

CHARTER COUNTY OF WAYNE, MICHIGAN 2011 POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Wayne County • 500 Griswold • Detroit, Michigan 48226 • www.waynecounty.com

“Financial Stewardship in a Time of Economic Crisis”



ROBERT A. FICANO
COUNTY EXECUTIVE

COUNTY EXECUTIVE'S MESSAGE

Local governments across the country have experienced several years of challenging conditions. Wayne County has been no exception. Continuing to deliver the services our residents demand in the face of declining property tax revenues and a smaller workforce has been difficult. However, despite the challenges, the staff of Wayne County departments and elected officials demonstrated remarkable ingenuity and flexibility ensuring that county government met the needs of its citizens.

During fiscal year 2011, we came together to set aside significant differences to the benefit of the county's fiscal health. This shared sense of stewardship and responsibility allowed Wayne County to close its substantial budget gaps. In the end, the county achieved a balanced budget for FY 2011 with a modest surplus.

I would like to personally recognize and thank AFSCME Council 25 President Al Garrett and Third Circuit Chief Judge Virgil Smith for their leadership in reaching agreements that helped maintain the fiscal integrity of our government operations.

Ultimately, the ability of public leaders to work collaboratively for the greater good helps restore trust in government. The economic crisis of the last four years put severe stress on County resources. By working together, Wayne County government will provide measurable value to our citizens and create a brighter future for our children.

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Sincerely,

Robert A. Ficano
Wayne County Executive

What Your Wayne County Government Does

Wayne County (the County) is the 15th most populous county in the United States. Located in the southeastern portion of the State of Michigan and incorporated in 1796, the County was one of the Northwest Territory’s original counties. It is the only charter county within Michigan structured by limits set in state law and constitution. The County stretches over 672 square miles and is comprised of 34 cities, 9 townships and 41 school districts.

Wayne County government is comprised of executive, legislative, judicial and functional branches.

The Wayne County Executive is elected on an at-large basis for a four year term. The Office of the County Executive has administrative and executive powers to supervise, coordinate, direct and control all County functions, operations and facilities.

The Wayne County Commission (legislative) is comprised of 15 members elected by a district on a partisan basis for two-year terms. The Commission serves as the legislative branch of the County. It is responsible for establishing policy and approving the County budget. See further discussion about “The Legislative Arm” on page 6.



Wayne County also elects the following officials (functional) on an at-large basis for four-year terms:

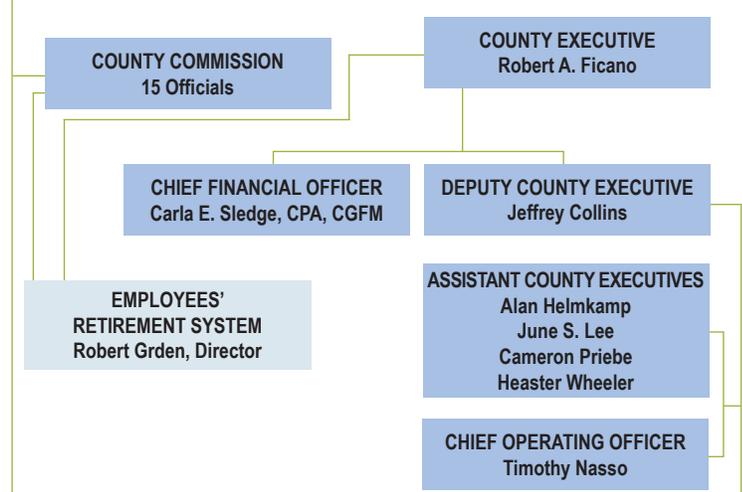
- County Clerk
- Register of Deeds
- Prosecuting Attorney
- Sheriff
- County Treasurer

The County Clerk and the Register of Deeds are responsible for the general recording of official records. The Prosecuting Attorney and Sheriff are responsible for providing quality criminal justice services to all people of the County. The Treasurer is responsible for the receipt, custody and investment of all County funds and collection of taxes.

Third Circuit and Probate Courts (judicial) are legally separate entities that possess the corporate powers and budgetary autonomy to be reported as discrete component units and not part of the primary government. The Courts are responsible for judicial proceedings within the County. Third Circuit Court handles civil, criminal and family cases, while Probate Court has jurisdiction in all matters related to settlement of estates, trusts and appointment of trustees.

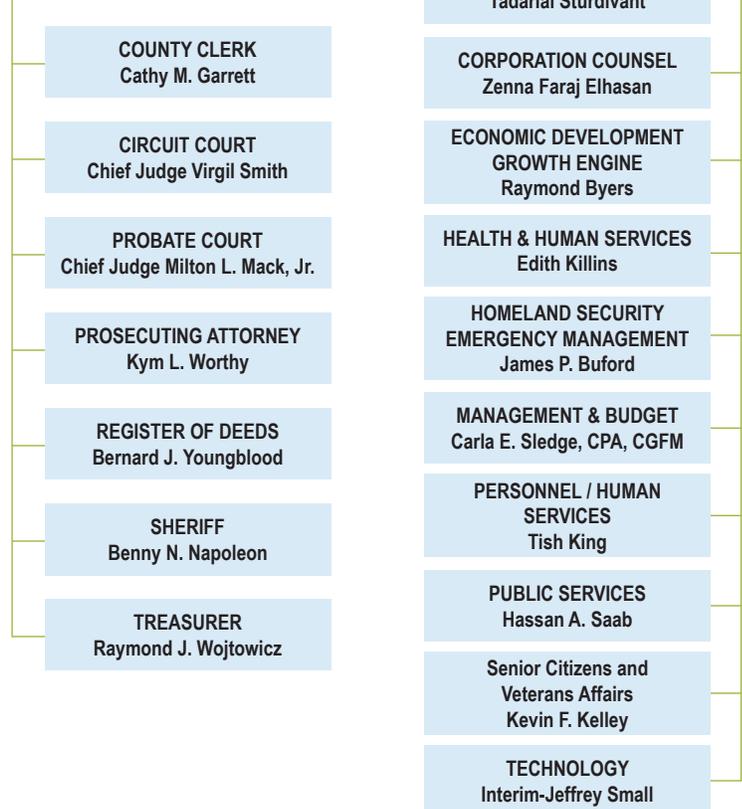
A View of Your Wayne County Government

WAYNE COUNTY CITIZENS



CEO DEPARTMENTS

ELECTED OFFICIALS



Employers and Industry

Wayne County, Michigan is a world hub for innovation, ingenuity, and trade. With a vast and developed transportation infrastructure, world-class universities and academic institutions, and the largest concentration of engineers in the nation, the County offers a dynamic environment for business growth in the United States.



Each year, more than \$250 billion in goods travel through the County crossings to Canada, making the area one of the largest international trade zones in the United States.

From small businesses to Fortune 500 companies, the County is home to businesses of all sizes and sectors.

2011 Fortune 500 Companies Headquartered in Wayne County

- ◇ Ford Motor Company
- ◇ General Motors Corporation
- ◇ Ally Financial (formerly GMAC)
- ◇ TRW Automotive Holdings
- ◇ Lear
- ◇ DTE Energy
- ◇ Masco
- ◇ Visteon

Source: 2010 Fortune Magazine, Fortune 500

Top Ten Principal Employers in Wayne County

- ◇ Ford Motor Company
- ◇ Detroit Public Schools
- ◇ City of Detroit
- ◇ Henry Ford Health System
- ◇ Detroit Medical Center
- ◇ U.S. Federal Government
- ◇ U.S. Postal Service
- ◇ State of Michigan
- ◇ Oakwood Healthcare Inc.
- ◇ Wayne State University

Source: Crain's Detroit Business

The County is home of the automotive industry, and Michigan is first in the nation for auto-related research, development and manufacturing technologies.

The County has attracted millions in new investment from companies that specialize in advanced manufacturing, and provides assistance to local manufacturers interested in leveraging their expert skills and specialized machinery to manufacture

products in the aerospace, medical device, and alternative energy industries.



The County and surrounding areas have exceptional access to a strong foundation of research and development resources, including academic medical centers, research and development resources, numerous life science technology parks and incubators to synergize the life sciences and health care industries.

The County has the only operationally planned Aerotropolis in North America. The Detroit Metropolitan Airport (DTW) and Willow Run Airport (YIP) form the foundation of the Detroit Regional Aerotropolis, a global logistics hub for the movement of people, products and information.



The County headquarters numerous architectural, engineering and design firms such as Albert Kahn Associates Inc. and SmithGroup, which are two of the Country's well known to name a few. Companies from the digital and traditional media space continue to generate growth. Educational incubators such as the College for Creative Studies, the Cranbrook Academy of Art, Lawrence Technological University, the University of Michigan and Wayne State annually graduate thousands into the creative industries.

Financial Overview

The **Popular Annual Financial Report (PAFR)** is intended to provide taxpayers, citizens, and other interested parties with a financial overview of the County's financial condition for the year ended September 30, 2011.



We seek to educate residents and other interested parties in a concise, easy to read format on the County's financial conditions and performance. Much of the information included in this report has been taken from the audited financial statements in the County's 2011 Comprehensive Annual Financial Report (CAFR).

The County's CAFR, which provides complete financial information and disclosures in conformance with generally accepted accounting

principles (GAAP), may be obtained from the Department of Management and Budget, Financial Reporting Division, 500 Griswold, 20th Floor, Detroit, Michigan 48226. In addition, both the CAFR and this report may be viewed on the Charter County of Wayne, Michigan's website at www.waynecounty.com.

The PAFR is not intended to replace the CAFR, but serves as an executive summary on services provided by Wayne County and the overall financial condition of the county. This financial overview will provide readers with the County's financial information for the year ended 2011. The PAFR does not include note disclosures or full presentation of all funds in the County's reporting unit, and it is not intended to comply with GAAP. Similar to many other communities across the nation, the County has dealt with fiscal challenges in this economic downturn by taking innovative steps to manage budget difficulties.

Assets and Liabilities

(in thousands)

When we look at the overall financial condition of the County, it is better to use the full accrual basis of accounting, which is similar to the basis of accounting used in the private sector. This allows us to consider all of the County's assets and liabilities used for governmental activities.

Net Assets

(in thousands)

Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The County has positive net assets of approximately \$981 million. The following schedule is presented to show net assets, which is the difference between the County's assets (what we own) and the County's liabilities (what we owe) as of September 30, 2011.

Our Assets - What We Own

<i>Current Assets</i>	\$ 469,178
<i>Non-Current Assets</i>	12,158
<i>Capital Assets</i>	<u>1,131,525</u>
<i>Total Assets of the County</i>	<u><u>\$2,212,861</u></u>

Our Liabilities - What We Owe

<i>Current Liabilities</i>	\$ 474,265
<i>Non-Current Liabilities</i>	<u>757,124</u>
<i>Total Liabilities of the County</i>	<u><u>\$1,231,389</u></u>

Net Assets \$981,472

The General Fund

The General Fund is the County's primary operating fund, and accounts for all the financial resources and expenditures except those required to be accounted for in other funds. The General Fund records revenues when available and expenditures when due and payable. This method is called the "modified accrual basis of accounting".

Revenues vs. Expenditures

(in thousands)

The following table summarizes the revenue and expenditure activity for Wayne County's General Fund for the year ended September 30, 2011.

<i>Revenues of the County</i>	\$ 566,811
<i>Expenditures of the County to provide services</i>	461,836
<i>Excess Revenues</i>	104,975
<i>Other financing uses (net)</i>	<u>(95,865)</u>
<i>Net change before special item (operating surplus)</i>	9,110
<i>Special item (Circuit Court settlement)</i>	<u>(43,057)</u>
<i>Net change in fund balances (deficit)</i>	<u><u>\$ (33,947)</u></u>

The General Fund will be used to discuss the revenues and expenditures that ultimately answer two questions:

Where Does The Money Come From?

In 2011, Wayne County revenues were from the following sources: property taxes, federal, state and local grants and contracts, charges for services, state revenue sharing, and other miscellaneous revenue.

Property taxes are the largest source of revenue for the County. Property taxes make up 54% of the General Fund’s revenue in fiscal year 2011. Property taxes are based on the assessed taxable value of commercial and residential properties in the County. Prior to FY 2007-08, the assessed taxable values increased between 3.0% and 5.0% each year as a result of a strong economy and a stable real estate market. After FY2007-08, property taxes declined substantially as the impact of the troubling economy and troubled housing markets took their toll on County property values. As a result, there has been a decrease of \$78 million or 20% in property tax revenues since 2008. This means that with every decrease in property taxes paid by County residents and businesses, there is a decrease in funding available for the County to use to provide services.

Federal, state and local grants and contracts are received to fund specifically identified programs across the County.

Funding is used for crime prevention and victims of crime programs, purchase of disaster and security equipment, first-responder training and educational training to the public; homeless prevention, providing indigent health care for the uninsured population of the County; funding from the State of Michigan to offset the costs associated with the operation of Third Circuit Court; and various public safety grants for the Sheriff and Prosecuting Attorney.

A variety of charges and fees for services are assessed by numerous departments to cover the costs of providing services. Charges and fees for services also include reimbursements from various agencies and individuals for services provided.

Under the State Revenue Sharing Act, counties receive revenue generated by sales tax, thus named “State Revenue Sharing. Of the total amount of sales tax available for distribution to local governments, counties receive 25.06% of the 21.3% of revenue generated by sales tax. Wayne County received the \$50 million in revenue sharing for fiscal year 2011, which is slightly more than the \$48.5 million the State of Michigan budgeted.



How Does The County Spend Its Money?

County government performs various functions through the general fund such as public safety, judicial, and issuing and recording documents and licenses to name a few. Some functions and activities generate revenues which can either partially or entirely cover their costs, depending on governing laws and regulations. These revenues can consist of federal, state and local grants, charges for services, fines and fees.

Property tax dollars are used to “fill the gap” when other revenues cannot (or should not) cover the entire cost of providing the service. In addition, voters approve tax mileages for specific purposes, such as parks and public safety. The diagram below depicts how \$462 million in tax dollars were spent, followed by a description of the major services provided by the County on pages 6 through 8.





Recreation & Entertainment

Wayne County is home to three major professional sports teams:

- *Detroit Red Wings – Hockey*
- *Detroit Tigers – Baseball*
- *Detroit Lions – Football*

Wayne County operates two public golf courses and 12 parks, including Hines Park, which stretches from Dearborn Heights west to Northville. Wayne County parks offer a variety of recreation activities for children and families.

THE LEGISLATIVE ARM

The legislative arm of County government is the Wayne County Commission (the Commission), a body of fifteen elected officials representing districts throughout the County and serving two-year terms. The Commission is responsible for:

- Overseeing the County’s \$2.1 billion budget
- Approving contracts and proposals
- Executing ordinances and resolutions
- Approving appointments to various boards

Its mission is to ensure that Wayne County citizens receive their full value for each dollar expended by the County.

The Commission accomplishes this mission through standing committees that meet bi-weekly as follows:

- Ways and Means, Audit, Economic Development, Government Operations, Health and Human Services, Public Safety, Judiciary, Homeland Security Public Services and Youth Services.
- Special committees and task forces are established by the Commission. The Commission also holds town meetings to address critical issues affecting the citizens of Wayne County.

Policy and Research Division provides support to Commission members through assessment, evaluation and analysis of contracts, proposals and other actions coming before the Commission.

The Legislative Office of the Auditor General examines and evaluates County activities and operations aimed at improving the accountability of the use of public funds.

The Workforce

Wayne County employment began to stabilize in late 2009 as the unemployment rate declined from its peak of 16% in 2009 to 10.5% in March 2012. That can be linked to the revival of the domestic auto industry and their affiliated suppliers. It is expected that the employment situation will continue to improve over the next several years due to aggressive business attraction efforts. Wayne County has a vast skilled workforce and has the ability to attract businesses that can take advantage of the talent, training and educational resources available in the region.



WAYNE COUNTY COMMISSION

Gary Woronchak -Chairman	13th District
Alisha R. Bell -Vice Chair.....	8th District
Laura Cox -Vice Chair Pro Tempore.....	10th District
Timothy P. Killeen	1st District
Bernard Parker	2nd District
Martha G. Scott	3rd District
Jewel C. Ware	4th District
Ilona Varga	5th District
Irma Clark-Coleman	6th District
Burton Leland	7th District
Diane Webb	9th District
Kevin McNamara	11th District
Joan Gebhardt	12th District
Joseph Palamara	14th District
Raymond Basham	15th District

About Wayne County

Wayne County is recovering from a decade-long deep recession that has impacted residential population. From 2004 to 2010, the population in Wayne County dropped 11%. As a result of the tight regional job market, many residents have sought employment in other regions. The most recent census also revealed a shift in the age of the remaining population. By the year 2035, 23% of the population in the Tri-County region (Wayne, Oakland and Macomb Counties) will be 65 or older. Wayne County unemployment began to stabilize in late 2009, as the unemployment rate declined from its peak of 16.0% in 2009 to 10.5% in March 2012.

Wayne County has been recognized by the National Association of Counties (NACo) for excellence in government programs. Over the last three years, the county has been honored over 20

times with individual awards based on effectiveness and cost efficiency.

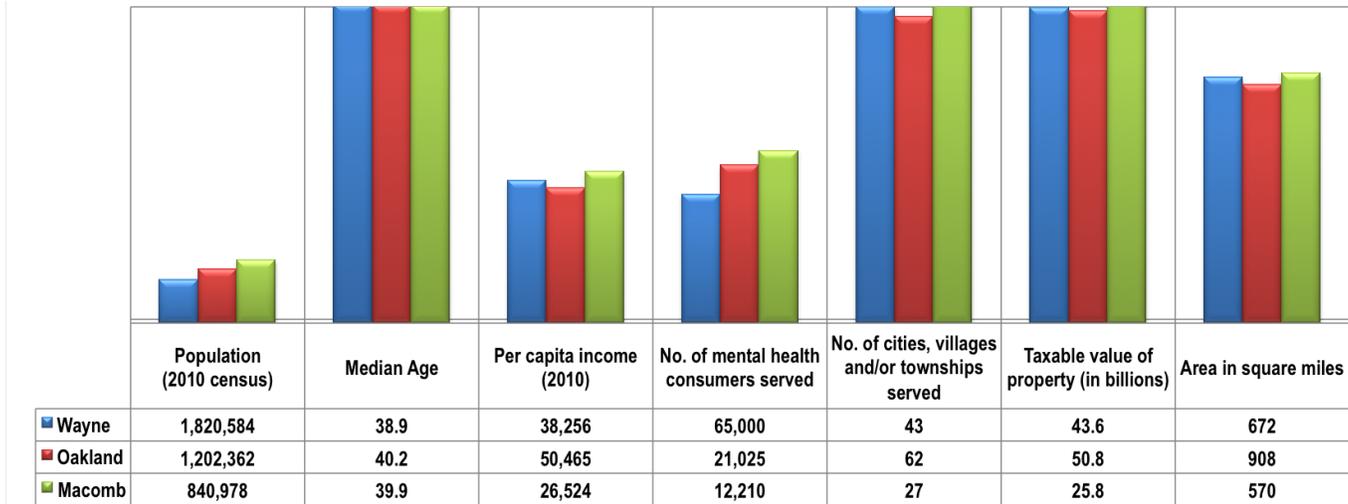
Wayne County received three awards from the Government Finance Officers Association Awards (GFOA) for high standards in financial reporting and budget compilation. Each award is an annual award and applied for separately. Such awards are as follows:

- Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended September 30, 2010. Award has been received for twelve of the last fifteen years.
- Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2010. Award has been received for eleven of the last fourteen years.
- Distinguished Budget Presentation Award for its annual budget for the

fiscal year beginning October 1, 2010 for the seventeenth consecutive year.

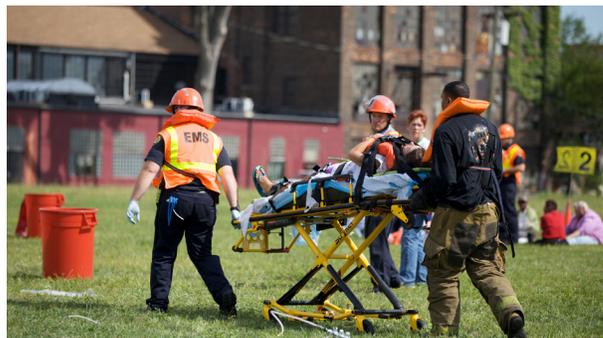
Wayne County sponsors the Annual LightFest in Hines Park, which is the longest drive-through holiday light display in the Midwest.

Wayne County is home of the North American International Auto Show (NAIAS), the largest auto show in the United States and one of the premier venues in the world for original equipment manufacturers. The show's annual black tie "Charity Preview" is the one of the largest philanthropic events in the country. Since 1976, the one night event has generated over \$84 million for southeastern Michigan children's charities - \$33 million of which was raised in the last seven years alone.



Public Safety

The Department of Homeland Security/Emergency Management preserves and protects the lives and property of Wayne County citizens. The Wayne County Sheriff's and Prosecutor's offices provide quality law enforcement to the citizens of Wayne County. These services include administration of the three County jails and prosecution of criminal cases.



Health and Welfare



The County’s health and welfare activities focus on those most in need of protection: infants, adolescents, the elderly and the disabled. Core programs include Headstart, clinical services for public health programs and jail medical services, Alternative Work Force Program, Juvenile Detention Facility, Mental Health and Substance Abuse, Senior and Veteran Services and the Medical Examiner.



General Government



This executive branch of County government provides the administrative and general support for operating the government. Departments include Corporation Counsel, Management and Budget, Personnel/Human Resources, and Technology. General government services also cover services provided by the County Clerk, Register of Deeds and County Treasurer.

Judicial



Judicial services cover the resolution of civil, domestic, criminal and juvenile matters is handled by two courts: the Third Circuit Court and the Probate Court. Third Circuit Court is the largest circuit court in Michigan, with sixty-two judges and nearly seven hundred employees. Its Chief Judge oversees its three divisions: Civil Division, Criminal Division, and Family Court Division. The Probate Court has eight judges and is the busiest court in the state, processing one-third of total probate filings.

Wayne County Directory

Office of the County Executive.....(313) 224-0286	Prosecutor(313) 224-5777
Children & Family Services.....(313) 833-7125	Victim Assistance(313) 224-5800
Circuit Court(313) 224-5260	Vehicle Seizure(313) 224-6688
Friend of the Court(313) 224-5300	Public Services (DPS).....(313) 224-7600
Corporation Counsel(313) 224-5030	Road Maintenance.....(734) 955-2298
County Clerk.....(313) 224-6262	Report Hazards(888) 762-3273
Birth & Death Records(313) 224-6262	Parks(734) 261-1990
CCW(313) 224-5565	Register of Deeds(313) 224-5854
Marriage Licenses(313) 224-6262	Sheriff.....(313) 224-2222
County Commission.....(313) 224-2383	Inmate Information(313) 224-2222
Economic Development Growth Engine(313) 224-0410	Road Patrol(734) 721-2222
Health and Human Services.....(313) 224-0810	Jail Division I(313) 967-6672
Health Department.....(734) 727-7000	Jail Division II(313) 224-2247
Library For The Blind(734) 727-7300	Jail Division III.....(313) 875-7000
Poison Control.....(800) 222-1222	Technology.....(313) 967-0021
Homeland Security & Emergency Mgt.....(734) 942-5289	Treasurer(313) 224-5990
Management and Budget(313) 224-0420	Property Tax Information(313) 224-5990
Personnel/Human Resources(313) 224-5901	Senior Services.....(734) 727-7373
Employment Verification(313) 224-5901	Veterans Affairs.....(313) 224-5045
Probate Court(313) 224-5706	