000	527,631	27,631	299,005	279,068	(19,937)
Expenditures						
Current:						
Judicial	-	-	-	20,900	7,407	13,493
General government	-	-	-	192,852	235,001	(42,149)
Public safety	500,000	542,983	(42,983)	106,315	27,301	79,014
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Total expenditures	500,000	542,983	(42,983)	320,067	269,709	50,358
Revenues over (under) expenditures	-	(15,352)	(15,352)	(21,062)	9,359	30,421
Other financing sources (uses)						
Transfers in	-	-	-	12,400	118,118	105,718
Transfers out	-	-	-	(95,000)	-	95,000
Total other sources (uses)	-	-	-	(82,600)	118,118	200,718
Net change in fund balances	-	(15,352)	(15,352)	(103,662)	127,477	231,139
Fund balances, beginning of year	190,541	190,541	-	1,349,522	1,349,522	-
Fund balances, end of year	\$ 190,541	\$ 175,189	\$ (15,352)	\$ 1,245,860	\$ 1,476,999	\$ 231,139

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Prosecuting Attorney Grants			Public Health		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	2,037,032	1,945,048	(91,984)
Intergovernmental	474,680	410,613	(64,067)	6,201,194	5,650,143	(551,051)
Charges for services	-	-	-	2,044,962	1,569,099	(475,863)
Fines and forfeits	-	-	-	-	-	-
Investment income	-	-	-	-	158	158
Other	-	-	-	292,571	260,439	(32,132)
Total revenues	474,680	410,613	(64,067)	10,575,759	9,424,887	(1,150,872)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	719,212	669,908	49,304	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	14,785,140	14,103,795	681,345
Social services	-	-	-	-	-	-
Total expenditures	719,212	669,908	49,304	14,785,140	14,103,795	681,345
Revenues over (under) expenditures	(244,532)	(259,295)	(14,763)	(4,209,381)	(4,678,908)	(469,527)
Other financing sources (uses)						
Transfers in	244,532	259,295	14,763	4,550,905	4,576,688	25,783
Transfers out	-	-	-	(341,524)	(186,409)	155,115
Total other sources (uses)	244,532	259,295	14,763	4,209,381	4,390,279	180,898
Net change in fund balances	-	-	-	-	(288,629)	(288,629)
Fund balances, beginning of year	12,854	12,854	-	3,143,407	3,143,407	-
Fund balances, end of year	\$ 12,854	\$ 12,854	\$ -	\$ 3,143,407	\$ 2,854,778	\$ (288,629)

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Public Works Solid Waste Program			Sheriff's Grants		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	81,260	110,376	29,116	350,366	271,853	(78,513)
Charges for services	-	-	-	48,000	51,689	3,689
Fines and forfeits	-	-	-	-	101,019	101,019
Investment income	500	22,290	21,790	-	40,199	40,199
Other	1,000,000	1,292,892	292,892	-	187,190	187,190
Total revenues	1,081,760	1,425,558	343,798	398,366	651,950	253,584
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	618,337	912,363	(294,026)
Public works	1,372,489	1,070,774	301,715	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Total expenditures	1,372,489	1,070,774	301,715	618,337	912,363	(294,026)
Revenues over (under) expenditures	(290,729)	354,784	645,513	(219,971)	(260,413)	(40,442)
Other financing sources (uses)						
Transfers in	-	-	-	219,971	219,971	-
Transfers out	-	-	-	-	(28,324)	(28,324)
Total other sources (uses)	-	-	-	219,971	191,647	(28,324)
Net change in fund balances	(290,729)	354,784	645,513	-	(68,766)	(68,766)
Fund balances, beginning of year	1,352,018	1,352,018	-	2,473,627	2,473,627	-
Fund balances, end of year	\$ 1,061,289	\$ 1,706,802	\$ 645,513	\$ 2,473,627	\$ 2,404,861	\$ (68,766)

continued...

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Veterans' Trust			Water Resources Commissioner Grants		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues						
Property taxes	\$ 1,546,313	\$ 1,534,971	\$ (11,342)	\$ -	\$ -	\$ -
Accommodation taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	11,410	11,410	280,378	(4,162)	(284,540)
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	-	22,196	22,196	-	(86)	(86)
Other	-	764	764	-	-	-
Total revenues	<u>1,546,313</u>	<u>1,569,341</u>	<u>23,028</u>	<u>280,378</u>	<u>(4,248)</u>	<u>(284,626)</u>
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	395,204	4,206	390,998
Health	-	-	-	-	-	-
Social services	1,258,857	1,105,574	153,283	-	-	-
Total expenditures	<u>1,258,857</u>	<u>1,105,574</u>	<u>153,283</u>	<u>395,204</u>	<u>4,206</u>	<u>390,998</u>
Revenues over (under) expenditures	<u>287,456</u>	<u>463,767</u>	<u>176,311</u>	<u>(114,826)</u>	<u>(8,454)</u>	<u>106,372</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(133,397)	(133,397)	-	(25,000)	(25,000)	-
Total other sources (uses)	<u>(133,397)</u>	<u>(133,397)</u>	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	154,059	330,370	176,311	(139,826)	(33,454)	106,372
Fund balances, beginning of year	<u>597,273</u>	<u>597,273</u>	<u>-</u>	<u>162,665</u>	<u>162,665</u>	<u>-</u>
Fund balances, end of year	<u>\$ 751,332</u>	<u>\$ 927,643</u>	<u>\$ 176,311</u>	<u>\$ 22,839</u>	<u>\$ 129,211</u>	<u>\$ 106,372</u>

concluded.

WASHTENAW COUNTY

Combining Statement of Net Position

Nonmajor Enterprise Funds

December 31, 2018

	Property Foreclosure	Principal Residence Exemption	Total
Assets			
Current assets -			
Cash and pooled investments	\$ 3,225,292	\$ 8,534	\$ 3,233,826
Noncurrent assets -			
Capital assets being depreciated, net	11,202	-	11,202
Total assets	3,236,494	8,534	3,245,028
Liabilities			
Current liabilities:			
Accounts payable	16,128	-	16,128
Accrued liabilities	5,137	-	5,137
Accrued compensated absences, current portion	18,972	-	18,972
Total current liabilities	40,237	-	40,237
Noncurrent liabilities -			
Accrued compensated absences, net	33,353	-	33,353
Total liabilities	73,590	-	73,590
Net position			
Investment in capital assets	11,202	-	11,202
Restricted for:			
Property foreclosure	3,151,702	-	3,151,702
Principal residence exemption	-	8,534	8,534
Total net position	\$ 3,162,904	\$ 8,534	\$ 3,171,438

WASHTENAW COUNTY

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds Year Ended December 31, 2018

	Property Foreclosure	Principal Residence Exemption	Total
Operating revenues			
Charges for services	\$ 735,430	\$ -	\$ 735,430
Interest charges	-	9,195	9,195
Total operating revenues	735,430	9,195	744,625
Operating expenses			
Personnel services	327,614	465	328,079
Contractual services	64,322	-	64,322
Supplies	50,637	-	50,637
Auction expenses	24,247	-	24,247
Fees	75,810	-	75,810
Title research	9,905	-	9,905
Telephone	1,631	-	1,631
Other	14,388	5,531	19,919
Depreciation	1,097	-	1,097
Total operating expenses	569,651	5,996	575,647
Operating income	165,779	3,199	168,978
Nonoperating income			
Investment earnings	50,807	112	50,919
Income before transfers	216,586	3,311	219,897
Transfers out	(100,000)	-	(100,000)
Change in net position	116,586	3,311	119,897
Net position, beginning of year	3,046,318	5,223	3,051,541
Net position, end of year	\$ 3,162,904	\$ 8,534	\$ 3,171,438

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WASHTENAW COUNTY

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended December 31, 2018

	Property Foreclosure	Principal Residence Exemption	Total
Cash flows from operating activities			
Cash received from customers	\$ 735,430	\$ 9,195	\$ 744,625
Cash payments to employees	(322,046)	(5,479)	(327,525)
Cash payments to suppliers	(259,599)	(5,531)	(265,130)
 Net cash provided (used) by operating activities	 153,785	 (1,815)	 151,970
Cash flows from noncapital financing activities			
Transfers out	(100,000)	-	(100,000)
Cash flows from investing activities			
Interest received	50,807	112	50,919
 Change in cash and pooled investments	 104,592	 (1,703)	 102,889
 Cash and pooled investments, beginning of year	 3,120,700	 10,237	 3,130,937
 Cash and pooled investments, end of year	 <u>\$ 3,225,292</u>	 <u>\$ 8,534</u>	 <u>\$ 3,233,826</u>
 Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 165,779	\$ 3,199	\$ 168,978
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,097	-	1,097
Changes in assets and liabilities:			
Accounts payable	(19,734)	-	(19,734)
Accrued liabilities	1,075	(81)	994
Accrued compensated absences	5,568	(4,933)	635
 Net cash provided (used) by operating activities	 <u>\$ 153,785</u>	 <u>\$ (1,815)</u>	 <u>\$ 151,970</u>

WASHTENAW COUNTY

Combining Statement of Net Position

Internal Service Funds

December 31, 2018

	CMH Group Homes	Facilities Management Revolving	Fleet Management Revolving	Fringe Benefit Revolving
Assets				
Current assets:				
Cash and pooled investments	\$ 288,957	\$ 910,786	\$ 1,961,939	\$ 1,996,674
Accounts receivable	-	80,935	31,848	50,000
Due from other governments	-	-	-	-
Inventories	-	-	7,695	-
Prepaid items	-	36,513	-	-
Total current assets	288,957	1,028,234	2,001,482	2,046,674
Noncurrent assets -				
Capital assets being depreciated, net	1,277,884	61,083	4,017,000	-
Total assets	1,566,841	1,089,317	6,018,482	2,046,674
Liabilities				
Current liabilities:				
Accounts payable	-	254,552	354,620	561,660
Accrued liabilities	-	53,950	2,404	22,452
Due to other governments	-	38,522	-	14,669
Current portion of:				
Compensated absences	-	146,852	7,933	-
Claims payable	-	-	-	-
Total current liabilities	-	493,876	364,957	598,781
Noncurrent liabilities:				
Compensated absences, net	-	247,320	12,561	-
Claims payable, net	-	-	-	-
Total noncurrent liabilities	-	247,320	12,561	-
Total liabilities	-	741,196	377,518	598,781
Net position				
Investment in capital assets	1,277,884	61,083	4,017,000	-
Unrestricted	288,957	287,038	1,623,964	1,447,893
Total net position	\$ 1,566,841	\$ 348,121	\$ 5,640,964	\$ 1,447,893

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ 224,694	\$ 916,464	\$ 6,778,246	\$ 62,047	\$ 2,285,174	\$ 15,424,981
-	18,076	1,466,918	-	60,269	1,708,046
8,236	-	-	53	-	8,289
-	-	-	-	-	7,695
19,505	838,064	2,828,809	-	63,946	3,786,837
252,435	1,772,604	11,073,973	62,100	2,409,389	20,935,848
 341,754	 -	 -	 -	 -	 5,697,721
594,189	1,772,604	11,073,973	62,100	2,409,389	26,633,569
 142,697	 151,588	 -	 58,598	 58,220	 1,581,935
-	8,014	-	-	4,528	91,348
-	-	14,762	-	-	67,953
-	15,513	-	-	-	170,298
-	115,249	1,606,841	-	147,368	1,869,458
142,697	290,364	1,621,603	58,598	210,116	3,780,992
 -	 23,796	 -	 -	 -	 283,677
-	793,738	-	-	809,749	1,603,487
-	817,534	-	-	809,749	1,887,164
142,697	1,107,898	1,621,603	58,598	1,019,865	5,668,156
 341,754	 -	 -	 -	 -	 5,697,721
109,738	664,706	9,452,370	3,502	1,389,524	15,267,692
 \$ 451,492	 \$ 664,706	 \$ 9,452,370	 \$ 3,502	 \$ 1,389,524	 \$ 20,965,413

WASHTENAW COUNTY

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds Year Ended December 31, 2018

	CMH Group Homes	Facilities Management Revolving	Fleet Management Revolving	Fringe Benefit Revolving
Operating revenues				
Charges for services	\$ 89,139	\$ 8,220,219	\$ 2,868,258	\$ 8,386,329
Operating expenses				
Personnel services	-	2,818,299	106,064	-
Contractual services	-	1,115,243	245,680	43,494
Supplies	-	590,337	612,152	-
Occupancy	4,140	2,107,186	182,470	-
Telephone	-	37,907	3,528	-
Equipment repair and rental	-	126,667	230,835	-
Building repair and rental	-	613,897	-	-
Benefit payments and insurance premiums	-	-	-	8,091,658
Other	-	972,126	-	203,342
Depreciation	89,139	10,756	1,272,531	-
Total operating expenses	93,279	8,392,418	2,653,260	8,338,494
Operating income (loss)	(4,140)	(172,199)	214,998	47,835
Nonoperating revenues (expenses)				
Investment income	3,800	17,171	29,562	30,559
Gain (loss) on sale of capital assets	-	-	30,044	-
Total nonoperating revenues (expenses)	3,800	17,171	59,606	30,559
Income (loss) before contributions and transfers	(340)	(155,028)	274,604	78,394
Capital contributions	8,126	-	-	-
Transfers in	-	-	28,325	-
Transfers out	-	(50,000)	-	-
Change in net position	7,786	(205,028)	302,929	78,394
Net position, beginning of year	1,559,055	553,149	5,338,035	1,369,499
Net position, end of year	\$ 1,566,841	\$ 348,121	\$ 5,640,964	\$ 1,447,893

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ 628,008	\$ 2,907,689	\$ 27,062,326	\$ 788,017	\$ 1,112,228	\$ 52,062,213
9,101	379,913	-	-	144,069	3,457,446
-	533,229	-	-	33,995	1,971,641
282,112	9,925	-	-	-	1,494,526
52,694	46,767	-	-	-	2,393,257
-	942	-	788,017	-	830,394
185,093	-	-	-	-	542,595
-	-	-	-	-	613,897
-	2,080,843	26,701,299	-	858,353	37,732,153
-	1,120	-	-	-	1,176,588
134,237	-	-	-	-	1,506,663
663,237	3,052,739	26,701,299	788,017	1,036,417	51,719,160
(35,229)	(145,050)	361,027	-	75,811	343,053
2,206	20,870	143,400	-	33,474	281,042
(943)	-	-	-	-	29,101
1,263	20,870	143,400	-	33,474	310,143
(33,966)	(124,180)	504,427	-	109,285	653,196
-	-	-	-	-	8,126
-	34,566	-	-	-	62,891
-	-	-	-	-	(50,000)
(33,966)	(89,614)	504,427	-	109,285	674,213
485,458	754,320	8,947,943	3,502	1,280,239	20,291,200
\$ 451,492	\$ 664,706	\$ 9,452,370	\$ 3,502	\$ 1,389,524	\$ 20,965,413

WASHTENAW COUNTY

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2018

	CMH Group Homes	Facilities Management Revolving	Fleet Management Revolving	Fringe Benefit Revolving
Cash flows from operating activities				
Cash received from interfund services	\$ 89,139	\$ 8,160,090	\$ 2,836,410	\$ 8,386,329
Cash payments to employees	-	(2,719,996)	(112,100)	-
Cash payments to suppliers	(4,140)	(5,577,644)	(987,715)	(8,461,734)
Cash payments for interfund services	-	(37,907)	(3,528)	-
Net cash provided (used) by operating activities	84,999	(175,457)	1,733,067	(75,405)
Cash flows from noncapital financing activities				
Transfers in	-	-	28,325	-
Transfers out	-	(50,000)	-	-
Net cash provided (used) by noncapital financing activities	-	(50,000)	28,325	-
Cash flows from capital and related financing activities				
Proceeds from sale of equipment	-	-	235,347	-
Payments for equipment acquisitions	-	(69,779)	(1,991,014)	-
Net cash used by capital and related financing activities	-	(69,779)	(1,755,667)	-
Cash flows from investing activities				
Interest received	3,800	17,171	29,562	30,559
Change in cash and pooled investments	88,799	(278,065)	35,287	(44,846)
Cash and pooled investments, beginning of year	200,158	1,188,851	1,926,652	2,041,520
Cash and pooled investments, end of year	\$ 288,957	\$ 910,786	\$ 1,961,939	\$ 1,996,674
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (4,140)	\$ (172,199)	\$ 214,998	\$ 47,835
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	89,139	10,756	1,272,531	-
Changes in assets and liabilities:				
Accounts receivable	-	(60,129)	(31,848)	-
Due from other governments	-	-	-	-
Inventories	-	-	21,215	-
Prepaid items	-	(27,561)	-	-
Accounts payable	-	(63,149)	262,207	(138,174)
Accrued liabilities	-	10,466	555	13,973
Due to other governments	-	38,522	-	961
Claims payable	-	-	-	-
Accrued compensated absences	-	87,837	(6,591)	-
Net cash provided (used) by operating activities	\$ 84,999	\$ (175,457)	\$ 1,733,067	\$ (75,405)

Note - During the year, the County received non-cash capital contributions in the amount of \$8,126 in the CMH group homes fund.

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ 620,713	\$ 2,892,027	\$ 26,990,194	\$ 788,021	\$ 1,112,228	\$ 51,875,151
(9,101)	(371,513)	-	-	(140,949)	(3,353,659)
(416,639)	(2,562,378)	(28,600,226)	(782,363)	(626,710)	(48,019,549)
-	(942)	-	-	-	(42,377)
<u>194,973</u>	<u>(42,806)</u>	<u>(1,610,032)</u>	<u>5,658</u>	<u>344,569</u>	<u>459,566</u>
 -	 34,566	 -	 -	 -	 62,891
 -	 -	 -	 -	 -	 (50,000)
 -	 34,566	 -	 -	 -	 12,891
 (105,197)	 -	 -	 -	 -	 235,347 (2,165,990)
 (105,197)	 -	 -	 -	 -	 (1,930,643)
 2,206	 20,870	 143,400	 -	 33,474	 281,042
 91,982	 12,630	 (1,466,632)	 5,658	 378,043	 (1,177,144)
 132,712	 903,834	 8,244,878	 56,389	 1,907,131	 16,602,125
 <u>\$ 224,694</u>	 <u>\$ 916,464</u>	 <u>\$ 6,778,246</u>	 <u>\$ 62,047</u>	 <u>\$ 2,285,174</u>	 <u>\$ 15,424,981</u>
 \$ (35,229)	 \$ (145,050)	 \$ 361,027	 \$ -	 \$ 75,811	 \$ 343,053
 134,237	 -	 -	 -	 -	 1,506,663
 -	 (15,662)	 (72,132)	 -	 -	 (179,771)
 (7,295)	 -	 -	 4	 -	 (7,291)
 -	 -	 -	 -	 -	 21,215
 3,760	 (18,816)	 (1,449,555)	 -	 8,410	 (1,483,762)
 99,500	 (88,801)	 (436,391)	 5,654	 38,384	 (320,770)
 -	 1,739	 -	 -	 3,120	 29,853
 -	 -	 (1,805)	 -	 -	 37,678
 -	 217,123	 (11,176)	 -	 218,844	 424,791
 -	 6,661	 -	 -	 -	 87,907
 <u>\$ 194,973</u>	 <u>\$ (42,806)</u>	 <u>\$ (1,610,032)</u>	 <u>\$ 5,658</u>	 <u>\$ 344,569</u>	 <u>\$ 459,566</u>

WASHTENAW COUNTY

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

December 31, 2018

	Employees' Retirement System	Voluntary Employees' Beneficiary Association	Defined Contribution Plan
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments:			
Equity securities and funds	147,111,452	73,800,735	963,767
Fixed income securities and funds	54,066,180	23,401,623	89,227
Other investments	41,899,757	12,862,329	6,676,014
Money market funds	10,745,387	10,928,641	-
Accounts receivable	216,513	136,429	-
Accrued interest and dividends	<u>155,967</u>	<u>53,588</u>	<u>-</u>
 Total assets	 <u>254,195,256</u>	 <u>121,183,345</u>	 <u>7,729,008</u>
 Liabilities			
Accounts payable	106,490	-	216,513
Accrued liabilities	<u>-</u>	<u>82,360</u>	<u>-</u>
 Total liabilities	 <u>106,490</u>	 <u>82,360</u>	 <u>216,513</u>
 Net position			
Restricted for pensions	254,088,766	-	7,512,495
Restricted for other postemployment benefits	<u>-</u>	<u>121,100,985</u>	<u>-</u>
Restricted for other employee benefits	<u>-</u>	<u>-</u>	<u>-</u>
 Total net position	 <u>\$ 254,088,766</u>	 <u>\$ 121,100,985</u>	 <u>\$ 7,512,495</u>

Retirement Health Savings Plan	Severance Benefits	Total
\$ 2,757,686	\$ 2,008,568	\$ 4,766,254
-	-	221,875,954
-	-	77,557,030
-	-	61,438,100
-	-	21,674,028
-	-	352,942
-	-	209,555
<hr/>	<hr/>	<hr/>
<u>2,757,686</u>	<u>2,008,568</u>	<u>387,873,863</u>
-	-	323,003
<hr/>	<hr/>	<hr/>
<u>89,778</u>	<u>172,138</u>	<u></u>
<hr/>	<hr/>	<hr/>
<u>89,778</u>	<u>495,141</u>	<u></u>
-	-	261,601,261
<hr/>	<hr/>	<hr/>
<u>2,757,686</u>	<u>-</u>	<u>123,858,671</u>
<hr/>	<hr/>	<hr/>
<u>-</u>	<u>1,918,790</u>	<u>1,918,790</u>
<hr/>	<hr/>	<hr/>
<u>\$ 2,757,686</u>	<u>\$ 1,918,790</u>	<u>\$ 387,378,722</u>

WASHTENAW COUNTY

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

Year Ended December 31, 2018

	Employees' Retirement System	Voluntary Employees' Beneficiary Association	Defined Contribution Plan
Additions:			
Investment income (loss):			
From investing activities:			
Net depreciation in fair value of investments	\$ (18,918,543)	\$ (9,079,958)	\$ (1,104,011)
Interest and dividends	5,564,757	2,850,619	383,450
Total investment income (loss)	(13,353,786)	(6,229,339)	(720,561)
Less: investment management fees	(455,012)	(604,968)	-
Total net investment income (loss)	(13,808,798)	(6,834,307)	(720,561)
Contributions:			
Employer	9,565,911	11,223,504	1,264,375
Employees	3,487,854	-	1,264,375
Employees - rollover	-	-	80,419
On behalf - federal Medicare Part D subsidy	-	318,699	-
Total contributions	13,053,765	11,542,203	2,609,169
Total additions (reductions)	(755,033)	4,707,896	1,888,608
Deductions:			
Participant benefits	23,774,253	11,503,401	326,671
Administrative expenses	521,971	235,360	14,277
Participant refunds	577,613	-	-
Total deductions	24,873,837	11,738,761	340,948
Net change in net position	(25,628,870)	(7,030,865)	1,547,660
Net position, beginning of year	279,717,636	128,131,850	5,964,835
Net position, end of year	\$ 254,088,766	\$ 121,100,985	\$ 7,512,495

Retirement Health Savings Plan	Severance Benefits	Total
-----------------------------------------	-----------------------	-------

\$ (267,590)	\$ -	\$ (29,370,102)
128	37,485	8,836,439
<hr/> <u>(267,462)</u>	<hr/> <u>37,485</u>	<hr/> <u>(20,533,663)</u>
-	-	(1,059,980)
<hr/> <u>(267,462)</u>	<hr/> <u>37,485</u>	<hr/> <u>(21,593,643)</u>

1,011,050	1,231,583	24,296,423
-	-	4,752,229
-	-	80,419
-	-	318,699
<hr/> <u>1,011,050</u>	<hr/> <u>1,231,583</u>	<hr/> <u>29,447,770</u>
<hr/> <u>743,588</u>	<hr/> <u>1,269,068</u>	<hr/> <u>7,854,127</u>

66,170	1,834,661	37,505,156
12,213	-	783,821
-	-	577,613
<hr/> <u>78,383</u>	<hr/> <u>1,834,661</u>	<hr/> <u>38,866,590</u>
665,205	(565,593)	(31,012,463)
<hr/> <u>2,092,481</u>	<hr/> <u>2,484,383</u>	<hr/> <u>418,391,185</u>
<hr/> <u>\$ 2,757,686</u>	<hr/> <u>\$ 1,918,790</u>	<hr/> <u>\$ 387,378,722</u>

WASHTENAW COUNTY

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended December 31, 2018

	Balance January 1, 2018	Additions	(Deductions)	Balance December 31, 2018
Assets				
Cash and pooled investments	\$ 13,536,961	\$ 331,159,037	\$ (329,972,807)	\$ 14,723,191
Liabilities				
Undistributed receipts	\$ 13,536,961	\$ 331,159,037	\$ (329,972,807)	\$ 14,723,191

STATISTICAL SECTION

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WASHTENAW COUNTY

■ 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.

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Financial Trends (schedules 1 thru 5A)

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 188

Revenue Capacity (schedules 6 thru 9)

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 202

Debt Capacity (schedules 10 thru 12)

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. 208

Demographic and Economic Information (schedules 13 and 14)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 215

Operating Information (schedules 15 thru 18)

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. 218

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

WASHTENAW COUNTY

Net Position by Component

Last Ten Years
(accrual basis of accounting)

	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	\$ 118,159,364	\$ 125,860,677	\$ 133,832,314	\$ 149,976,610
Restricted	53,617,234	49,940,207	45,073,107	32,262,018
Unrestricted (deficit)	16,083,285	22,360,253	27,300,628	31,144,254
Total governmental activities net position	<u>\$ 187,859,883</u>	<u>\$ 198,161,137</u>	<u>\$ 206,206,049</u>	<u>\$ 213,382,882</u>
Business-type activities				
Net investment in capital assets	\$ 28,435	\$ 19,779	\$ 11,124	\$ 5,446
Restricted	16,806,176	17,116,166	16,603,990	17,246,809
Total business-type activities net position	<u>\$ 16,834,611</u>	<u>\$ 17,135,945</u>	<u>\$ 16,615,114</u>	<u>\$ 17,252,255</u>
Primary government				
Net investment in capital assets	\$ 118,187,799	\$ 125,880,456	\$ 133,843,438	\$ 149,982,056
Restricted	70,423,410	67,056,373	61,677,097	49,508,827
Unrestricted (deficit)	16,083,285	22,360,253	27,300,628	31,144,254
Total primary government net position	<u>\$ 204,694,494</u>	<u>\$ 215,297,082</u>	<u>\$ 222,821,163</u>	<u>\$ 230,635,137</u>

Note - GASB Statement No. 63 and 65 were implemented in 2012 and previous years were not restated.

Note - GASB Statement No. 68 was implemented in 2015 and previous years were not restated.

Note - GASB Statement No. 75 was implemented in 2018 and previous years were not restated.

Source: Washtenaw County Finance Department

Schedule 1
UNAUDITED

	2013	2014	2015	2016	2017	2018
\$	162,826,360	\$ 169,015,835	\$ 178,127,157	\$ 179,224,248	\$ 180,837,910	\$ 181,945,187
21,915,510	26,526,619	26,654,841	32,119,303	40,061,214	48,556,006	
32,826,057	38,034,507	(54,269,383)	(53,748,862)	(53,710,056)	(185,585,583)	
<u>\$ 217,567,927</u>	<u>\$ 233,576,961</u>	<u>\$ 150,512,615</u>	<u>\$ 157,594,689</u>	<u>\$ 167,189,068</u>	<u>\$ 44,915,610</u>	
\$	5,446	\$ 16,015	\$ 14,720	\$ 13,396	\$ 12,299	\$ 11,202
18,664,094	13,224,161	12,617,938	11,405,086	13,449,910	13,231,304	
<u>\$ 18,669,540</u>	<u>\$ 13,240,176</u>	<u>\$ 12,632,658</u>	<u>\$ 11,418,482</u>	<u>\$ 13,462,209</u>	<u>\$ 13,242,506</u>	
\$	162,831,806	\$ 169,031,850	\$ 178,141,877	\$ 179,237,644	\$ 180,850,209	\$ 181,956,389
40,579,604	39,750,780	39,272,779	43,524,389	53,511,124	61,787,310	
32,826,057	38,034,507	(54,269,383)	(53,748,862)	(53,710,056)	(185,585,583)	
<u>\$ 236,237,467</u>	<u>\$ 246,817,137</u>	<u>\$ 163,145,273</u>	<u>\$ 169,013,171</u>	<u>\$ 180,651,277</u>	<u>\$ 58,158,116</u>	

WASHTENAW COUNTY

Changes in Net Position
Last Ten Years
 (accrual basis of accounting)

	2009	2010	2011	2012
Expenses				
Governmental activities:				
Legislative	\$ 593,756	\$ 526,142	\$ 477,251	\$ 485,475
Judicial	24,261,496	23,900,492	22,688,793	25,934,117
General government	19,155,496	18,483,213	18,654,907	19,709,425
Public safety	52,567,442	54,263,600	57,583,782	66,648,515
Public works	982,745	844,588	750,515	7,828,859
Health	44,486,741	43,899,534	38,020,491	97,101,404
Social services	37,914,200	41,959,629	35,795,507	21,763,160
Culture and recreation	9,312,142	8,981,545	9,785,702	13,657,508
Interest on long-term debt	3,544,774	3,322,673	3,059,884	623,580
Total governmental activities expenses	<u>192,818,792</u>	<u>196,181,416</u>	<u>186,816,832</u>	<u>253,752,043</u>
Business-type activities:				
Delinquent tax collection	605,375	596,092	670,127	363,295
Property foreclosure	801,048	794,981	932,123	1,312,856
Principal residence exemption	11,329	3,707	18,834	10,783
Total business-type activities expenses	<u>1,417,752</u>	<u>1,394,780</u>	<u>1,621,084</u>	<u>1,686,934</u>
Total primary government expenses	<u>194,236,544</u>	<u>197,576,196</u>	<u>188,437,916</u>	<u>255,438,977</u>
Program revenues				
Governmental activities:				
Charges for services:				
Judicial	3,583,580	3,521,234	3,552,654	3,307,633
General government	4,859,331	4,900,363	5,000,000	5,807,947
Public safety	15,680,018	15,149,724	16,322,063	17,760,432
Public works	46,464	69,883	80,308	125,658
Health	3,084,865	3,715,892	2,938,582	3,872,371
Social services	590,521	542,702	523,708	481,592
Culture and recreation	2,976,259	3,230,661	3,283,576	3,350,356
Operating grants and contributions	76,525,122	84,101,904	74,135,727	72,298,292
Capital grants and contributions	1,118,781	557,446	501,837	1,692,183
Total governmental activities program revenues	<u>108,464,941</u>	<u>115,789,809</u>	<u>106,338,455</u>	<u>108,696,464</u>
Business-type activities:				
Charges for services:				
Delinquent tax collection	6,764,664	5,989,201	5,525,120	4,541,776
Property foreclosure	616,929	1,291,039	1,269,367	1,716,032
Principal residence exemption	12,210	16,411	20,898	10,128
Total business-type activities program revenues	<u>7,393,803</u>	<u>7,296,651</u>	<u>6,815,385</u>	<u>6,267,936</u>
Total primary government program revenues	<u>115,858,744</u>	<u>123,086,460</u>	<u>113,153,840</u>	<u>114,964,400</u>
Net (expense)/revenue				
Government activities	(84,353,851)	(80,391,607)	(80,478,377)	(145,055,579)
Business-type activities	<u>5,976,051</u>	<u>5,901,871</u>	<u>5,194,301</u>	<u>4,581,002</u>
Total primary government net expense	<u>(78,377,800)</u>	<u>(74,489,736)</u>	<u>(75,284,076)</u>	<u>(140,474,577)</u>

Schedule 2
UNAUDITED

	2013	2014	2015	2016	2017	2018
\$	416,505	\$ 424,296	\$ 448,393	\$ 419,535	\$ 485,475	\$ 790,165
22,852,017	24,050,891	23,687,219	24,595,122	25,934,117	29,943,384	
17,296,537	18,770,063	20,539,576	20,625,440	19,709,425	23,866,380	
63,358,186	63,349,601	65,414,540	68,604,409	66,648,515	73,346,884	
652,623	771,894	8,373,219	8,901,382	7,828,859	5,423,734	
46,324,076	48,735,559	48,628,894	91,543,347	97,101,404	106,805,185	
34,481,334	29,613,545	29,965,321	27,579,857	21,763,160	24,025,651	
14,125,328	13,418,233	14,869,481	13,808,335	13,657,508	16,083,589	
2,039,606	1,566,274	1,107,524	777,951	623,580	664,323	
<u>201,546,212</u>	<u>200,700,356</u>	<u>213,034,167</u>	<u>256,855,378</u>	<u>253,752,043</u>	<u>280,949,295</u>	
268,294	198,108	230,748	279,258	344,135	389,415	
819,759	737,609	656,581	588,746	665,259	569,651	
34,004	25,074	21,962	34,403	15,988	5,996	
<u>1,122,057</u>	<u>960,791</u>	<u>909,291</u>	<u>902,407</u>	<u>1,025,382</u>	<u>965,062</u>	
<u>202,668,269</u>	<u>201,661,147</u>	<u>213,943,458</u>	<u>257,757,785</u>	<u>254,777,425</u>	<u>281,914,357</u>	
3,484,854	3,422,669	3,622,412	3,135,893	2,918,656	3,014,600	
6,097,093	5,741,088	6,248,217	6,258,011	7,441,472	7,051,366	
18,141,435	18,944,959	18,818,579	19,241,304	19,779,845	20,096,545	
130,146	185,650	213,917	272,876	-	-	
3,875,490	5,805,694	7,008,976	3,830,351	4,195,077	4,797,169	
775,978	701,129	878,023	902,197	521,176	287,527	
3,343,476	3,374,909	3,955,706	4,154,083	3,677,904	3,574,428	
78,516,448	77,620,891	73,612,959	110,767,832	114,241,162	117,634,087	
1,078,562	740,774	510,721	476,287	63,307	8,126	
<u>115,443,482</u>	<u>116,537,763</u>	<u>114,869,510</u>	<u>149,038,834</u>	<u>152,838,599</u>	<u>156,463,848</u>	
3,569,363	3,106,338	2,481,816	2,282,459	2,447,730	2,340,828	
1,306,543	1,140,417	1,341,726	726,255	592,417	735,430	
42,137	19,053	20,762	20,483	8,309	9,195	
<u>4,918,043</u>	<u>4,265,808</u>	<u>3,844,304</u>	<u>3,029,197</u>	<u>3,048,456</u>	<u>3,085,453</u>	
<u>120,361,525</u>	<u>120,803,571</u>	<u>118,713,814</u>	<u>152,068,031</u>	<u>155,887,055</u>	<u>159,549,301</u>	
(86,102,730)	(84,162,593)	(98,164,657)	(107,816,544)	(100,913,444)	(124,485,447)	
3,795,986	3,305,017	2,935,013	2,126,790	2,023,074	2,120,391	
(82,306,744)	(80,857,576)	(95,229,644)	(105,689,754)	(98,890,370)	(122,365,056)	

continued...

WASHTENAW COUNTY

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2009	2010	2011	2012
General revenues				
Governmental activities:				
Property taxes	\$ 82,635,161	\$ 79,314,216	\$ 76,744,940	\$ 76,320,529
Accommodation taxes	3,039,774	3,539,013	3,993,639	4,305,258
Unrestricted grants and contributions	428,646	1,245,565	1,340,281	838,212
Investment earnings	898,316	474,069	502,567	352,708
Gain on sale of capital assets	-	181,341	44,220	-
Transfers	2,918,000	5,938,657	5,897,642	4,050,055
Total governmental activities	<u>89,919,897</u>	<u>90,692,861</u>	<u>88,523,289</u>	<u>85,866,762</u>
Business-type activities:				
Investment earnings	84,974	132,538	164,008	103,367
Transfers	(2,208,624)	(5,733,075)	(5,879,140)	(4,047,228)
Total business-type activities	<u>(2,123,650)</u>	<u>(5,600,537)</u>	<u>(5,715,132)</u>	<u>(3,943,861)</u>
Special item - transfer of assets	-	-	-	-
Total primary government	<u>87,796,247</u>	<u>85,092,324</u>	<u>82,808,157</u>	<u>81,922,901</u>
Change in net position				
Government activities	5,566,046	10,301,254	8,044,912	(59,188,817)
Business-type activities	3,852,401	301,334	(520,831)	637,141
Total primary government	<u>\$ 9,418,447</u>	<u>\$ 10,602,588</u>	<u>\$ 7,524,081</u>	<u>\$ (58,551,676)</u>

Source: Washtenaw County Finance Department

Schedule 2
UNAUDITED

	2013	2014	2015	2016	2017	2018
\$	76,886,732	\$ 78,768,444	\$ 88,341,134	\$ 90,370,713	\$ 91,777,226	\$ 95,783,385
4,733,097	5,203,162	5,632,500	6,352,971	6,610,443	6,872,020	
5,561,084	7,086,813	8,954,291	10,028,916	10,246,109	10,261,382	
235,759	290,520	298,506	354,141	960,631	1,795,152	
-	-	-	62,575	44,744	29,101	
2,467,055	8,822,688	1,879,788	4,681,563	387,938	2,356,390	
<u>89,883,727</u>	<u>100,171,627</u>	<u>105,106,219</u>	<u>111,850,879</u>	<u>110,027,091</u>	<u>117,097,430</u>	
85,169	128,620	93,021	104,832	238,591	411,475	
(2,463,870)	(8,863,001)	(3,635,552)	(3,445,798)	(217,938)	(2,751,569)	
(2,378,701)	(8,734,381)	(3,542,531)	(3,340,966)	20,653	(2,340,094)	
-	-	1,477,355	3,047,739	-	-	
<u>87,505,026</u>	<u>91,437,246</u>	<u>103,041,043</u>	<u>111,557,652</u>	<u>110,047,744</u>	<u>114,757,336</u>	
3,780,997	16,009,034	8,418,917	7,082,074	9,113,647	(7,388,017)	
1,417,285	(5,429,364)	(607,518)	(1,214,176)	2,043,727	(219,703)	
<u>\$ 5,198,282</u>	<u>\$ 10,579,670</u>	<u>\$ 7,811,399</u>	<u>\$ 5,867,898</u>	<u>\$ 11,157,374</u>	<u>\$ (7,607,720)</u>	

concluded.

WASHTENAW COUNTY

■ Fund Balances - Governmental Funds

Last Ten Years
(modified accrual basis of accounting)

	2009	2010	2011	2012
General fund				
Reserved	\$ -	\$ 6,667	\$ -	\$ -
Unreserved	\$ 9,773,059	\$ 15,310,490	\$ -	\$ -
Nonspendable	-	-	-	-
Unassigned	-	-	\$ 14,526,098	\$ 16,788,087
Total general fund	<u>\$ 9,773,059</u>	<u>\$ 15,317,157</u>	<u>\$ 14,526,098</u>	<u>\$ 16,788,087</u>
All other governmental funds				
Reserved	\$ 4,427,403	\$ 5,718,259	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	55,743,317	50,452,188	-	-
Debt service funds	15,144	1,128	-	-
Capital projects funds	31,257,471	17,010,238	-	-
Nonspendable	-	-	6,789	47,559
Restricted	-	-	34,242,391	38,295,971
Committed	-	-	20,071,959	21,340,093
Unassigned (deficit)	-	-	-	-
Total all other governmental funds	<u>\$ 91,443,335</u>	<u>\$ 73,181,813</u>	<u>\$ 54,321,139</u>	<u>\$ 59,683,623</u>

Note - GASB Statement No. 54 was implemented in 2011.

Source: Washtenaw County Finance Department

Schedule 3
UNAUDITED

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	456,932	811,945	784,671	1,849,597
20,708,905	22,522,952	24,151,873	27,560,150	30,276,322	29,211,396
\$ 20,708,905	\$ 22,522,952	\$ 24,608,805	\$ 28,372,095	\$ 31,060,993	\$ 31,060,993
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
126,925	-	-	-	484,319	330,404
27,711,509	30,517,802	30,452,864	32,166,524	40,102,942	53,705,600
20,887,202	23,999,779	24,395,426	28,048,300	26,456,706	25,691,680
-	-	-	-	-	(384,795)
\$ 48,725,636	\$ 54,517,581	\$ 54,848,290	\$ 60,214,824	\$ 67,043,967	\$ 79,342,889

WASHTENAW COUNTY

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues				
Property taxes	\$ 82,635,161	\$ 79,314,216	\$ 76,744,940	\$ 76,320,529
Accommodation taxes	3,039,774	3,539,013	3,993,639	4,305,258
Licenses and permits	2,137,762	2,162,555	2,196,515	2,821,108
Intergovernmental	73,925,405	80,607,931	70,256,323	69,810,989
Charges for services	27,024,216	27,375,355	27,897,184	30,153,635
Fines and forfeits	1,068,539	1,049,847	1,083,484	1,249,654
Investment income	828,910	398,865	443,123	310,503
Other revenues	5,995,242	6,463,798	7,448,911	6,887,513
Total revenues	196,655,009	200,911,580	190,064,119	191,859,189
Expenditures				
Legislative	592,975	522,093	477,736	455,758
Judicial	23,574,691	22,627,356	21,932,462	21,639,029
General government	11,096,546	9,789,325	12,957,266	10,468,873
Public safety	52,112,759	52,947,824	55,185,680	61,596,234
Public works	908,992	851,970	796,280	553,921
Health	44,195,428	43,887,857	38,098,055	40,468,581
Social services	36,144,867	40,634,460	34,378,918	30,073,818
Culture and recreation	11,808,558	13,098,438	13,468,228	20,609,839
Other unallocated	7,141,652	5,442,086	5,589,384	4,259,390
Capital outlay	39,663,808	19,674,091	3,727,764	3,862,427
Debt service				
Principal	7,235,185	7,686,172	8,124,668	8,769,992
Interest and fiscal charges	3,436,595	3,238,624	2,980,657	2,691,168
Bond issuance costs	-	-	-	166,892
Total expenditures	237,912,056	220,400,296	197,717,098	205,615,922
Revenues over (under) expenditures	(41,257,047)	(19,488,716)	(7,652,979)	(13,756,733)
Other financing sources (uses)				
Issuance of bonds	-	-	-	11,497,607
Premium on bonds	-	-	-	239,678
Payment to refunding escrow agent	-	-	-	(11,385,000)
Issuance of capital leases	430,117	526,677	1,302,837	71,316
Transfers in	45,197,410	42,441,579	43,119,181	43,390,812
Transfers out	(42,279,410)	(36,196,964)	(39,513,222)	(39,340,757)
Total other financing sources (uses)	3,348,117	6,771,292	4,908,796	4,473,656
Special item - transfer in of assets from joint venture	-	-	-	-
Net changes in fund balances	\$ (37,908,930)	\$ (12,717,424)	\$ (2,744,183)	\$ (9,283,077)
Debt services as a percentage of noncapital expenditures	5.4%	5.6%	5.6%	5.6%

Source: Washtenaw County Finance Department

Schedule 4
UNAUDITED

	2013	2014	2015	2016	2017	2018
\$	76,737,979	\$ 78,790,408	\$ 88,356,190	\$ 90,311,036	\$ 91,835,833	\$ 95,790,257
	4,733,097	5,203,162	5,632,500	6,352,971	6,610,443	6,872,020
	2,769,136	3,149,439	3,442,940	3,381,441	3,834,096	3,880,837
76,898,839	76,911,303	71,923,985	111,704,664	114,749,593	115,701,920	
31,193,532	32,884,979	35,337,872	32,540,278	33,195,860	33,533,822	
1,109,826	1,440,551	1,086,995	970,799	982,998	1,119,449	
195,003	244,053	252,998	310,697	813,559	1,514,110	
10,492,719	10,420,969	12,164,675	10,604,315	10,410,385	12,632,607	
	204,130,131	209,044,864	218,198,155	256,176,201	262,432,767	271,045,022
409,034	417,428	444,231	432,230	482,993	788,854	
21,755,092	23,251,066	22,349,775	22,609,993	24,692,586	26,633,154	
12,737,579	13,334,884	16,576,847	17,418,003	15,510,129	15,579,549	
60,483,940	60,972,702	61,064,186	69,751,971	63,056,482	65,218,379	
648,089	770,779	8,370,578	8,871,694	7,660,673	5,343,646	
45,816,571	48,816,420	48,520,336	89,005,427	95,956,231	101,687,063	
31,649,226	28,429,268	28,480,246	25,758,229	21,290,915	22,967,986	
19,307,383	11,725,013	14,383,930	12,932,893	12,717,706	15,528,532	
4,915,463	5,221,270	4,776,162	2,715,679	2,984,586	3,119,939	
5,061,476	7,963,695	6,179,725	4,295,930	3,995,864	3,558,314	
9,286,608	7,765,625	7,573,039	7,529,340	5,243,570	5,305,594	
2,130,447	1,676,938	1,252,584	951,087	815,057	844,070	
-	143,701	156,772	-	-	-	
	214,200,908	210,488,789	220,128,411	262,272,476	254,406,792	266,575,080
	(10,070,777)	(1,443,925)	(1,930,256)	(6,096,275)	8,025,975	4,469,942
-	15,920,000	9,560,000	-	-	5,400,000	
-	198,701	91,772	-	-	85,481	
-	(15,975,000)	(9,495,000)	-	-	-	
-	-	1,858,170	7,318,652	1,054,128	-	
49,812,853	38,036,599	32,748,329	34,652,790	27,990,979	30,688,090	
(46,779,245)	(29,130,383)	(30,817,129)	(29,793,082)	(27,553,041)	(28,344,591)	
	3,033,608	9,049,917	3,946,142	12,178,360	1,492,066	7,828,980
	-	-	-	3,047,739	-	-
\$	(7,037,169)	\$ 7,605,992	\$ 2,015,886	\$ 9,129,824	\$ 9,518,041	\$ 12,298,922
	5.3%	4.5%	4.2%	3.4%	2.5%	2.4%

WASHTENAW COUNTY

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues				
Property taxes	\$ 68,211,292	\$ 64,703,053	\$ 63,038,787	\$ 62,723,877
Licenses and permits	173,367	205,407	254,479	266,421
Intergovernmental	5,743,226	5,871,026	5,703,092	6,446,696
Charges for services	18,581,479	18,008,529	19,282,538	20,646,196
Fines and forfeits	983,940	933,663	956,065	919,733
Investment income	185,483	129,650	124,460	53,757
Other revenues	1,668,811	1,781,630	2,666,887	2,026,571
Total revenues	95,547,598	91,632,958	92,026,308	93,083,251
Expenditures				
Legislative	592,975	522,093	477,736	455,758
Judicial	17,229,218	16,869,266	16,489,919	16,583,079
General government	7,878,754	5,068,342	7,885,475	5,068,655
Public safety	45,095,753	46,659,680	49,163,370	54,037,578
Public works	326,863	237,100	226,092	149,355
Health	-	-	-	-
Social services	1,525,431	419,048	326,365	317,154
Culture and recreation	819,549	649,794	622,288	391,430
Other unallocated	7,141,652	5,442,086	5,589,384	4,259,390
Debt service:				
Principal	225,709	273,554	345,192	344,647
Interest and fiscal changes	26,129	44,246	42,804	26,509
Total expenditures	80,862,033	76,185,209	81,168,625	81,633,555
Revenues over expenditures	14,685,565	15,447,749	10,857,683	11,449,696
Other financing sources (uses)				
Capital leases	430,117	494,924	1,302,837	71,316
Transfers in	8,401,218	7,916,188	7,879,448	8,889,362
Transfers out	(22,932,172)	(18,314,763)	(20,831,027)	(18,148,385)
Total other financing (uses)	(14,100,837)	(9,903,651)	(11,648,742)	(9,187,707)
Net changes in fund balances	\$ 584,728	\$ 5,544,098	\$ (791,059)	\$ 2,261,989

Source: Washtenaw County Finance Department

Schedule 5
UNAUDITED

2013	2014	2015	2016	2017	2018
\$ 63,098,172	\$ 64,634,902	\$ 66,749,973	\$ 67,722,813	\$ 69,372,517	\$ 72,422,271
313,649	327,436	316,507	352,563	373,795	381,896
10,751,502	12,684,661	13,933,661	13,099,972	13,238,782	13,124,013
21,781,255	21,710,816	22,215,412	22,117,875	23,081,827	22,756,423
955,814	957,084	982,074	794,724	836,049	982,392
31,153	56,787	51,670	51,362	203,485	378,171
2,796,082	2,573,877	2,326,732	2,677,732	2,487,294	2,799,311
<u>99,727,627</u>	<u>102,945,563</u>	<u>106,576,029</u>	<u>106,817,041</u>	<u>109,593,749</u>	<u>112,844,477</u>
409,034	417,428	444,231	432,230	482,993	788,854
16,558,069	17,607,533	16,821,584	17,104,110	20,317,329	20,687,885
5,808,044	7,057,351	9,796,324	9,562,472	7,764,135	7,870,970
53,739,047	54,417,791	54,296,064	54,557,965	55,722,015	56,009,309
129,492	112,833	120,964	127,534	122,222	105,132
-	-	-	-	-	3,696,368
324,909	342,236	365,960	372,814	-	-
375,289	384,975	319,569	299,457	313,874	441,946
4,915,463	5,221,270	4,776,162	2,715,679	2,984,586	3,119,939
336,263	350,280	759,658	365,358	740,815	742,547
39,753	27,027	13,783	51,337	34,969	33,237
82,635,363	85,938,724	87,714,299	85,588,956	88,482,938	93,496,187
17,092,264	17,006,839	18,861,730	21,228,085	21,110,811	19,348,290
-	-	1,562,608	-	1,054,128	-
6,069,706	1,976,482	1,970,940	2,194,960	1,925,592	2,167,121
(19,241,152)	(17,169,274)	(20,710,101)	(19,659,755)	(21,401,633)	(21,515,411)
(13,171,446)	(15,192,792)	(17,176,553)	(17,464,795)	(18,421,913)	(19,348,290)
\$ 3,920,818	\$ 1,814,047	\$ 1,685,177	\$ 3,763,290	\$ 2,688,898	\$ -

WASHTENAW COUNTY

Changes in Fund Balances - General Fund

(Expenditures by Category)

Last Ten Years

(modified accrual basis of accounting)

	2009	2010	2011	2012
Revenues				
Property taxes	\$ 68,211,292	\$ 64,703,053	\$ 63,038,787	\$ 62,723,877
Licenses and permits	173,367	205,407	254,479	266,421
Intergovernmental	5,743,226	5,871,026	5,703,092	6,446,696
Charges for services	18,581,479	18,008,529	19,282,538	20,646,196
Fines and forfeits	983,940	933,663	956,065	919,733
Investment income	185,483	129,650	124,460	53,757
Other revenues	1,668,811	1,781,630	2,666,887	2,026,571
 Total revenues	 95,547,598	 91,632,958	 92,026,308	 93,083,251
 Expenditures	 	 	 	
Personal services	61,607,795	60,772,335	63,392,878	64,869,199
Supplies	1,601,385	1,703,731	1,714,923	1,966,453
Other services and charges	16,621,207	13,088,658	13,656,849	12,815,032
Internal service charges	779,808	302,685	2,015,979	1,608,906
Debt service	251,838	317,800	387,996	373,965
 Total expenditures	 80,862,033	 76,185,209	 81,168,625	 81,633,555
 Revenues over (under) expenditures	 14,685,565	 15,447,749	 10,857,683	 11,449,696
 Other financing sources (uses)	 	 	 	
Capital leases	430,117	494,924	1,302,837	71,316
Transfers in	8,401,218	7,916,188	7,879,448	8,889,362
Transfers out	(22,932,172)	(18,314,763)	(20,831,027)	(18,148,385)
 Total other financing sources (uses)	 (14,100,837)	 (9,903,651)	 (11,648,742)	 (9,187,707)
 Net changes in fund balances	 \$ 584,728	 \$ 5,544,098	 \$ (791,059)	 \$ 2,261,989

Source: Washtenaw County Finance Department

Schedule 5A
UNAUDITED

2013	2014	2015	2016	2017	2018
\$ 63,098,172	\$ 64,634,902	\$ 66,749,973	\$ 67,722,813	\$ 69,372,517	\$ 72,422,271
313,649	327,436	316,507	352,563	373,795	381,896
10,751,502	12,684,661	13,933,661	13,099,972	13,238,782	13,124,013
21,781,255	21,710,816	22,215,412	22,117,875	23,081,827	22,756,423
955,814	957,084	982,074	794,724	836,049	982,392
31,153	56,787	51,670	51,362	203,485	378,171
2,796,082	2,573,877	2,326,732	2,677,732	2,487,294	2,799,311
99,727,627	102,945,563	106,576,029	106,817,041	109,593,749	112,844,477
65,659,738	68,492,590	67,841,637	68,609,634	71,025,381	75,916,916
1,562,878	1,793,337	1,770,027	2,088,543	1,856,447	2,174,073
12,201,216	12,275,375	13,971,556	10,776,968	12,486,587	12,222,285
2,833,269	2,999,160	3,357,609	3,697,116	2,338,739	2,407,129
378,262	378,262	773,470	416,695	775,784	775,784
82,635,363	85,938,724	87,714,299	85,588,956	88,482,938	93,496,187
17,092,264	17,006,839	18,861,730	21,228,085	21,110,811	19,348,290
-	-	1,562,608	-	1,054,128	-
6,069,706	1,976,482	1,970,940	2,194,960	1,925,592	2,167,121
(19,241,152)	(17,169,274)	(20,710,101)	(19,659,755)	(21,401,633)	(21,515,411)
(13,171,446)	(15,192,792)	(17,176,553)	(17,464,795)	(18,421,913)	(19,348,290)
\$ 3,920,818	\$ 1,814,047	\$ 1,685,177	\$ 3,763,290	\$ 2,688,898	\$ -

WASHTENAW COUNTY

Assessed and Actual Values of Taxable Property

Last Ten Years

(in thousands of dollars)

Year	Residential Property	Commercial Property	Industrial Property	Other	Personal Property	Total Assessed Value
2009	\$ 11,260,432	\$ 3,692,630	\$ 834,222	\$ 578,251	\$ 1,163,963	\$ 17,529,498
2010	10,619,743	3,541,601	523,123	534,906	1,044,135	16,263,508
2011	10,328,382	3,205,238	461,280	510,726	974,551	15,480,177
2012	10,269,352	3,082,080	442,896	514,957	950,269	15,259,554
2013	10,512,641	3,150,374	421,721	514,563	980,158	15,579,457
2014	11,126,735	3,275,591	422,147	516,580	970,617	16,311,670
2015	12,112,264	3,367,359	426,474	513,664	1,004,451	17,424,212
2016	13,045,788	3,680,757	432,525	522,729	941,615	18,623,414
2017	13,867,637	3,980,199	461,800	539,353	968,345	19,817,334
2018	14,314,537	4,331,688	497,294	557,707	1,032,329	20,733,555

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

Note - Total Direct Tax Rate includes HCMA levy

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

Schedule 6

UNAUDITED

Total Actual Value	Total Direct Tax Rate
\$ 35,263,130	5.7418
32,711,793	5.7448
31,228,316	5.7518
30,710,091	5.7654
31,332,730	5.7801
32,623,340	6.0692
35,124,396	6.0912
37,563,769	6.0286
39,920,986	5.9982
41,638,440	6.9403

WASHTENAW COUNTY

■ Direct and Overlapping Property Tax Rates

Last Ten Years

(rate per \$1,000 of taxable value)

	2009	2010	2011	2012	2013	2014
County direct rates						
Operation	4.5493	4.5493	4.5493	4.5493	4.5493	4.5493
Special voted	1.1925	1.1955	1.2025	1.2161	1.2308	1.5199
Total direct rate	<u>5.7418</u>	<u>5.7448</u>	<u>5.7518</u>	<u>5.7654</u>	<u>5.7801</u>	<u>6.0692</u>
Overlapping rates						
Cities:						
Ann Arbor	16.7970	16.8164	16.4660	16.5720	16.4501	17.1501
Chelsea	14.9555	13.1555	14.9555	14.9555	14.9555	13.1555
Dexter (1)	-	-	-	-	-	-
Milan	15.5000	14.4000	14.4000	14.4000	14.4000	14.9000
Saline	15.5300	15.5300	15.5300	15.5300	16.2800	16.2800
Ypsilanti	30.8592	31.5314	33.6731	35.2060	36.4947	36.4735
Townships (average)	(A)	3.3964	3.1560	3.4532	3.8054	3.7709
Villages (average)	(B)	12.8261	12.8261	13.0682	13.1050	13.1205
School districts (average)	(C)	30.9113	31.0425	31.1749	31.0871	31.0791
Intermediate school district		3.9745	3.9745	3.9745	3.9745	3.9745
Community college		3.6856	3.6856	3.7176	3.6376	3.4576
(A) - Rates range from:						
Low	00.0000	00.0000	00.0000	00.0000	00.0000	00.0000
High	10.4000	11.9000	11.9000	12.1212	14.2681	14.9681
(B) - Rates range from:						
Low	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
High	14.9221	14.9222	15.6483	15.7587	15.8052	15.7118
(C) - Rates range from:						
Low	25.3600	25.3600	25.1200	25.0600	24.9000	27.0800
High	34.5895	35.5344	35.6912	35.7084	35.3692	37.0000

Source: Washtenaw County Finance Department

(1) - Dexter became a city in 2015; previously it was reported with the Villages

Schedule 7
UNAUDITED

2015	2016	2017	2018
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4.5493	4.5215	4.4880	4.4511
1.5419	1.5071	1.5102	2.4892
<u>6.0912</u>	<u>6.0286</u>	<u>5.9982</u>	<u>6.9403</u>

16.4436	16.3003	16.1390	15.8850
13.1555	13.1555	13.1555	13.1555
14.0562	14.3062	14.3062	14.3062
15.9000	16.9941	15.4629	15.4730
16.2800	16.2800	16.2800	16.2800
34.9012	35.0727	33.5261	34.6200
3.5686	3.6280	3.6861	3.8400
13.1294	13.2448	13.2314	14.2382
31.1732	31.2266	31.6813	31.6094
3.9745	5.4509	5.4109	5.3641
3.4576	3.4360	3.4267	3.3978

00.0000	00.0000	00.0000	00.0000
14.2681	14.3909	14.3398	15.0110
10.0000	10.0000	10.0000	12.0000
16.2587	16.4896	16.4628	16.4764
27.1000	27.1500	27.1412	26.9000
36.9748	36.9712	36.9694	37.0000

WASHTENAW COUNTY

Schedule 8
UNAUDITED

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Detroit Edison-Mich Con	\$ 286,476,512	1	1.38%	\$ 154,302,676	4	0.88%
McKinley Associates	143,826,831	2	0.69%	143,788,923	5	0.82%
Toyota Motor	139,015,138	3	0.67%	113,876,016	6	0.65%
Oxford Property Management	103,939,084	4	0.50%	-	-	-
Dominos Farms	64,839,429	5	0.31%	69,445,887	9	0.40%
Briarwood Complex	63,663,899	6	0.31%	74,924,524	8	0.43%
Consumers Energy	63,396,147	7	0.31%	-	-	-
ITC	54,866,456	8	0.26%	-	-	-
Enbridge-Nexus	54,141,718	9	0.26%	-	-	-
American Campus Communities	51,813,800	10	0.25%	-	-	-
Orion Main Street LLC	50,354,600	11	0.24%	-	-	-
Arborland LLC	42,726,200	12	0.21%	32,787,489	13	0.19%
CPI Foundry LLC	41,556,787	13	0.20%	-	-	-
Exxon-Wolverine	40,057,105	14	0.19%	-	-	-
MAV Development	36,826,644	15	0.18%	33,815,940	12	0.19%
Pfizer Global	-	-	-	194,550,774	1	1.11%
General Motors	-	-	-	169,641,468	2	0.97%
Automotive Components Holdings	-	-	-	154,507,145	3	0.88%
Michigan Consolidated Gas	-	-	-	85,770,291	7	0.49%
DaimlerChrysler	-	-	-	37,906,547	11	0.22%
Meijer Incorporated	-	-	-	30,861,645	14	0.18%
Hyundai	-	-	-	38,788,705	10	0.22%
Transwester Great Lakes	-	-	-	26,256,252	15	0.15%
	<u>\$ 1,237,500,350</u>		<u>5.97%</u>	<u>\$ 1,361,224,282</u>		<u>7.77%</u>

Source: Washtenaw County Equalization Department.

WASHTENAW COUNTY

Schedule 9
UNAUDITED

■ Property Tax Levies and Collections

Last Ten Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date		
		Amount	% of Levy	Subsequent Years Collections	Amount	% of Levy	
2009	\$ 86,755,826	\$ 82,908,257	95.57%	\$ 3,596,050	\$ 86,504,307	99.71%	
2010	85,172,555	81,368,255	95.53%	3,550,949	84,919,204	99.70%	
2011	80,780,558	77,326,315	95.72%	3,234,632	80,560,947	99.73%	
2012	78,597,092	75,874,983	96.54%	2,531,636	78,406,919	99.76%	
2013	78,149,058	75,865,734	97.08%	2,131,538	77,997,272	99.81%	
2014	79,602,487	77,576,478	97.45%	1,901,046	79,477,524	99.84%	
2015	88,453,442	86,375,570	97.65%	1,966,139	88,341,709	99.87%	
2016	91,523,161	89,503,874	97.79%	1,847,877	91,351,751	99.81%	
2017	92,440,474	90,550,820	97.96%	1,776,851	92,327,671	99.88%	
2018	95,341,726	93,522,660	98.09%	1,713,140	95,235,800	99.89%	

Source: Washtenaw County Treasurer's Office

WASHTENAW COUNTY

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	2009	2010	2011	2012	2013
Governmental activities					
General obligation bonds	\$ 83,481,898	\$ 76,071,215	\$ 68,260,533	\$ 59,971,568	\$ 51,038,807
Capital leases	672,480	711,121	1,302,837	1,029,506	693,242
Installment contracts	-	-	-	121,738	60,869
Loans	194,756	175,280	155,804	136,329	116,853
Total outstanding debt	84,349,134	76,957,616	69,719,174	61,259,141	51,909,771
Business-type activities					
Delinquent tax revolving -					
General obligation notes	25,000,000	26,000,000	24,500,000	19,500,000	17,000,000
Total outstanding debt	\$ 109,349,134	\$ 102,957,616	\$ 94,219,174	\$ 80,759,141	\$ 68,909,771
Total taxable value (000's)	\$ 17,529,498	\$ 16,263,508	\$ 15,480,177	\$ 15,259,554	\$ 15,579,457
Ratio of total debt to taxable value	0.62%	0.63%	0.61%	0.53%	0.44%
Total population	347,563	345,250	347,962	350,946	350,946
Total debt per capita	\$ 314.62	\$ 298.21	\$ 270.77	\$ 230.12	\$ 196.35
% of personal income	0.83%	0.77%	0.66%	0.53%	0.45%

Source: Washtenaw County Finance Department

Further details regarding the County's debt can be found in the notes to the financial statements.

Schedule 10
UNAUDITED

2014	2015	2016	2017	2018
\$ 43,714,754	\$ 37,090,418	\$ 29,942,278	\$ 26,160,594	\$ 27,804,892
342,962	1,377,569	8,276,357	7,851,388	6,360,270
<u>97,377</u>	<u>77,901</u>	<u>58,425</u>	<u>38,952</u>	<u>19,476</u>
44,155,093	38,545,888	38,277,060	34,050,934	34,184,638
<u>12,500,000</u>	<u>15,600,000</u>	<u>16,300,000</u>	<u>18,000,000</u>	<u>14,800,000</u>
<u>\$ 56,655,093</u>	<u>\$ 54,145,888</u>	<u>\$ 54,577,060</u>	<u>\$ 52,050,934</u>	<u>\$ 48,984,638</u>
\$ 16,311,670	\$ 17,424,212	\$ 18,623,414	\$ 19,817,334	\$ 20,733,555
0.35%	0.31%	0.29%	0.26%	0.24%
354,240	358,880	364,709	367,627	367,627
\$ 159.93	\$ 150.87	\$ 149.65	\$ 141.59	\$ 133.25
0.36%	0.29%	0.28%	0.25%	0.24%

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WASHTENAW COUNTY

Schedule 10A
UNAUDITED

■ Ratios of Net General Bonded Debt Outstanding Last Ten Years

Year	General Bonded Debt Outstanding			% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2009	\$ 83,481,898	-	\$ 83,481,898	0.63%	0.48%	\$ 240.19
2010	76,071,215	-	76,071,215	0.57%	0.47%	220.34
2011	68,260,533	-	68,260,533	0.48%	0.44%	196.17
2012	59,971,568	-	59,971,568	0.40%	0.39%	170.89
2013	51,038,807	-	51,038,807	0.33%	0.33%	144.08
2014	43,714,754	-	43,714,754	0.25%	0.27%	122.49
2015	37,090,418	-	37,090,418	0.20%	0.21%	103.35
2016	29,942,278	-	29,942,278	0.16%	0.16%	82.10
2017	26,160,594	-	26,160,594	0.13%	0.13%	71.16
2018	27,804,892	-	27,804,892	0.13%	0.13%	75.63

Source: Washtenaw County Finance Department

WASHTENAW COUNTY

Schedule 11
UNAUDITED

■ Computation of Net Direct and Overlapping Debt

As of December 31, 2018

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
General obligation tax notes	\$ 14,800,000	14,800,000	\$ -
General obligation bonds	27,804,892	-	27,804,892
Notes payable	19,476	-	19,476
Capital leases	6,360,270	-	6,360,270
Water Resources bonds and notes	19,640,528	19,328,657	311,871
Public Works water and sewer debt	11,538,387	11,538,387	-
Road Commission debt	11,138,986	11,138,986	-
Total direct debt	\$ 91,302,539	\$ 56,806,030	\$ 34,496,509
	Net Debt Outstanding	Percentage Applicable to Washtenaw County	Share Applicable to Washtenaw County
Overlapping debt			
City of Ann Arbor	\$ 127,414,900	100.00%	\$ 127,414,900
City of Chelsea	7,254,388	100.00%	7,254,388
City of Dexter	13,849,000	100.00%	13,849,000
City of Milan	6,410,000	63.45%	4,067,145
City of Saline	16,432,279	100.00%	16,432,279
City of Ypsilanti	13,094,881	100.00%	13,094,881
Dexter Township	2,468,887	100.00%	2,468,887
Lima Township	168,961	100.00%	168,961
Lodi Township	556,000	100.00%	556,000
Lyndon Township	7,160,719	100.00%	7,160,719
Manchester Township	236,296	100.00%	236,296
Northfield Township	3,145,000	100.00%	3,145,000
Pittsfield Township	8,879,194	100.00%	8,879,194
Salem Township	165,000	100.00%	165,000
Scio Township	19,351,429	100.00%	19,351,429
Sharon Township	460,000	100.00%	460,000
Superior Township	1,150,000	100.00%	1,150,000
Sylvan Township	6,950,000	100.00%	6,950,000
Webster Township	1,901,040	100.00%	1,901,040
York Township	535,000	100.00%	535,000
Ypsilanti Township	15,400,120	100.00%	15,400,120
Manchester Village	845,000	100.00%	845,000
Ann Arbor School District	159,485,000	100.00%	159,485,000
Chelsea School District	32,209,828	95.63%	30,802,259

continued...

WASHTENAW COUNTY

Schedule 11
UNAUDITED

Computation of Net Direct and Overlapping Debt

As of December 31, 2018

	Net Debt Outstanding	Percentage Applicable to Washtenaw County	Share Applicable to Washtenaw County
Overlapping debt continued			
Clinton School District	\$ 2,365,000	27.61%	\$ 652,977
Columbia School District	28,185,000	1.99%	560,882
Dexter School District	127,551,725	95.12%	121,327,201
Grass Lake School District	23,505,513	0.71%	166,889
Lincoln School District	126,172,499	81.81%	103,221,721
Manchester School District	37,178,624	99.31%	36,922,091
Milan School District	99,892,520	60.01%	59,945,501
Napoleon School District	14,995,000	0.05%	7,498
Northville School District	43,250,000	0.77%	333,025
Pinckney School District	99,495,496	2.54%	2,527,186
Plymouth-Canton School District	194,451,000	2.44%	4,744,604
Saline School District	135,352,663	100.00%	135,352,663
South Lyon School District	159,380,000	12.97%	20,671,586
Stockbridge School District	23,150,000	6.09%	1,409,835
Van Buren School District	1,995,000	7.04%	140,448
Whitmore Lake School District	54,759,575	73.41%	40,199,004
Willow Run School District	23,343,965	100.00%	23,343,965
Ypsilanti School District	21,097,207	100.00%	21,097,207
Ypsilanti Community Schools District	69,685,000	100.00%	69,685,000
Ingham ISD	1,336,000	0.34%	4,542
Jackson ISD	665,000	0.33%	2,195
Livingston ISD	2,530,000	0.39%	9,867
Oakland ISD	44,695,000	0.53%	236,884
Schoolcraft Community College	29,800,000	0.54%	160,920
Washtenaw Community College	9,245,000	100.00%	9,245,000
Chelsea District Library	3,555,000	100.00%	3,555,000
Dexter District Library	3,695,000	95.12%	3,514,684
Saline District Library	900,000	50.18%	451,620
Total overlapping debt	<u>\$ 1,827,749,709</u>		<u>1,101,262,493</u>
Total direct & overlapping debt			<u>\$ 1,135,759,002</u>

concluded.

(1) Overlapping debt is calculated for an entity, based upon assessed values received from the State of Michigan, which determines the issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is apportioned based upon relative assessed values.

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

WASHTENAW COUNTY

Schedule 12
UNAUDITED

Legal Debt Margin

Last Ten Years

Legal Debt Margin Calculation for 2018

Assessed value	<u>\$ 20,733,554,714</u>
Debt limit (10% of assessed value)	<u>\$ 2,073,355,471</u>
Debt applicable to limit - general obligation bonds	<u>91,241,432</u>
Legal debt margin	<u><u>\$ 1,982,114,039</u></u>

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2009	\$ 1,752,949,726	\$ 150,036,016	\$ 1,602,913,710	8.56%
2010	1,626,350,827	144,462,548	1,481,888,279	8.24%
2011	1,548,017,612	134,682,631	1,413,334,981	8.70%
2012	1,525,955,413	127,257,000	1,398,698,413	8.34%
2013	1,557,945,663	114,320,732	1,443,624,931	7.34%
2014	1,631,166,861	104,284,427	1,526,882,434	6.39%
2015	1,742,421,112	100,688,222	1,641,732,890	5.78%
2016	1,862,341,400	92,363,134	1,769,978,266	4.96%
2017	1,981,733,433	98,077,129	1,883,656,304	4.95%
2018	2,073,355,471	91,241,432	1,982,114,039	4.40%

Source: Washtenaw County Finance Department

WASHTENAW COUNTY

Schedule 13

UNAUDITED

Demographic and Economic Statistics

Last Ten Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2009	347,563	\$ 13,158,533	\$ 37,859	8.5%
2010	345,250	13,297,281	38,515	6.5%
2011	347,962	14,204,286	40,821	5.4%
2012	350,946	15,161,590	43,202	5.7%
2013	354,240	15,560,767	43,927	5.3%
2014	356,874	17,260,080	48,365	3.2%
2015	358,880	18,446,608	51,400	2.6%
2016	364,709	19,261,779	52,814	3.0%
2017	367,627	20,715,047	56,348	3.1%
2018	367,627 (a)	20,715,047 (a)	56,348 (a)	3.1%

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

Sources:

Bureau of Economic Analysis - <http://bea.gov/regional/bearfacts/action.cfm>

Bureau of Economic Analysis - <http://data.bls.gov/map/MAPToolSelect>

Michigan Economic Development Corporation

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WASHTENAW COUNTY

Schedule 14
UNAUDITED

Principal Employers

Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
University of Michigan Health System	33,225	1	15.77%	25,730	1	14.39%
Trinity Health	7,435	2	3.53%	4,810	2	2.69%
U.S. Government	3,060	3	1.45%	2,419	4	1.35%
Ann Arbor Public Schools	2,225	4	1.06%	2,659	3	1.49%
Faurecia North America	2,178	5	1.03%	-	-	-
Eastern Michigan University	1,559	6	0.74%	1,961	6	1.10%
Integrated Health Associates (IHA)	1,442	7	0.68%	-	-	-
State of Michigan	1,409	8	0.67%	1,673	8	0.94%
Washtenaw County	1,264	9	0.60%	1,372	9	0.77%
Thomson Reuters	1,155	10	0.55%	1,756	7	0.98%
Domino's Pizza	812	11	0.39%	416	18	0.23%
City of Ann Arbor	712	12	0.34%	750	11	0.42%
Ford Motor Co.	700	13	0.33%	2,280	5	1.27%
NSF International	693	14	0.33%	-	-	-
U.S. Postal Service	650	15	0.31%	643	13	0.36%
Washtenaw Community College	597	16	0.28%	564	15	0.32%
DTE Energy Co.	568	17	0.27%	625	14	0.35%
Ypsilanti Community Schools	550	18	0.26%	-	-	-
ProQuest	542	19	0.26%	-	-	-
FCA US LLC	496	20	0.24%	-	-	-
BordersGroup Inc.	-	-	-	887	10	0.50%
General Motors	-	-	-	725	12	0.41%
Chelsea Community Hospital	-	-	-	516	16	0.29%
Edwards Brothers Inc.	-	-	-	447	17	0.25%
Chrysler Corporation	-	-	-	414	19	0.23%
NSK Americas Corp.	-	-	-	294	20	0.16%
	<u>61,272</u>		<u>29.09%</u>	<u>50,941</u>		<u>28.48%</u>

Source: SPARK Ann Arbor, MI

WASHTENAW COUNTY

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

Function/Program	2009	2010	2011	2012
Legislative				
Board of Commissioners	11.0	11.0	11.0	11.0
Judicial				
Trial Court-Civil/Criminal	26.7	26.7	26.7	26.7
Trial Court Clerk Services	-	19.0	19.0	19.0
District Court	49.0	51.0	51.0	48.0
Trial Court-Probate	12.0	12.0	12.0	11.5
Trial Court-Juvenile Center	23.8	24.8	24.8	20.3
Trial Court-Friend of the Court	60.0	60.0	60.0	54.0
Public Defender	18.0	16.0	16.0	16.0
General Government				
County Administration	5.5	3.5	3.5	3.0
Corporation Counsel	1.0	1.0	1.0	1.0
Budget	4.0	4.5	4.5	-
Finance	16.2	16.0	16.0	19.9
Information & Tech Systems	24.6	24.5	24.5	23.4
Technology Plan	2.0	2.0	1.0	1.0
Equalization	13.0	13.0	13.0	13.0
Human Resources	9.0	7.0	7.0	7.6
Organizational Development	1.0	-	-	-
Clerk/Register	48.5	23.0	23.0	18.6
Clerk/ROD Automation				2.0
Treasurer	15.5	16.5	16.5	12.5
Drain/Water Resources Commissioner	20.0	19.0	19.0	20.3
Economic Development & Agriculture	-	4.0	4.0	1.1
Office of Community & Economic Development	7.0	-	-	29.9
Risk Management	1.0	2.0	2.0	2.0
Infrastructure Management	-	-	-	-
Facilities Management	22.0	22.5	22.5	24.9
Support Services - Fleet	1.0	0.5	0.5	1.0
Support Services - Project Management	3.0	1.0	-	-
Support Services - Strategic Planning	4.0	-	-	-
Property Foreclosure - PA 123	-	-	-	3.5
Public Safety				
Prosecuting Attorney	41.9	41.9	41.9	42.2
Prosecuting Attorney - CRP	6.3	6.2	6.2	5.2
Prosecuting Attorney - Domestic Violence	2.0	2.0	2.0	1.7
PA - 105	-	-	-	0.5
Sheriff	283.8	285.8	285.8	325.0
LAWNNet	3.0	3.0	3.0	3.0
Secondary Road Patrol	3.0	3.0	3.0	3.0
Inmate Enterprise	-	-	-	2.0
Sheriff - Byrne Justice Asst Grant	-	-	-	0.8
Building Inspection/Services	9.6	5.0	5.0	3.3
Emergency Management	5.0	2.0	2.0	-

Schedule 15
UNAUDITED

2013	2014	2015	2016	2017	2018
9.0	9.0	9.0	9.0	9.0	9.0
26.7	25.4	24.4	24.4	23.4	24.6
19.0	11.0	34.0	34.0	33.0	34.0
48.0	46.0	47.0	47.0	46.0	46.0
11.5	10.0	4.0	4.0	7.0	7.0
20.3	27.6	11.8	11.8	10.7	10.7
54.0	60.0	60.0	60.0	58.0	60.8
16.0	15.0	15.0	15.0	16.0	16.0
3.0	3.0	3.0	4.0	6.0	7.0
1.0	1.0	1.0	1.0	2.0	2.0
-	-	-	-	-	-
19.9	18.5	19.0	19.0	19.0	21.0
23.4	24.5	24.5	24.5	-	[1]
-	-	-	-	-	-
13.0	10.0	11.0	11.0	11.0	10.0
7.6	8.0	8.0	8.0	8.0	10.0
-	-	-	-	-	-
18.6	20.0	19.5	20.0	22.0	21.0
2.0	1.0	1.0	1.0	1.0	1.0
12.5	12.7	12.9	12.9	13.7	13.4
20.3	19.6	21.5	21.5	25.8	24.5
1.1	1.0	1.0	1.0	1.0	-
29.9	29.0	29.0	29.0	29.5	29.5
2.0	2.0	2.0	2.0	3.0	3.0
-	-	-	-	55.0	55.0 [1]
24.9	24.5	24.5	24.5	-	[1]
1.0	1.0	1.0	1.0	-	[1]
-	-	-	-	-	-
-	-	-	-	-	-
3.5	2.8	3.8	3.8	3.8	3.8
42.2	41.7	43.9	43.9	43.9	43.9
5.2	4.2	6.2	6.2	6.2	6.2
1.7	1.7	-	-	-	-
0.5	0.3	0.3	0.3	0.1	0.1
323.0	318.0	317.0	317.0	319.0	316.4
3.0	3.0	3.0	3.0	3.0	2.0
3.0	2.0	1.0	1.0	1.0	1.6
-	-	-	-	-	-
0.8	0.8	1.0	1.0	-	-
3.3	6.3	6.1	6.9	7.5	7.3
-	-	-	-	-	-

continued...

WASHTENAW COUNTY

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

Function/Program	2009	2010	2011	2012
Public Safety (continued)				
E-911 - Administration	1.0	1.0	4.0	1.0
Homeland Security	2.0	2.0	2.0	3.0
HIDTA	5.0	5.0	5.0	7.0
Community Corrections	8.0	7.0	7.0	7.0
Public Works				
Public Works	2.0	1.0	1.0	1.3
Solid Waste	1.8	1.8	1.8	1.8
Health				
Environmental Health	29.6	28.6	28.6	24.7
Public Health	72.4	68.4	68.4	63.1
Community Support & Treatment Services	308.0	301.0	301.0	270.2
Washtenaw Community Health Organization	73.1	63.3	63.3	86.0
Social Services				
Child Care - Trial Court/Juvenile Center	17.6	17.6	17.6	16.6
Child Care - Trial Court/Juvenile Drug Court	-	-	-	1.0
Child Care - Trial Court/Byrne Recovery/Reinvest	-	-	-	1.0
Child Care - Detention	28.2	30.6	30.6	30.6
Children Services	9.4	5.0	-	-
Veterans Services	5.0	5.0	5.0	5.0
Veteran Relief	-	-	-	1.0
Employment Training & Community Services	18.9	18.9	18.9	-
Head Start	37.3	36.3	36.3	35.8
Community Development	9.0	10.0	10.0	-
Culture & Recreation				
Parks & Recreation	42.0	39.0	39.0	40.0
County Extension	3.8	2.7	2.7	1.0
Total	1,427.1	1,373.3	1,369.3	1,375.0

[1] - Information & Tech Systems, Facilities Management, and Support Services - Fleet were merged into Infrastructure Management in 2017

Source: Washtenaw County Finance Department - Budget

Schedule 15
UNAUDITED

2013	2014	2015	2016	2017	2018
1.0	1.0	1.0	1.0	1.0	1.0
3.0	3.0	3.0	3.0	2.0	2.0
7.0	7.0	7.0	7.0	9.0	8.0
7.0	8.0	9.0	9.0	9.0	7.0
1.3	0.8	0.8	0.8	0.8	0.8
1.8	2.8	2.8	3.8	3.8	3.9
24.8	30.1	26.5	26.5	26.4	-
61.7	60.1	68.5	68.5	75.0	101.1
270.2	362.0	353.4	335.1	328.0	339.0
86.0	33.0	25.0	-	-	-
16.6	13.0	10.4	10.4	14.9	13.9
1.0	0.8	3.3	3.3	-	-
1.0	-	-	-	-	-
30.6	38.1	37.1	37.1	38.1	37.1
-	-	-	-	-	-
5.0	3.0	3.0	2.4	-	-
1.0	3.1	3.1	2.6	6.0	6.0
-	-	-	-	-	-
35.8	-	-	-	-	-
-	-	-	-	-	-
40.0	44.0	42.6	43.6	48.8	49.9
1.0	1.0	1.0	1.0	1.0	1.0
1,366.7	1,371.4	1,363.9	1,323.8	1,348.4	1,357.3

concluded.

WASHTENAW COUNTY

■ Operating Indicators by Function/Program Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014
Public Safety						
Sheriff:						
Number of incidents	61,563	63,825	54,492	66,432	97,734	99,773
Number of crash reports	2,803	2,876	2,607	2,761	3,300	2,857
Number of arrests	6,980	2,388	4,783	2,788	2,327	1,962
Number of bookings	7,176	7,152	7,170	7,952	8,124	8,701
Public Works						
Centerline miles of road maintained	1,650	1,652	1,654	1,654	1,654	1,654
Health						
Public Health:						
Vaccines administered [1]	46,600	57,522	5,690	3,951	3,484	3,032
Number of monthly participants	5,000	5,700	5,700	5,700	5,700	5,700
Culture & Recreation						
Parks & Recreation:						
Recreation center participation	341,078	338,148	339,946	325,234	322,999	294,174
Aquatic center participation	92,062	113,635	115,012	114,522	94,266	113,259
Rounds of Golf	35,880	33,316	29,003	33,243	29,746	28,617
Boat Rental	731	792	821	829	974	1,156

[1] Beginning in 2011, the County was no longer a vaccine depot; other providers in the county now order and receive their vaccines directly from the federal and state governments.

Source: Washtenaw County Finance Department

Schedule 16
UNAUDITED

2015 2016 2017 2018

106,669	104,881	104,963	100,122
2,836	3,082	2,938	2,824
1,148	3,101	2,076	1,724
7,976	8,009	7,798	7,917

1,654	1,654	1,653	1,653
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3,649	2,967	4,425	3,579
5,834	5,834	5,834	5,834

297,032	292,356	254,191	264,472
153,008	143,424	116,285	110,605
24,577	24,106	25,475	24,588
1,189	1,040	875	691

WASHTENAW COUNTY

Schedule 17

UNAUDITED

■ Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Sheriff										
Vehicle patrol units:										
Police service automobiles	89	87	87	92	92	93	88	94	94	95
Animal control	2	2	2	2	2	2	2	2	2	2
Marine safety	3	3	3	3	3	3	3	3	3	3
Jail	18	17	17	17	17	17	19	17	20	20
Parks and recreation										
Parks:										
County	13	13	13	13	13	13	13	13	13	13
Natural areas	17	19	20	23	25	27	36	37	45	47
Park acreage:										
Parkland	1,943	1,943	1,952	1,952	1,952	1,973	2,094	2,105	2,109	2,109
Natural areas	1,767	2,044	2,214	2,524	2,524	3,629	4,375	5,038	5,233	5,893
Picnic areas	19	19	19	19	19	19	19	19	19	19
Historic sites	2	2	2	2	3	3	3	3	3	3
Buildings:										
Log cabins	1	1	1	1	1	1	1	1	1	1
County recreation center	1	1	1	1	1	1	1	1	1	1
Fishing structures	3	3	3	3	3	3	3	3	3	3
Pavilions	12	13	13	13	13	13	19	19	19	19
Concession	3	3	3	3	3	3	3	3	3	3
Multi-purpose	2	2	2	2	2	2	2	2	2	2
Nature cabin	1	1	1	1	1	1	1	1	1	1
Swimming beach areas	1	1	1	1	1	1	1	1	1	1
Swimming pools (in/out)	1	1	1	1	1	1	1	1	1	1
Golf Courses:										
18 hole course	1	1	1	1	1	1	1	1	1	1
18 hole disc course	2	2	2	2	2	1	1	1	1	1
27 hole disc course	-	-	-	-	1	1	1	1	1	-
36 hole disc course	-	-	-	-	-	-	-	-	-	1
Trails:										
Nature	11	12	12	13	13	13	27	29	29	35
Exercise	1	1	1	1	1	1	1	1	1	1
Multiuse	8	8	8	10	10	10	10	10	10	11
Playgrounds	7	6	6	6	6	6	5	5	6	7
Water Areas:										
Water parks	1	1	1	1	1	1	1	1	1	1
Spray play feature	3	3	3	3	2	3	3	3	3	3
Lazy river ride	1	1	1	1	1	1	1	1	1	1
Spray Park: Blue Heron Bay	-	-	-	-	1	1	1	1	1	1
Public works										
Centerline miles of county roads:										
Federal and State	580	580	580	580	580	580	580	580	580	580
Primary	589	589	590	590	590	590	594	595	594	594
Local	705	705	705	705	705	704	700	701	700	700
Subdivision	356	357	359	359	359	360	360	358	359	359

Source: Washtenaw County Finance Department

WASHTENAW COUNTY

Schedule 18
UNAUDITED

Schedule of Insurance As of December 31, 2018

Type of Coverage Name of Company	Policy Period	Premium	Description
Genesis Insurance Company	10/1/18-10/1/19	\$ 695,984	Auto, general and police legal liability of the County for bodily injury, property damage and personal injury. Limit \$10,000,000 per occurrence and \$5,000,000 aggregate. Occurrence form; \$750,000 self insured retention.
Buildings and Contents CHUBB Insurance Co.	10/1/18-10/1/19	184,444	All risk coverage on buildings and contents at replacement cost. \$337,449,054 limit \$250,000 deductible per occurrence (includes burglary). Includes perils from flood and earthquake.
Inland Marine Coverage	10/1/18-10/1/19	Included	Covers scheduled portable equipment consisting of radio and video equipment, boats and trailers, etc. All risk coverage.
Data Processing Coverage	10/1/18-10/1/19	Included	Covers data processing equipment, media and extra expense. Limit \$500,000 per occurrence.
Employee Benefit Liability	10/1/18-10/1/19	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.	10/1/18-10/1/19	20,738	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	10/1/18-10/1/19	Included	Policy limit \$10,000,000 subject to \$750,000 deductible covers liability for wrongful acts, claim made form, duty to defend.
Professional Liability Hudson Insurance Co.	10/1/18-10/1/19	78,068	Covers Public and Mental Health operations (includes doctors) \$1,000,000/\$3,000,000 each medical incident. Deductible of \$250,000 does not include defense costs.
Boiler Machinery Policy	10/1/18-10/1/19	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	10/1/18-10/1/19	1,730	Covers Employee related issues in Public Defender's Office.
Lloyds/National Legal Aid and Defender Association	3/1/18-3/1/19	16,491	Professional liability limit \$1,000,000. Disciplinary proceedings limit \$5,000. For Public Defenders Office/employment issues included Personal injury \$1,000,000/1,000,000. Disciplinary proceeding \$5,000. Subject to deductible.

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WASHTENAW COUNTY

Schedule 18
UNAUDITED

Schedule of Insurance As of December 31, 2018

Type of Coverage Name of Company	Policy Period	Premium	Description
Short-Term Bond Burnham & Flower of Michigan The Hartford	12/1/18-3/31/19	\$ 29,163	Bond was based on 40% of the tax levy for the County, schools and SET (State Education Tax). County is reimbursed for approximately 34% of the cost of the bond.
Judicial Liability Complete Equity Market	10/1/18-10/1/19	38,735	Covers Judges, Magistrates and referees \$1,000,000 liability coverage per claim. \$2,500 deductible. Includes Statute required bonds.
Federal Insurance Companies	10/1/18-10/1/19	17,464	Fiduciary Liability Policy for Washtenaw County covering the VEBA, MPPP and WCERS Systems with limits of \$3,000,000.
Illinois National Ins. Co.	10/1/18-10/1/19	1,770	Liquor Liability Insurance Policy for Pierce Lake Golf Course.
Auto Collision Coverage	6/12/18-6/12/19	17,490	Covers Auto Collision Coverage for the Mobile Command Unit.
Illinois National Ins. Co.	7/25/18-7/25/19	16,000	Cyber Liability MC Insurance \$1,000,000 with \$25,000 deductible. S&P Ins. \$1,000,000 with \$25,000 deductible. NI, EM & CE \$1,000,000 with \$25,000 deductible.
Workers' Compensation ASU Group	5/1/18- 4/30/19	29,910	TPA for Claims Services(\$29,910 Estimate based on past history averages- \$5,100/yr admin, \$145/Medical Only Claim Fee, \$750/Indemnity Fee.)
Safety National	5/1/18-4/30/19	91,397	Statutory specific excess insurance above a \$600,000 retention.
Long-Term Disability The Hartford	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.
Preferred Provider Organization PPO1 (101) Blue Cross Blue Shield	Monthly	Varies	Comprehensive medical coverage including preventative care, emergency care, and prescription co-pay (\$7/\$35/\$70). No annual deductible.
Preferred Provider Organization PPO2 (102) Blue Cross Blue Shield	Monthly	Varies	Comprehensive medical coverage including preventative care, care, emergency care, and prescription copay (\$7/\$35/\$70). Annual deductible \$100 (\$200 family). 10% annual copay after deductible met \$500 (\$1,000 family).
Preferred Provider Organization PPO7 (107) Blue Cross Blue Shield	Monthly	Varies	Comprehensive medical coverage including preventative care, care, emergency care, and prescription copay (\$7/\$35/\$70). Annual deductible \$500 (\$1000 family). 10% annual copay after deductible met \$1000(\$2,000 family).

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WASHTENAW COUNTY

Schedule 18
UNAUDITED

Schedule of Insurance As of December 31, 2018

Type of Coverage Name of Company	Policy Period	Premium	Description
Dental Delta Dental Core Plan	Monthly	Varies	100% basic dental, 50% other services, 50% Prosthodontics and Orthodontic services, \$750 annual limit.
Dental Delta Dental Retiree Plan	Monthly	Varies	100% basic dental, 50% other services, 50% Prosthodontics, no Orthodontic services, \$750 annual limit.
Dental Delta Dental Premier Plan for those in Flex Benefits who choose this option	Monthly	Varies	100% basic dental, 80% other services, including sealants, 50% Orthodontics services, \$1,000 annual limit and \$1,750 lifetime for Orthodontics.
Life Insurance The Hartford	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).
Vision Care 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.

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