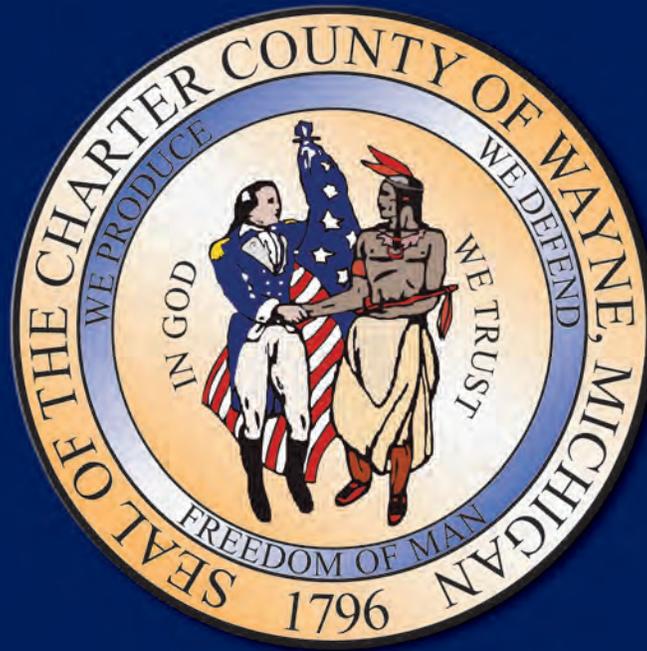


CHARTER COUNTY OF WAYNE, MICHIGAN  
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**ROBERT A. FICANO**  
COUNTY EXECUTIVE

*FOR THE YEAR ENDED  
SEPTEMBER 30, 2012*



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**PREPARED BY:**  
**THE DEPARTMENT OF MANAGEMENT AND BUDGET**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**INTRODUCTORY**

The Introductory Section Contains:

**LETTER OF TRANSMITTAL**

**LIST OF PRINCIPAL COUNTY OFFICIALS**

**WAYNE COUNTY COMMISSIONERS**

**ORGANIZATIONAL CHART**

**CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING**



## Robert A. Ficano County Executive

January 31, 2013

To the Citizens of the Charter County of Wayne, Michigan:

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended September 30, 2012.

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 misstatements.

Plante & Moran, PLLC has issued an unqualified (“clean”) opinion on the Charter County of Wayne, Michigan’s (the County) financial statements for the year ended September 30, 2012. 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### *Profile of the Government*

The County is located in southeastern Michigan, encompassing approximately 623 square miles. It is made up of 34 cities, including the City of Detroit, 9 townships, and 41 public school districts. Its population of approximately 1.8 million makes it the most populous County in the State of Michigan and the 15th most populous County in the nation.

The County was incorporated under Act No. 293, Public Acts of Michigan, 1967, as amended. It is governed by a Chief Executive Officer (County Executive), who is elected on an at-large basis for a four-year term and a County Commission (the Commission) comprised of 15 members elected by district on a partisan basis for two-year terms. The County Executive has administrative and executive powers of the County to supervise, coordinate, direct and control all County functions, operations and facilities. The Commission serves as the legislative branch of the County. It is responsible for establishing policy and approving the County budget. The County also elects the following officials on an at-large basis for four-year terms: County Clerk, Register of Deeds, Prosecuting Attorney, Sheriff and 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 the collection of taxes.

In 1996, the State of Michigan passed along primary funding responsibility for the Third Circuit and Probate Courts to Wayne County, although both are legally separate entities and are reported as discrete component units.

DEPARTMENT OF MANAGEMENT AND BUDGET

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The Courts are responsible for judicial proceedings within the County. There are three separate divisions of Third Circuit Court: civil, criminal, and family court. The civil division is assigned 14 judges for the resolution of general civil cases. The criminal division is assigned 28 judges and has sole jurisdiction over felonies and high misdemeanors. The family court division (19 judges) has responsibility for hearing both domestic relations and juvenile cases. Probate Court has eight judges who have jurisdiction in all matters related to settlement of estates, trusts and appointment of trustees.

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the Budget and Planning Division in the Department of Management and Budget on or before March 1st of each year. The Budget and Planning Division uses these requests as the starting point for developing a proposed budget. The County Executive submits the proposed operating budget to the Commission for review prior to June 1st. After public hearings to obtain citizen input, the Commission legally enacts the budget through the passage of the appropriations ordinance. The appropriated budget for the General Fund is adopted by function (e.g., general government, public safety, public works, etc). Amendments to appropriations that change the County's appropriations ordinance require the approval of the Commission. Certain transfers within line items that do not affect aggregate departmental appropriations may be made without the Commission's approval.

### Local Economy

Recent economic data shows that the State of Michigan ended 2011 strong. The state's unemployment rate edged up a full point to 8.9 percent in December 2012, up a full point from November, but slightly lower than the 9 percent jobless rate from December a year ago. Forty-seven counties reported unemployment below 10 percent as the jobless rate remains stubbornly high across much of Michigan.

For the County, the economic outlook continues to be guarded. Cost pressures, particularly in the healthcare and pension area continue to challenge County finances. The state of the economy plays a significant role in the County's ability to provide core services and the mix of other services sought by its stakeholders.

Despite these cost challenges progress in other areas of the County continues to improve. The North American International Auto Show (NAIAS) continues to provide a huge annual economic boost to this region, benefiting hotels, restaurants, exhibit companies, and retail throughout the metro area. Short term improvements were made, approximately \$3 million during 2009 and the Auto Show kicked off with the 25<sup>th</sup> annual black tie Charity Preview on January 18, 2013 as usual. This event, originally known as the Detroit Auto Show (1907) has now become one of the largest global shows in the United States. It has earned a top spot of almost every car maker in the world. According to the NAIAS, the economic impact to the city, state and region is approximately \$350-\$375 million, more than the Super Bowl, World Series and the Stanley Cup Playoffs. Although the final numbers are not in yet, early estimates show that attendance is slightly up from the same time last year.

An economic development strategy for the 21st century now includes the planned Aerotropolis, an aviation linked urban area consisting of an airport surrounded by tens of thousands of acres of light industrial space, office space, upscale retail mix, business-class hotel accommodations, restaurants, entertainment, recreation, golf courses, and single and multiple-family housing. One of the County's greatest assets is the combination of Detroit Metropolitan Airport and Willow Run Airport (the Airports) and the fact that there is ample land between the two airports for business attraction. This means that the Airports are uniquely positioned to serve as the catalyst for major economic activity providing employment, shopping, entertainment, and business meeting destinations. The creation of an Aerotropolis provides a region with the ability to attract corporations that rely on time and location-sensitive manufacturing, e-commerce fulfillment, and telecommunications, in addition to serving air-travel intensive professionals by providing convenient access to air travel transport to national and international destinations.

In December 2010, the Michigan legislature passed the Next Michigan Development Act (NMDA) with overwhelming bipartisan support. The legislation is designed to provide regional economic development entities and projects like the Aerotropolis with the tools to attract businesses engaged in trade and multi-modal commerce. Support was received from other government partners, from labor leaders and groups, businesses, nonprofits, trade associations, and citizens. The Act moved to the desk of outgoing Governor Jennifer Granholm who signed the bill into law before the end of her term. The Aerotropolis partners are also planning to engage Michigan's newly elected governor, Rick Snyder, to ensure that his administration feels ownership in the goals of this legislation and the Aerotropolis initiative. This process is well underway with the Michigan Strategic Fund Board voting in February to recognize the Aerotropolis as the State's first Next Michigan Development Corporation.

Once a Next Michigan Development Corporation has been established, the Corporation becomes eligible to apply for and create renaissance zones for businesses that are deemed an eligible Next Michigan Business. The legislation allows for the creation of up to 10 new renaissance zones up to 200 acres each per Corporation with a maximum of 25 businesses statewide that can receive a zone if they meet the definition of an eligible Next Michigan Business.

In practice, local governments and counties that are members of a certified Next Michigan Development Corporation can request a renaissance zone designation for a new business to the Corporation's board and, if approved, the zone and the corresponding business will be sent to the Michigan Strategic Fund Board for consideration and approval. Any application not acted upon within 49 days translates into deemed approval of the zone for the business.

An 'anti-poaching' provision will protect local interests and ensure that companies are NOT eligible for incentives if they simply relocate within Michigan. Incentives will only be available to new companies coming into Michigan, or to existing Michigan companies that are materially expanding their operations within the state.

During fiscal year 2011 the Aerotropolis Authority (the Authority), officially became the operating arm of the Aerotropolis. This means that a true partnership has been created with our local communities, Washtenaw County, and the business community. All have become full fledge partners in the activities and direction of the Aerotropolis partnership. As a start, the Authority decided to review, re-evaluate and renew the direction and focus of planning, marketing and promotion efforts relating to the Aerotropolis, both on a national and international scale. A study has just been completed that sets a new vision for moving the Aerotropolis to the next level of understanding, both in the eyes of the public and private sector.

Also in 2011, new efforts have been pursued that look at the southeast Michigan region as a national and global logistics HUB. Studies have been initiated by the Regional Chamber of Commerce, and the Southeast Michigan Council of Governments, which analyzed market opportunities for logistics growth within the southeast Michigan communities. The Aerotropolis has gained national recognition in just the few short time of its existence. John Kasarda, Distinguished Professor of Strategy and Entrepreneurship and Director of the Kenan Institute of Private Enterprise at the University of North Carolina's Kenan-Flagler Business School, published a book in 2011 which profiled Detroit/ Wayne County as one of the leading new global Aerotropolis initiatives. This book dedicated a chapter to the County's efforts to be competitive on a global basis. Furthermore, interest continues to grow not only from the development community but also from other communities throughout the State, Lansing and Traverse City, to name a few, who are now attempting to emulate what the County has created in southeast Michigan.

In the midst of the worst recession Southeast Michigan has seen since the Great Depression, the County has and continues to do more with less, attracting more investment activity than its peer economic development competitors. According to the Michigan Economic Development Corporation, Wayne, Oakland, and Macomb Counties contributed \$9.2, \$1.9 and \$1.4 billion of private investment to the region respectively from 2009 -2012. Additionally, Detroit, the County seat, is the seventh largest real estate market in the country.

Some of the County other recent successes are the following:

General Electric Aviation, Belleville, Michigan. General Electric (GE) has completed a \$17 million investment in a second building in Western Wayne County last year. This facility is a part of GE's five year strategic plan to create 1,300 high skilled/high wage jobs in Western Wayne. The County was instrumental in securing a \$4 million energy grant from the U.S. Department of Energy which was used to fund building improvements that will significantly reduce the building's energy consumption.

Inergy, Huron Township, Michigan. Inergy is one of the world leaders in the manufacturing of plastic gas tanks. With headquarters in Paris, the company has 26 facilities in 18 countries. The 300,000 square foot plant will employ 240 workers and will be one of Inergy's largest North American sites. Upon its completion, this state of the art facility will create over 300 jobs within the Aerotropolis.

German based automotive supplier, Brose North America, also in Huron Township, Michigan is investing \$60 million in a former Mopar facility creating 450 jobs over the next five years. Brose is a supplier of mechatronic components and electric drive motors for vehicle bodies and interiors. The company's decision to invest with the Detroit Region Aerotropolis is another strong statement of the great opportunities that exist in Southeast Michigan.

Constellium Automotive, Van Buren Township, Michigan. Constellium, a manufacturing of aluminum safety components is making \$21 million in new investment which will provide 75 new salaried and semi-skilled manufacturing jobs by 2015. The investment will include \$1 million to rehabilitate a building in Van Buren Township and \$20 million of new machinery and equipment to manufacture aluminum parts to make vehicles safer.

Lee Steel, Romulus, Michigan. A leader in flat-rolled carbon steel products broke ground last year on a 32 acre Greenfield site in Romulus. Construction of the new 250,000 square foot facility is underway and the facility is expected to be operational in 2013. The plant, strategically located, will have rail access and is in close proximity to several major interstate freeways to offer customers supply chain and logistical advantages. The construction represents a \$26 million investment and will create 20 new jobs.

In September 2012, the City of Taylor was awarded a \$537,000 Transportation Economic Development Fund Grant from the Michigan Department of Transportation to support the expansion of Watson Engineering. Watson Engineering manufactures sheet and tubular metal components for the agricultural and automotive industries. The company currently employs 201 people who work out of three facilities in Taylor. The new investment of \$8.1million will reuse a 65,000 square foot facility located on vacant property and create 80 new jobs.

AJM Packaging Corporation, which makes paper products including plates, cups, bowls and bags, will break ground on a new facility in Southgate, Michigan. The Michigan Economic Growth Authority provided state credits of approximately \$565,000 to help expand its current facility. AJM will invest \$2.8 million, creating between 125 - 250 jobs. Additionally, it is anticipated that Southgate will collect over \$2 million over the next 12 years in taxes.

TS LLC d/b/a Sleuth Systems is a leading provider of public safety software and support. Products included computer aided dispatch, records management, jail and court management software. The company is moving to Harper Woods to take advantage of Citadel Systems, a sister company. The site will house the company's headquarters, and will provide \$835,000 of new investment. Additionally, the investment will create 108 new jobs.

The Madison (Detroit, Michigan). The Madison, once vacant is now fully occupied with some of the city's brightest and budding entrepreneurs. This 1917 structure underwent a \$12 million renovation blending state of the art amenities with many of its original features.

Gateway Marketplace (Detroit, Michigan) sets precedent as the first major retail development and national grocer within Detroit in over two decades. As a landmark gateway location between the City of Detroit and its suburban neighbors, this project will be a 215,000 square foot retail development that will include Meijer, Men's Warehouse and K&G stores. It provides for \$71 million in new construction and an estimated 900 new jobs. Wayne County's economic development department contributed \$20 million in new market tax credits for this project.

The David Whitney Building, Detroit, Michigan is a historic class A skyscraper in downtown Detroit which has been vacant for many years. Currently it is been redeveloped into a mix of space for retailers, a luxury hotel and apartments. Starwood Hotels & Resorts Worldwide plans to open one of its aloft hotels in this building. A total investment of \$83.9 million, this restoration will be a key component to the revitalization of downtown Detroit.

Detroit Manufacturing (Detroit, Michigan) is a new auto parts supplier formed by Rush Trucking Inc. and the French headquartered Faurecia Corporation. The company invested nearly \$30 million in Detroit's Gateway Industrial Center. Detroit Manufacturing is expected to create nearly 600 jobs at this \$30 million investment over the next five years.

In addition to the above, The Economic Development Growth Engine (EDGE) Department of the County is in the process of rehabilitating 58 homes. Each home will be occupied by a low income family, preference given to veterans, seniors and the disabled.

EDGE is also participating with State of Michigan and the City of Detroit in the funding of the revitalization of east side neighborhood in Detroit. Multiple blocks will be redeveloped through demolition, housing rehabilitation and new construction. This collaborative effort is targeted to families who have lost their homes due to foreclosure by predatory lenders.

Groundbreaking has taken place in Ecorse, Michigan for a \$1.3 million dollar construction of a transitional housing center for homeless or disabled veterans. This ten unit building will create a community living atmosphere, while providing direct support services to the residents. Services to be provided include case management, job placement, support groups and recreation. It is anticipated that the center will be completed in 2013.

Finally, the new Neighborhood Service Organization (NSO) Bell Building is a groundbreaking effort that provides permanent, supportive housing for homeless adults with much needed support services that will help them stabilize. EDGE partnered with, the State and the City of Detroit, the Kresge Foundation and other financial institutions to provide equity financing, tax credits, loans and grants. The \$50 million community investment provides for 155 fully furnished, one bedroom apartments for homeless adults. NSO provides mental health, addiction treatment, intensive case management, financial literacy, nutrition classes and other onsite support.

Property tax is the County's largest revenue source, representing fifty-four percent of total General Fund revenue. However, lower home values means reduced assessments therefore, County property tax collections declined by 8% this year. Revenue sharing, representing 8% is the next largest source. Funding for the State Revenue Sharing program consists of the following dedicated tax revenues:

- Constitutional - 15% of the 4% gross collections of the state sales tax;
- Statutory - 21.3% of the 4% gross collections of the state sales

Under the State Revenue Sharing Act, counties receive revenue generated by sales tax. Of the total amount of sales tax available for distribution to local governments, counties receive 25.06% of the 21.3%. Payments are apportioned among the 83 counties on a per capita basis, and are distributed each February, April, June, August, October, and December. Wayne County received \$37.9 million in revenue sharing for fiscal year 2012, which is consistent with the amount budgeted by the State of Michigan.

The 2010 Census was conducted on April 1, 2010. The actual population count was released by the Michigan census March 21, 2011. According to the census Detroit has experienced a 25% decline in the

number of residents since 2000. The statistics show that the population fell to 713,777 from 951,270. The total Fiscal 2012 revenue sharing payment each local unit will receive will be based on the actual 2010 Census population count. As the County's population has declined since 2000, it is expected that the amount of revenue sharing will continue to be adjusted downward.

In 2013, Revenue Sharing for counties has been modified. As in the past, counties will continue to receive a statutory amount of revenue sharing. They will also be eligible to receive amounts under a new program called the County Incentive Program (the Program) if specific requirements are fulfilled for three categories; Accountability and Transparency, Consolidation of Services and Employee Compensation. The County intends to be in compliance and has therefore budgeted \$30.5 million for Revenue Sharing and \$7.6 million for the Program.

### Managing for Results

Reining in the accumulated deficit is critical. Fiscal year 2012 shows the County ended the year with an operating deficit of \$22.7 million, which demonstrates that there is more work to be done.

During calendar year 2011, a Budget Task Force was established to deal with the structural deficit in the General Fund. Several long term items were identified which will no doubt face objections from various interest groups. However, it is clear that these strategies, no matter how difficult are the only choices the County has left if it is to seriously address the goal of eliminating the General Fund structural deficit. Success in addressing this problem will take several years and will take purposeful actions on the part of the Wayne County Commission and the Administration.

Managing for Results (MFR) is a comprehensive and integrated management system that focuses on achieving results for the customer and makes it possible for departments to demonstrate accountability to the taxpayers of Wayne County. In 2009, the County began its budgeting for results efforts by requiring forecasts as part of the budgeting process. This process allowed the County to better align resources with need. When fully implemented it will help to identify efficiencies, which will ultimately allow for resources to be relocated to other areas. Although the process has not been completed, the County hopes that all elected officials will come online with MFR in FY 2013. Once it is fully adopted, the plan will be sent out to every County employee and made available on the website.

### Long-Term Financial Planning

Faced with downward pressures on property values, increasing expenditures, shifting demographics, as well as a host of other complex challenges, the County needs a new approach to planning. Traditional County planning is not well suited to address such challenges due to its inherent tactical and short-term nature. This makes long-term financial planning an indispensable complement to traditional budgeting and an invaluable piece of the County's overall strategic planning framework. It provides a more comprehensive financial perspective that is not available through other County planning processes. The Department of Management and Budget's Strategic Business Plan identifies the development and implementation of a formal long-term financial plan as Strategic Result #1. In the short-term, the County continues to focus on the following seven issues discussed more fully below:

- Establish Reserves at Appropriate Levels
- Ensure Long-Term Financial Sustainability; Deliver Services in a Cost-Effective and Efficient Manner
- Ensure Operating Revenues are Sustainable and Consider Community-wide and Individual Benefits (taxes versus user charges)
- Meet Social Equity Objectives through Specific Programs
- Manage the County's Capital Assets to Maximize Long-term Community Benefit
- Recognize that Funding from Senior Governments is a Crucial Element of Financial Sustainability
- Use Debt Financing where Appropriate

With that goal in mind, the County entered into a consulting services contract with Government Finance Officers Association (GFOA) to assist in implementing the Long Term Financial Plan (LTFP). To date,

County staff and other stakeholders have been interviewed to get their perspectives on strategic financial issues facing the County. A summary of these issues has been completed and compiled in a report. This report will form the centerpiece for prioritizing the issues for further study. Long-term planning is a mutable, iterative process and it must be perceived as such. It must be understood that a plan's importance lies not in its ability to predict with perfect foresight the future, but rather in establishing a secure and logical position from which to confront that future. Although the County missed its deadline for completion in fiscal year 2011-12 it is anticipated that the LTFP will be substantially completed for the County's major funds for use in the 2013-14 budget process. In the short-term, as revenue growth is projected to be lower than expenditure growth in several funds, including the General Fund, certain corrective measures will be taken or have been taken, as described below.

The General Fund has an accumulated unassigned deficit of \$149 million at September 30, 2012, which falls below the policy guidelines set by the GFOA and the fund balance policy (between 5 and 15% of expenditures) issued by the Department of Management and Budget. The deficiency is due, in part, to increased health care costs, cuts in State revenue sharing and cost overruns in other General Fund supported services. The County spends approximately 75% of its General Fund, General Purpose budget on Criminal Justice which includes the Sheriff, The Third Circuit Court, the Prosecutor and the Department of Children and Family Services. The Third Circuit Court in the past was the single biggest challenge facing the financial stability of the County. The County and the Court reached a settlement agreement in October 2011. This agreement not only helped to improve the accumulated unassigned deficit in the General Fund but changed the County's outlook from Wall Street from negative to stable. While the County has done a better job than what it gets credit for, it is not out of the woods yet. It will continue to be a long road to recovery. However, over the last six years the County has instituted a number of major cost-cutting measures to address declining revenues and increasing expenditures, including a 14% reduction in executive and appointee salaries, a hiring freeze, a reduction of 1360 positions through a combination of attrition and layoffs since 2008, reducing staffing in most County departments and departmental budget cuts that total more than \$40 million from county executive operations. Other cost saving measures include:

- Implementation of a new health plan with increased cost sharing for both active and retired employees, saving approximately \$24 million annually;
- Closed the County's defined benefit health plan and established a Retiree Health Care Trust with fixed contributions to fund and administer retiree health care costs for new hires after mid 2008. Contributions to the trust commenced in 2011. The plan redesign and establishment of the trust resulted in substantial savings to the County. Once the County uses the trust to fully fund the other post-employment benefits cost, the County's unfunded actuarial liability will be reduced from \$1.5 billion to under \$0.9 billion;
- Instituted an early retirement incentive program for eligible employees and offered buyout incentives for employees that were not eligible;
- Put into practice performance management and budgeting principles to better align County goals and objectives and to streamline operations;
- Reorganized County operations resulting in the elimination of two executive departments;
- Invested in cutting edge technology including E-Government, VOIP phone systems, and a state-of-the-art data center in order to improve workflow and optimize efficiency, savings for the phone system alone is estimated at \$500,000 annually.

The County will continue to restructure its operations during the next five years to strengthen its financial position and ensure long-term sustainability. The goal is to build a self-sustaining government, with a sound infrastructure, providing its citizens with an excellent quality of life.

#### *Ensure Long-Term Financial Sustainability*

Recognizing that the County can only count on the revenues over which it has control and that state shared revenues may diminish in the future, the financial requirements for the County's operating and capital needs will be determined on a multi-year basis. Management will identify the funding gap

between revenues and expenditures and include in the annual budget process a detailed one-year budget, a three-year budget forecast, and an annual update of the 10-year projection, including identification of the long-term funding gap and the County's progress in addressing that gap. The County will need to raise sufficient revenue to meet long-term operating and financial requirements, recognizing that inflation increases the cost of both operating and capital programs. Additionally, the County will annually identify and provide for capital from current funding, annual debt servicing costs, and for changes to operating costs arising from new/replaced infrastructure. Finally, the plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves will be examined.

#### *Deliver Services in a Cost-Effective and Efficient Manner*

As part of the LTFFP, the County envisions undertaking regular service level reviews giving consideration to its demographic profile and other relevant factors. A review of the County's programs on a regular, rotating basis, through the use of value-for-money audits, will need to occur to ensure services are delivered in a cost-effective and efficient manner.

Consistent with National Advisory Council on State and Local Budgeting (NACSLB) principles, the County is beginning its transition to performance-based management. Rather than reporting performance results, performance-based management is focused on linking performance measurement to strategic planning and using the results as a lever for cultural change. By creating learning environments in which performance measures are regularly reviewed and discussed, the County can improve the timing of learning and decision-making, improve performance, and facilitate broader cultural change.

#### *Ensure Operating Revenues are Sustainable and Consider Community-wide and Individual Benefits (taxes versus user charges)*

The County will look critically at all the services it provides on an annual basis. No longer will the County be able to finance services or programs that are not self-sustaining. Financing for these services will depend on the ongoing, sustainable revenue sources. This will be accomplished by aligning source and application of revenue after considering community-wide and individual benefits and by targeting proportions of program costs to be raised through user charges based on reviews of benefits received. User charges at rates that will yield the target proportions will be established and those rates will be increased at the same (or greater) rate as increases in program operating costs. The County will strive to increase user fees as a percentage of overall funding by identifying new areas where user fees can be implemented ensuring that both operating and capital costs are considered when establishing user fees (full program costing). Programs, which are driven entirely by individual benefit, should be fully self-supporting through user fees. User fees should cover all operating and capital costs. New programs will only be implemented if fully financed from user fees and program reserves.

The County completed Phase I of the County-wide fee study in 2011. It has been determined that the County subsidizes approximately \$11 million annually to individuals and other governments when providing a service. The summary of the study along with a Fee policy was submitted to the Wayne County Commission in August 2011. The County anticipates beginning Phase II in fiscal year 2013.

#### *Meet Social Equity Objectives through Specific Programs*

Financial planning policies should be applied on the basis of their benefit to the community as a whole. Following the course of this objective, in 2005, the County Executive, Robert Ficano, announced an initiative to spur economic development activities throughout the County. The County entered into an intergovernmental agreement with the State's Land Bank Fast Track Authority to create a five-member Land Bank Authority, which includes the County Treasurer, one County Commissioner who resides in the City of Detroit, and three additional board members named by the County Executive. The County's Land Bank "banks" tax-reverted properties and helps redevelop the properties. As part of the Land Bank Program, a TURBO (Transforming Underdeveloped Residential and Business Opportunities) Program was established. (TURBO) in its simplest form will grant tax relief for new construction and rehabilitation of residential, retail and other commercial activity. The County, in partnership with the local communities

will target areas and underdeveloped parcels of land in need of economic revitalization. Investors will enter into development agreements with the County that describe the development plan, the amount of eligible expenses to be reimbursed along with the intended completion date of the project. Eligible expenses may include infrastructure costs (sewerage, sidewalks, etc.), demolition costs, environmental remediation and soft costs such as title, survey fees and permits. The advantage of this initiative for the County is an increase in the tax base of the County and other local municipalities and taxing entities, including school districts. At the same time, investors receive one year of free property taxes. Up to 50% of property taxes will be used to refund eligible expenses and the tax benefit coincides with the land thus benefiting the developer and the purchaser. In addition, the flexibility of the initiative may be tailored on a case-by-case basis to fit project needs. In just a few short years, TURBO has generated more than \$500 million in new investment and over 2,000 new jobs for the County. While some other governmental entities doubted the legality of the TURBO program, the Michigan Attorney General put an end to all doubt by issuing an opinion in December 2010 concluding that TURBO is legal.

As discussed earlier, the County is not simply in a cyclical downturn and the resources and programs that it once enjoyed are not going to be available in the foreseeable future. This means that the County has to continue to evaluate the role of County government as a provider of services and identify the specific services that are its core, basic services. That said, the Land Bank although successful is not a mandated service and was recommended by the Budget Task Force that it be eliminated along with other nonmandated services in the 2012-13 Budget.

#### *Manage the County's Capital Assets to Maximize Long-term Community Benefit*

The County must maintain its required infrastructure in a 'state of good repair' by implementing life cycle costing to provide for the future rehabilitation/replacement of assets. In order to accomplish this, regular reviews of remaining life and condition of assets will have to occur to determine required annual reserve contributions sufficient to ensure that 90 percent of approved infrastructure rehabilitation/replacement schedules can be met at the required time. Assets and facilities should be regularly reviewed and rationalized based on service demand and service level benchmarks. Facilities that do not achieve approved revenue/cost targets should be considered for closure.

In November 2010, the County was given approval to issue \$300 million in bonds for the purpose of building a consolidated jail facility. The County sold \$200 million recovery zone economic development bonds in December 2010. The remaining \$100 million will be issued in the spring of 2013.

Wayne County operates the largest jail system in the State of Michigan, which includes three major facilities with an average daily population of about 2,600 people. The facilities house pretrial felons, as well as sentenced felons and misdemeanants. The Old Wayne County Jail (Division II) built in 1929, is the oldest. The Andrew C. Baird Detention Facility (Division I) was built in 1982.

The William Dickerson Detention Facility also known as Division III was opened in 1991. The jail has 804 beds and employs direct supervision. It provides laundry and food services to the entire Wayne County jail system. The Dickerson facility occupies 16.7 acres and is approximately 500,000 square feet in size. The consolidated facility will be approximately 640,000 square feet and will have 2,000 plus beds. It is expected that the consolidation will save the County's General Fund \$26 million.

The County will dispose of capital assets, which are not required for long-term community purposes. Finally, a capital-funding plan will be implemented to address the County's infrastructure renewal requirements.

### Recognize that Funding from Senior Governments is a Crucial Element of Financial Sustainability

The County must seek additional sustainable revenues from the federal and state governments and senior government funding sufficient to bridge the funding gap between net required program costs and affordable tax and user charge rates/revenues.

The County will participate in grant/subsidy programs only if programs/projects to be supported are required or can be justified independently of the provisions of the grant/subsidy. In keeping with this principle, the County eliminated or reduced any grant programs that was supported more than its required subsidy.

### Use Debt Financing where Appropriate

Debt financing should only be considered for:

- Programs and facilities which are self-supporting
- Projects where the cost of deferring expenditures exceeds debt servicing costs, and
- New, non-recurring infrastructure requirements.

In addition, the County continuously looks at its existing debt to take advantage of lower interest rates and other opportunities. In September 2012, the County refunded approximately \$67 million of outstanding Detroit/Wayne County Stadium Authority Bonds, Series 1997, to achieve a present value savings of approximately nine percent, or approximately \$5.86 million.

Under Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (OPEB), public agencies across the country will have to begin reporting and recording a liability for future OPEB obligations. As noted previously, the County implemented this standard in fiscal year 2008. This standard required the County to calculate its OPEB liability, establish the Annual Required Contribution (ARC) and record a difference between the ARC and current year payments for OPEB benefits. The County is in the process of establishing a Trust Fund, and as discussed earlier, intends to prefund approximately 75% of its actuarial accrued liability of \$839 million, using a funded rate of 8.0%. The County is considering issuing OPEB bonds in the future. The actuarial accrued liability as of September 30, 2011, using an unfunded rate of 4% is approximately \$1.5 billion.

In addition to the OPEB debt undertaking, the County is also considering a long-term, managed program of debt financing to address the County's current infrastructure deficiency and to reduce further deterioration of the County's infrastructure in 2013. For debt charges declining due to retirement of debt, the County will apply savings to accelerate achievement of full life cycle costing for County infrastructure. Finally, the County will continuously review its debt and fund balance policies and other tools towards attainment of improved bond ratings from the bond rating agencies.

In fiscal 2012, the County updated its fund balance policy to align with Government Accounting Standard Board number 54, Fund *Balance Reporting and Governmental Fund Type Definition*. This policy provides clearer fund balance classifications that can be more consistently applied by clarifying the existing governmental fund type definitions. This Statement also establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Also, in 2012, Policy and Procedure Statement #13005 *Pooled Cash Policy* was drafted. This new policy (issued in January 2013 with retroactive application to December 2012), describes the method for which the County may legally borrow cash from another fund in a fiscal year.

### Maintain Reserves and Reserve Funds at Appropriate Levels

The accumulation of adequate reserves and reserve fund balances is critical to the County's long-term financial sustainability primarily for three reasons. First, certain liabilities, although incurred in the current period, are not paid until future periods, as is the case with workers' compensation and retiree health obligations. Reserves are necessary to fund these future payments. Without these reserves, a significant unfunded liability could accumulate, negatively impacting operations in the year of the payment. Second, reserves and reserve fund contributions are necessary to provide for the repair and replacement of resources that are being consumed in current operations. For example, as mentioned above, as County infrastructure wears out or is "consumed" in the current year, the County should contribute to replacement reserves or reserve funds so that funds are available when needed in the future for replacement. Over the next few years, the County will be giving highest priority to restoring and maintaining the County's infrastructure. To conduct essential business and deliver expected services, the County must devote resources to its roads, parks and other facilities. An infrastructure reserve will be created to address this top priority and ensure future project funding. Of course, funds could be borrowed for future requirements but this alternative is more expensive, leaving the County vulnerable to future interest rate fluctuations and shifting the burden of funding to the future, rather than the present. Finally, the existence of adequate reserves and reserve funds can provide a buffer or "safety net" against significant negative financial developments.

The County is currently in a period of prolonged financial restraint that has been created by successive years of funding cutbacks and shifting of financial responsibilities by the State of Michigan. As a result, the strategy of contributing to reserves and reserve funds is one of the few reliable ways to ensure that future requirements for service will be met or that additional negative developments will not curtail the County's ability to deliver services needed by its residents. Reserves are used as a financial yardstick to determine a County's credit worthiness and credit rating. A strong bond rating position allows flexibility to the County in capital financing and becomes a part of a positive cycle. A stronger reserve and reserve fund position contributes to a stronger credit position, which in turn allows the County to issue long-term debt at a lower cost. The lower cost contributes to a lower debt burden per capita. In addition, and perhaps more importantly, stronger reserve balances also mean that there will be less reliance on long-term debt funding for future projects, further reducing our debt burden.

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada awarded a Certificate for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2011. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR, containing the elements required by Generally Accepted Accounting Principles. The Certificate of Achievement is a prestigious national award recognizing conformation with the highest standards for preparation of state and local government financial reports.

A certificate of Achievement is valid for a period of one year only. The County received the Certificate of Achievement for its 2011 CAFR. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, for the eighteenth year in a row, the County received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2011. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. Every year the County submits its budget document to the GFOA to determine its continued eligibility for the Distinguished Budget Presentation Award.

The County also received the GFOA's Award for Outstanding Achievement in Popular Financial Reporting for the year ended September 30, 2011. The popular annual financial report (PAFR) is a condensed

version of the CAFR, available to all residents of the County. The PAFR highlights County services and provides summarized financial information.

In addition to the GFOA awards, the County received awards from the National Association of Counties (NACo) annual achievement award program. This program is a non-competitive award program that recognizes innovative county government initiatives. Each application is judged on its own merits and not against other applications received. Awards are given in 21 different categories including children and youth, criminal justice, county administration, environmental protection, information technology, health, to name a few. For the fourth year in a row, the County received this national recognition. Awards were received for Mental Health Screening and the Juvenile Offender Unit programs.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Department of Management and Budget. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to express our appreciation to the County Executive, and his staff, for their leadership and continued support of the policies of this Department.

Respectively submitted,

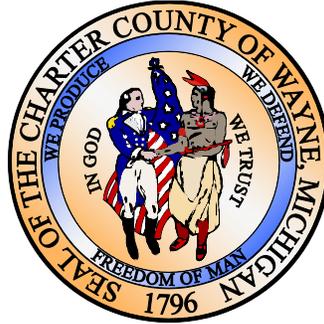


Carla E. Sledge  
*Chief Financial Officer*



Lyn Roberts  
*Director of Financial Reporting*

## LIST OF PRINCIPAL COUNTY OFFICIALS



### COUNTY EXECUTIVE

Robert A. Ficano

### DEPUTY COUNTY EXECUTIVE

Jeffrey Collins

### ASSISTANT COUNTY EXECUTIVE

June S. Lee

### CHIEF OPERATING OFFICER

Timothy L. Nasso

### CHIEF FINANCIAL OFFICER

Carla E. Sledge, CPA, CGFM

## DEPARTMENT HEADS

### Children and Family Services

Tadarial Sturdivant

### Health and Human Services

Edith Killins

### Economic Development Growth Engine

Raymond Byers

### Management and Budget

Carla E. Sledge, CPA, CGFM

### Personnel/Human Resources

Tish King

### Department of Public Services

Terry Spryszak

### Homeland Security/Emergency Management

Timothy McGillivary

### Senior Citizens and Veterans Affairs

Kevin F. Kelley

### Corporation Counsel

Zenna Faraj Elhasan

### Technology

Edward D. Winfield

## WAYNE COUNTY COMMISSION

Gary Woronchak  
Chairman, 13<sup>th</sup> District

Alisha R. Bell, Vice Chair 7<sup>th</sup> District  
Laura Cox, Vice Chair Pro Tempore 9<sup>th</sup> District

Timothy P. Killeen  
1<sup>st</sup> District

Diane Webb  
8<sup>th</sup> District

Jewel C. Ware  
\*Bernard Parker  
2<sup>nd</sup> District

Shannon G. Price  
10<sup>th</sup> District

Martha G. Scott  
3<sup>rd</sup> District

Kevin McNamara  
11<sup>th</sup> District

Ilona Varga  
4<sup>th</sup> District

Richard LeBlanc  
\*Joan Gebhardt  
12<sup>th</sup> District

Irma Clark-Coleman  
5<sup>th</sup> District

Raymond Basham  
14<sup>th</sup> District

Burton Leland  
6<sup>th</sup> District

Joseph Palamara  
15<sup>th</sup> District

\*Term in Office expires December, 2012.

## WAYNE COUNTY ELECTED OFFICIALS

**Circuit Court**  
Virgil C. Smith  
Chief Judge

**Probate Court**  
Milton L. Mack, Jr.  
Chief Judge

Lita M. Popke  
Chief Judge Pro Tempore

Freddie G. Burton, Jr.  
Chief Judge Pro Tempore

**County Clerk**  
Cathy M. Garrett

**Register of Deeds**  
Bernard J. Youngblood

**Prosecuting Attorney**  
Kym L. Worthy

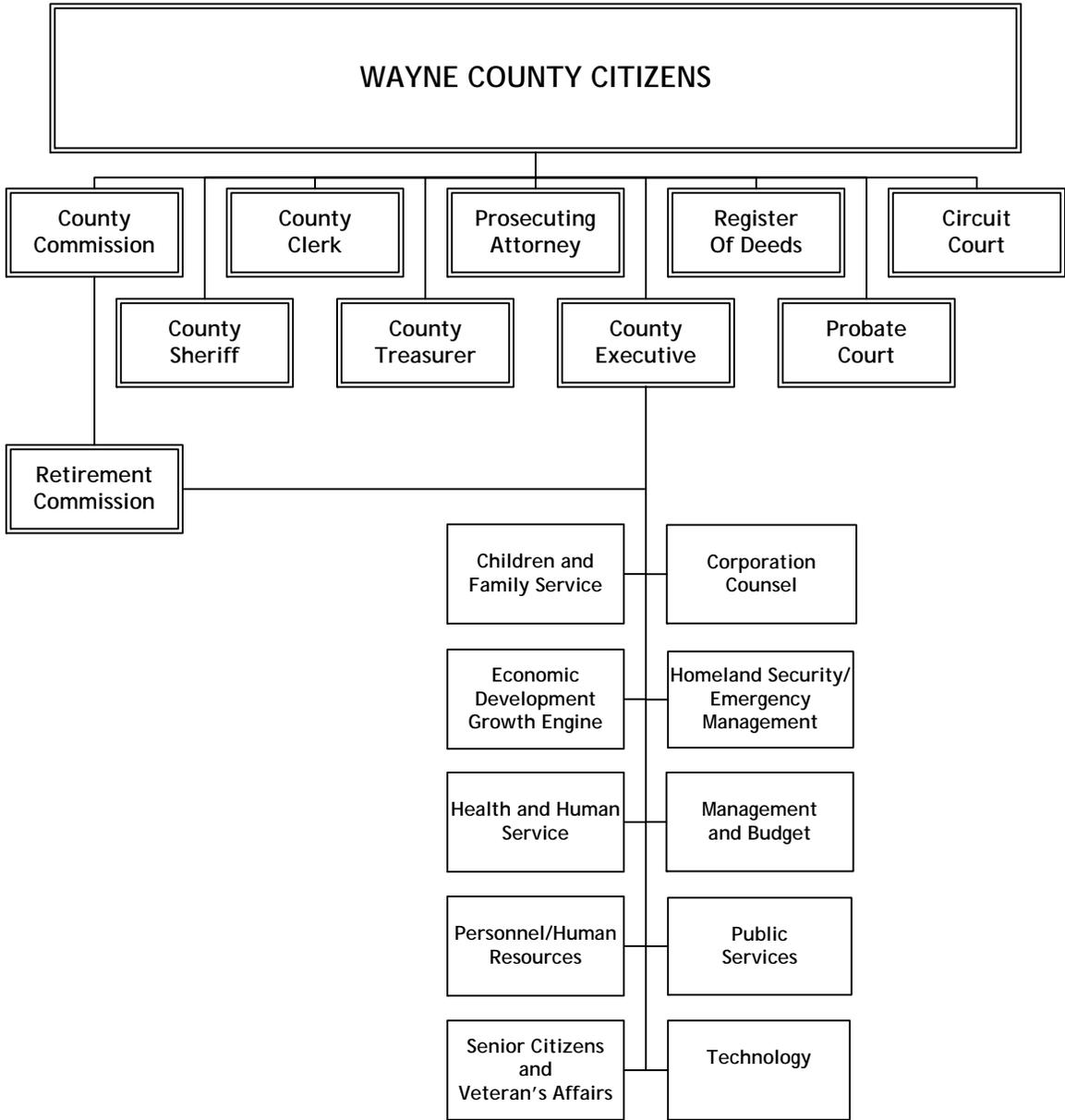
**Sheriff**  
Benny N. Napoleon

**Treasurer**  
Raymond J. Wojtowicz

## WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM

**Director**  
Robert J. Grden

**WAYNE COUNTY, MICHIGAN  
ORGANIZATION CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter County of Wayne  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

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



*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**FINANCIAL**

The Financial Section Contains:

**INDEPENDENT AUDITOR'S REPORT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**BASIC FINANCIAL STATEMENTS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)**

**OTHER SUPPLEMENTARY INFORMATION - COMBINING  
AND INDIVIDUAL FUND STATEMENTS/SCHEDULES**



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 Tel: 248.352.2500  
 Fax: 248.352.0018  
 plantemoran.com

## Independent Auditor’s Report

To The Wayne County Commission  
 and the County Executive  
 Charter County of Wayne, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter County of Wayne, Michigan (the “County”) as of and for the year ended September 30, 2012, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County’s management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Mental Health Fund, a major governmental fund, which represents 6.45 and 39.93 percent of the assets and revenue, respectively, of the governmental activities. We also did not audit the financial statements of the following entities, which represent the following percentages of total aggregate discretely presented component unit assets and revenue:

	Percent of Assets	Percent of Revenue
Greater Wayne County Economic Development Corporation	0.02%	0.09%
Regional Jobs and Economic Growth	0.00%	0.14%

We also did not audit the financial statements of the Pension Trust Funds, which represent 78.96 and 44.06 percent of the assets and revenue, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Mental Health Fund, Greater Wayne County Economic Development Corporation, Wayne County Regional Jobs and Economic Growth, and the Pension Trust Funds are based on the reports of the other auditors.

To The Wayne County Commission  
and the County Executive  
Charter County of Wayne, Michigan

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 following entities were not audited in accordance with *Government Auditing Standards*:

- Wayne County Employees' Retirement System Defined Benefit Plan
- Wayne County Employees' Retirement System Defined Contribution Plan
- Wayne County Circuit Court Commissioners Bailiffs' Retirement System
- Wayne County Regional Jobs and Economic Growth Foundation
- Wayne County - Detroit CDE, Inc.
- Detroit - Wayne County Stadium Authority

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter County of Wayne, Michigan as of September 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system schedules of funding progress and schedules of employer contributions, and the major fund budgetary comparison schedules, as identified 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To The Wayne County Commission  
and the County Executive  
Charter County of Wayne, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other budgetary comparison schedules and combining statements, as identified in the table of contents as other supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. These schedules have been subjected to the auditing procedures applied 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, this information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As disclosed in Note 18, the County closed the Equipment Lease Financing Fund, an internal service fund, as of October 1, 2011. This required a \$30.4 million transfer of cash from the General Fund to the internal service funds.

*Plante & Moran, PLLC*

January 31, 2013



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2012**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

As management of the Charter County of Wayne, Michigan (County), 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 September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 12 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information including budgetary schedules and combining financial statements in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The government-wide financial statements provide a broad view of the County's operations in a manner similar to a private-sector business.

The statement of net assets presents all of the County's assets and liabilities, with the difference between the two reported as net assets. 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 statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include the legislative, judicial, general government, public safety, public works, highways, streets and bridges, health and welfare, recreation and cultural, community and economic development and non-departmental operations. The business-type activities of the County include the operations of the sewage disposal systems, jail commissary, parking lots, the wetlands mitigation project and the copy center.

The government-wide financial statements include not only the County itself (known as the primary government), but also fifteen legally separate organizations (includes a blended component unit) for which the County has financial accountability or other financial interest. These entities operate as governmental entities similar to the governmental activities described above except for the Wayne County Airport Authority, which operates like the business-type activities. The County's blended component unit, Wayne County Building Authority, is included in governmental activities. The County's discretely presented component units are presented in two categories, major and non-major. This separation is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units. The two discretely presented major component units are the Wayne County Airport Authority and Third Circuit Court.

There are twelve discretely presented non-major component units that are combined into a single column for reporting in the fund financial statements. These non-major component units include:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

Detroit-Wayne County Stadium Authority  
Chapter 8 Drainage District  
Chapter 20 Drainage District  
Chapter 21 Drainage District  
Probate Court  
Economic Development Corporation of Wayne County  
Wayne County-Detroit CDE, Inc.  
Greater Wayne County Economic Development Corporation  
Brownfield Redevelopment Authority  
HealthChoice of Michigan  
Wayne Regional Jobs and Economic Growth Foundation  
Wayne County Land Bank Corporation

Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 33 to 35 of this report. The following represent the highlights discussed in more detail later in the report.

### Government-Wide Highlights:

- The assets of the County exceeded its liabilities at September 30, 2012, by \$1.3 billion (net assets). The entire net asset balance is either restricted for specific purposes, related to the County's investment in capital assets and is not available for spending or unrestricted and available for spending.
- The County's total net assets decreased by \$60.2 million (4.6 percent) for the fiscal year ended September 30, 2012. Net assets of governmental activities decreased by \$52.6 million (5.7 percent), while net assets of the business-type activities decreased by \$7.6 million (2.4 percent).

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

The County maintains 28 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Roads, Mental Health, Health, Juvenile Justice and Abuse/Neglect, and Building Authority Construction, all of which are considered to be major funds. Data from the other 22 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 36 to 42 of this report.

**Proprietary Funds.** The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, with the exception of the Delinquent Tax Revolving Fund, which is reported as a governmental activity in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Delinquent Tax Revolving Fund, the Downriver Sewage Disposal System, the Rouge Valley Sewage Disposal System, the Combined Sewer Overflow (CSO) Basins, and the Northeast Sewage Disposal System, as well as the operations for several other self sustaining activities. 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 its Department of Technology costs, Department of Environment administrative costs, risk management services (self insurance), health insurance, long-term disability, equipment lease financing, and building and grounds maintenance. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included as governmental activities in the government-wide financial statements. On October 1, 2011, the equipment lease financing fund, previously reported as an internal service fund, was transferred to the General fund as the assets financed were predominately general fund assets.

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 operations of the County's nine enterprise funds, three of which are considered to be major funds of the County. Major funds include the operations of the Delinquent Tax Revolving Fund, the Downriver Sewage Disposal System and the Rouge Valley Sewage Disposal System. Data from the six non-major enterprise funds are combined into a single aggregated presentation.

The proprietary fund basic financial statements can be found on pages 43 to 46. Individual fund data for the internal service funds is provided in the form of combining statements and can be found on pages 175 to 180.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government and not considered part of the primary government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 48 to 49 and pages 181 to 187 of this report.

**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. The notes to the financial statements can be found on pages 53 to 144 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules. Required supplementary information can be found on pages 137 to 144 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information, and begin on page 145.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$1.25 billion at September 30, 2012.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 1,113,276	\$ 1,081,336	\$ 207,085	\$ 218,957	\$ 1,320,361	\$ 1,300,293
Capital assets, net	1,149,051	1,131,525	332,770	336,727	1,481,821	1,468,252
<b>Total assets</b>	<b>2,262,327</b>	<b>2,212,861</b>	<b>539,855</b>	<b>555,684</b>	<b>2,802,182</b>	<b>2,768,545</b>
Long-term liabilities	690,644	757,124	129,852	184,749	820,496	941,873
Other liabilities	642,841	474,265	85,616	38,970	728,457	513,235
<b>Total liabilities</b>	<b>1,333,485</b>	<b>1,231,389</b>	<b>215,468</b>	<b>223,719</b>	<b>1,548,953</b>	<b>1,455,108</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	908,967	929,079	172,080	168,370	1,081,047	1,097,449
Restricted	243,298	331,022	137,351	152,559	380,649	483,581
Unrestricted	(223,423)	(278,629)	14,956	11,036	(208,467)	(267,593)
<b>Total net assets</b>	<b>\$ 928,842</b>	<b>\$ 981,472</b>	<b>\$ 324,387</b>	<b>\$ 331,965</b>	<b>\$ 1,253,229</b>	<b>\$ 1,313,437</b>

By far the largest portion of the County's net assets for Governmental Activities and Business-type Activities combined (\$1.1 billion or 89 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There was a decrease of \$16.4 million in net assets invested in capital assets, net of related debt, which was primarily due to depreciation on County capital assets of \$77.9 million offset by capital asset additions of \$91.7 million. In addition, there was an increase in capital related debt of \$37.3 million (net of unexpended proceeds).

An additional portion of the County's net assets (\$380.6 million, or 30.3 percent) represents resources that are subject to external restrictions on how they may be used. Restricted net assets reported in connection with the County's governmental activities decreased \$87.7 million (26.5 percent) compared to prior year. Amounts restricted for delinquent tax administration decreased by \$59 million in connection with a decrease in notes issued, the timing of collection of delinquent taxes and repayment of notes. Roads restricted net assets decreased \$20.9 million primarily due to a \$17 million reclassification of fund balance from restricted to assigned during the year. Restricted net assets for business-type activities decreased by \$15.2 million (10 percent) due to a reduction in the amount restricted for repayment of debt.

Unrestricted net assets have a deficit balance of (\$208.5 million) and are not available to meet ongoing obligations to citizens and creditors. Overall, net assets decreased by \$60.2 million, however unrestricted net assets increased by \$30.0 million or 11.2 percent primarily due to the decrease in restricted net assets for governmental activities discussed above. See discussion on the change in net assets below.

CHARTER COUNTY OF WAYNE, MICHIGAN

Management's Discussion and Analysis  
(Unaudited)

	Change in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 207,624	\$ 234,808	\$ 99,291	\$ 88,108	\$ 306,915	\$ 322,916
Operating grants	925,077	934,242	4,507	5,330	929,584	939,572
Capital grants	14,499	20,935	-	-	14,499	20,935
General revenues:						
Property taxes	296,441	323,986	-	-	296,441	323,986
Sales taxes	42,877	55,052	-	-	42,877	55,052
Excise taxes	7,449	7,112	-	-	7,449	7,112
Airport parking taxes	13,085	9,203	-	-	13,085	9,203
Investment earnings	27,670	21,175	195	428	27,865	21,603
Transfer of capital assets	-	-	(1)	-	(1)	-
Other revenue and amortization of bond issuance costs	19,989	13,036	-	-	19,989	13,036
Interfund chargeback recovery	-	5,387	-	108	-	5,495
Total revenues	1,554,711	1,624,936	103,992	93,974	1,658,703	1,718,910

continued...

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Management's Discussion and Analysis (Unaudited)

	Change in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Expenses:</b>						
General government	161,836	168,753	-	-	161,836	168,753
Legislative	8,627	9,707	-	-	8,627	9,707
Judicial	120,446	123,555	-	-	120,446	123,555
Public safety	167,463	171,762	-	-	167,463	171,762
Public works	5,830	5,896	-	-	5,830	5,896
Highways, streets and bridges	109,914	115,882	-	-	109,914	115,882
Health and welfare	939,228	930,262	-	-	939,228	930,262
Recreation and cultural	19,631	21,198	-	-	19,631	21,198
Community and economic development	27,899	25,578	-	-	27,899	25,578
Interest on long-term debt	46,268	40,864	-	-	46,268	40,864
Sewage disposal systems	-	-	108,973	106,191	108,973	106,191
Jail Commissary	-	-	2,783	2,510	2,783	2,510
Parking lots	-	-	13	15	13	15
Wetlands Mitigation	-	-	-	-	-	-
Copy center	-	-	-	(20)	-	(20)
<b>Total expenses</b>	<b>1,607,142</b>	<b>1,613,457</b>	<b>111,769</b>	<b>108,696</b>	<b>1,718,911</b>	<b>1,722,153</b>
<b>Change in net assets before transfers and special item</b>	<b>(52,431)</b>	<b>11,479</b>	<b>(7,777)</b>	<b>(14,722)</b>	<b>(60,208)</b>	<b>(3,243)</b>
Transfers	(199)	-	199	-	-	-
Special item	-	(65,326)	-	-	-	(65,326)
<b>Change in net assets</b>	<b>(52,630)</b>	<b>(53,847)</b>	<b>(7,578)</b>	<b>(14,722)</b>	<b>(60,208)</b>	<b>(68,569)</b>
<b>Net assets:</b>						
Beginning of year	981,472	1,035,319	331,965	346,687	1,313,437	1,382,006
End of year	<u>\$ 928,842</u>	<u>\$ 981,472</u>	<u>\$ 324,387</u>	<u>\$ 331,965</u>	<u>\$ 1,253,229</u>	<u>\$ 1,313,437</u>

Governmental Activities. Governmental activities decreased the County's net assets by \$54.5 million. Key fluctuations from the prior year are as follows:

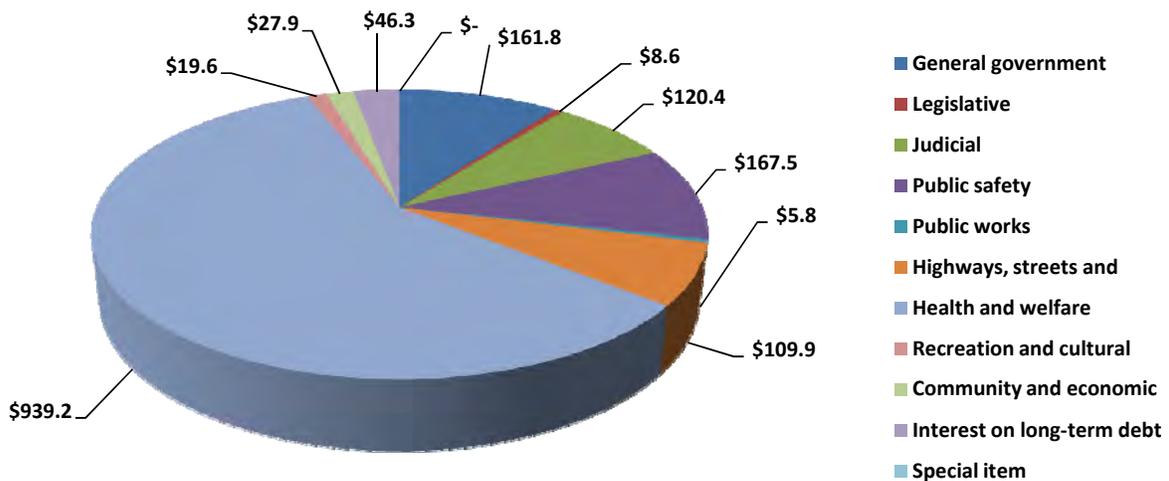
- *Charges for Services* decreased by \$27.2 million, predominantly due a decrease in interest income collected from communities for 2009 and 2010 delinquent taxes (\$7.6 million), as well as a decrease in charge backs (\$4 million).
- *Operating grants and contributions* decreased by \$9.2 million due to the recognition of the ARRA federal grant in 2011 for \$15.4 million.
- *Capital grants and contributions* decreased by \$6.4 million due to a reduction in start up of federal road construction projects in 2012. The County received ARRA funding for road construction most of which ended in prior year.
- *Property Taxes* decreased \$27.5 million due to a decline in the taxable value of real and personal property of nearly 5 percent and write off of delinquent tax recoveries paid to municipalities that were not collected.
- *Sales Tax* revenue decreased \$12.2 million which is attributable to the reduction in state revenue sharing.
- *Investment earnings* increased by \$6.5 million due to the Building Authority \$4.9 million increase related to earnings on unspent bond proceeds.

# CHARTER COUNTY OF WAYNE, MICHIGAN

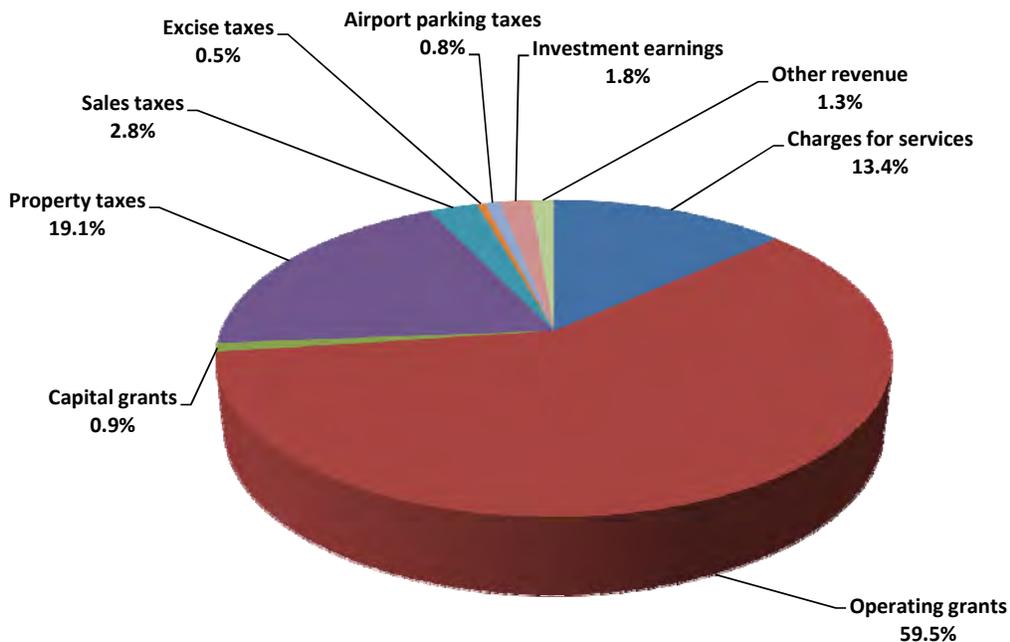
## Management's Discussion and Analysis (Unaudited)

- *Other revenue and amortization of bond issuance costs* increased by \$7.0 million due to rental income recorded in the equipment leasing fund previous reported in internal service funds in prior year.
- *Health and welfare* - expenses increased by \$9.0 million due to an increase in Medicaid expenses for mental health services (\$44 million) and offsetting decrease in indigent medical services for the uninsured (\$15.9 million).
- *Interest on long-term debt* increased \$5.4 million or 13.3 percent due to interest on debt for the construction of the new jail facility.

### Summary of Expenses - Governmental Activities



### Revenue by Source - Governmental Activities



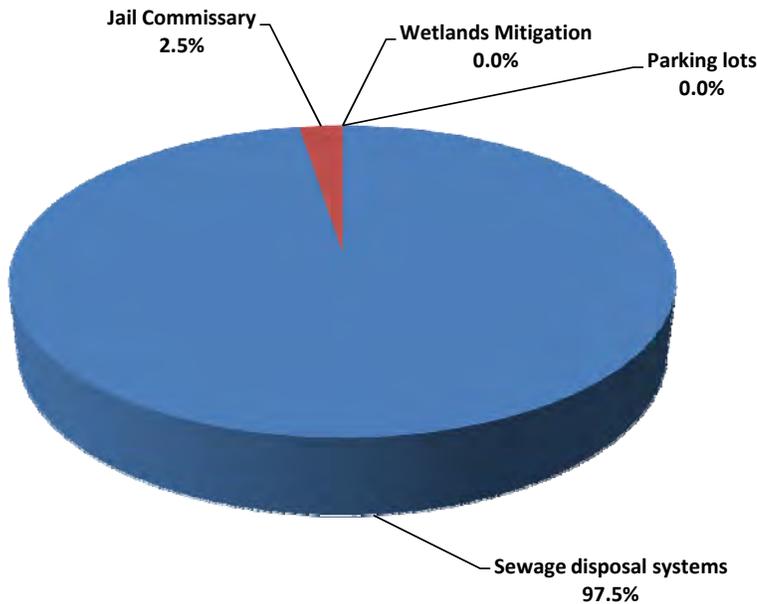
# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

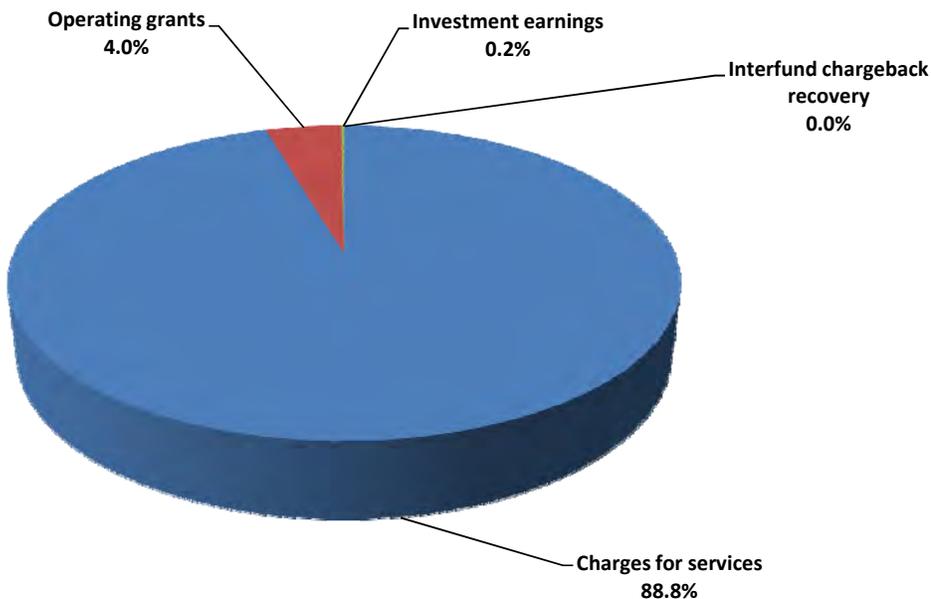
**Business-type Activities.** The business-type activities decreased the County's net assets by \$7.6 million for the year. This decrease resulted primarily from the following:

- *Depreciation expense* of \$15.8 million not recovered through sewage disposal rates.
- Offset to the aforementioned decreases to net assets include sewage disposal charges in the Rouge Valley Sewage Disposal System that increased in fiscal year 2012 to recoup losses in fiscal year 2011 and increased expenses in 2012 (\$8.7 million).

### Summary of Expenses - Business-type Activities



### Revenue by Source - Business-type Activities



# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

### Financial Analysis of the County's Funds

As noted earlier, the 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.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$154.5 million, a decrease of \$99.5 million in comparison with the prior year. Nonspendable fund balances totaled \$36.6 million, committed fund balances totaled \$3.0 million, and assigned fund balances totaled \$51 million, with unassigned fund deficits totaling \$165.5 million. The remainder of fund balance is restricted (1) to pay debt service (\$15.9 million); (2) to pay for capital projects and improvements, (\$127.0 million); (3) for inpatient hospitalization and health and welfare services (\$24.1 million); (4) for Mental Health risk financing (\$35.1 million); and (5) for roads and other special revenue fund purposes (\$28.3 million).

In general, amounts reported as assigned fund balance originate from an unrestricted revenue source and can be available for discretionary use in accordance with the County's fund balance policy.

The General Fund is the chief operating fund of the County. At the end of the fiscal year total fund balance amounted to an accumulated deficit of \$135.0 million, of which \$148.9 million is the unassigned deficit (an increase of \$20.9 million).

The fund balance of the General Fund decreased by \$53.2 million over the prior year. Significant fluctuations from the prior year are discussed below.

- Approximately \$30.4 million of the decrease is due to the transfer of the equipment leasing fund to the general fund from internal service funds.
- Property taxes decreased \$19.7 million due to a decline in the taxable value of real and personal property and the establishment of a liability reserve for the recovery of delinquent taxes paid to municipalities not collected.
- Sales tax revenue decreased by \$12 million which is attributable to the reduction in revenue sharing payments from the State of Michigan. The distribution to Wayne County was \$38 million in fiscal year 2012 compared to \$50 million in fiscal year 2011.
- State grants and contracts decreased by \$15.9 million due to reduction in Adult Benefit Waiver funding received from the Michigan Department of Community Health (MDCH) for indigent medical care.
- Charges for services increased by \$9.3 million due to three fold: (1) the sheriff increased security services to the Third Circuit Court (\$2.8 million); (2) the County reallocated resources to a new chargeback division reported in the General fund (\$3.1 million); and (3) excess tourist taxes reported in the equipment leasing fund (\$2.4 million).
- Other revenue increased by \$9.1 million due to the transfer of equipment leasing fund which reported \$6.6 million in other revenue; additionally, the cigarette and liquor tax decreased by \$1.8 million due to a reduction in sales.
- General Government expenditures decreased \$4.3 million primarily related to overall budgetary cut backs.
- Public safety expenditures increased by \$16.4 million primarily related to the 2011 retirement credit allocated to all departments (\$13.3 million); such credit was not available in 2012.
- Health and Welfare expenditures increased by \$7.9 million primarily due to the increase in mental health services provided (\$44 million); offsetting reductions in services provided for indigent medical services (\$3.4 million) and adult benefit waiver consumers (\$12.5 million). MDCH reduced funding to the County for the services.
- Debt service decreased due to the prior year early payoff of a homeland security loan (\$2.1 million) and interest on the 2011 tax anticipation notes (TANs) (\$2.8 million) repaid on September 30, 2011; the County paid off the 2012 TANs in October 2012 and the related interest was paid after year end.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

- The Juvenile Justice fund deficit decreased by \$2.5 million in accordance with the deficit elimination plan from fiscal year 2009. In addition, the County deferred \$2.0 million in revenues due to the timely recipient of grant funds were not within the period of availability; such revenue will be recorded in the subsequent fiscal year.
- Special item represents \$30.4 million related to the transfer of cash to the equipment leasing fund to eliminate the deficit and negative cash. The capital assets reported in the equipment leasing fund related primarily to the purchase of the pinnacle land. In 2011, in accordance with GASB 54, the County transferred the Pinnacle fund to the General Fund. As such and for consistency, the equipment leasing fund was transferred as it held the debt and asset. The related capital asset was transferred to the general fund fixed asset account reported in the government-wide financial statements.

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

Unrestricted net assets for the two major sewage disposal systems at the end of the year amounted to the following:

- *Downriver System.* \$12.9 million; net assets decreased by \$9.6 million from the prior year as the result of depreciation expense of \$13.4 million which was partially offset by a \$3.7 million increase in collections from communities participating in the disposal system.
- *Rouge Valley System.* \$2.2 million; net assets increased by \$2.4 million from the prior year due to \$8.7 million increase in sewage disposal charges to communities; offset by \$3.3 million in additional expenses incurred during the year.

Unrestricted net assets for the Delinquent Tax Revolving Fund amounted to \$90.2 million; net assets increased by \$27.8 million as a result of fines and forfeiture revenue in excess of operating expenses of \$45.0 million. The increase in the unrestricted net assets is a result of a transfer of unrestricted cash from restricted net assets.

### General Fund Budgetary Highlights

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. During the year, there were several significant changes from the original to the final amended budget. The changes are as follows:

- State grants and contracts decreased by \$12.9 million due to the reduction in adult benefit waiver funding from MDCH for indigent medical services.
- Charges for services increased by \$10.9 million which is primarily due to additional sheriff duties at the Third Circuit Court and County Clerk for approximately \$8 million.
- Judicial expenditures increased by \$12 million due to additional funding to the Third Circuit Court in accordance with the settlement agreement.
- Health and welfare expenditures decreased by \$10 million directly related to the reduction in adult benefit waiver revenue.
- Recreation and culture increased by \$3.8 million related to the transfer of the library fund to the General fund in accordance with GASB 54.

In addition, there were several significant differences between the final amended budget and actual results. The changes are as follows:

- Property taxes decreased by \$13.4 million as a result of unanticipated reductions due partially to the recovery of delinquent taxes paid to municipalities but not collected.
- Public Safety expenditures are over budget by \$25.4 million, which includes overages in Sheriff and Jail operations included but not limited to: overtime (\$10.6 million) and fringe benefits (\$10.6 million).
- Transfers in represents surplus property auction sales and forfeiture funds of \$7.6 million and \$9.6 million received from the Treasurer.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

- Special item represents \$30.4 million related to the transfer of cash to the equipment leasing fund to eliminate the deficit and negative cash. The capital assets reported in the equipment leasing fund related primarily to the purchase of the pinnacle land. In 2011, in accordance with GASB 54, the County transferred the Pinnacle fund to the General Fund. As such and for consistent treatment, the equipment leasing fund was transferred since it held the debt and asset. The related capital asset was transferred to the general funds fixed asset reported in the government-wide financial statements.

### Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2012 amounted to \$1.5 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. The change in the County's gross investment in capital assets for the current fiscal year was negligible. The decrease caused by depreciation in governmental and business-type activities was offset by capital acquisitions and improvements.

Major capital asset additions for governmental activities, \$79.5 million, during the fiscal year ended September 30, 2012 included the following:

- Numerous road construction projects, including widening and expansion projects for existing roads and bridges; construction and land acquisition costs for the current fiscal year amounted to \$19.0 million. In addition, heavy equipment, machinery and vehicles for the use of the Department of Public Services were purchased totaling \$2.4 million.
- Purchased two DHS buildings in Inkster and Hamtramck for administrative offices for probations officers totaling \$14.1 million.
- \$2.9 million for parks improvement projects throughout various local and county parks.
- Construction of the Wayne County Consolidated Jail complex incurred expenditures of \$40.7 million.

Major acquisitions for business-type activities of \$11.8 million, included various infrastructure additions and improvements for the Downriver (\$7.8 million) and Rouge Valley (\$2.7 million) Sewage Disposal Systems.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and improvements	\$ 550,511	\$ 550,809	\$ 6,286	\$ 6,380	\$ 556,797	\$ 557,189
Buildings and improvements	141,888	139,377	6,622	7,322	148,510	146,699
Machinery, equipment and vehicles	36,433	39,605	505	512	36,939	40,117
Infrastructure	352,897	364,882	265,302	279,960	618,198	644,842
Construction in progress	67,322	36,852	54,055	42,553	121,377	79,405
<b>Total capital assets, net</b>	<b>\$ 1,149,051</b>	<b>\$ 1,131,525</b>	<b>\$ 332,770</b>	<b>\$ 336,727</b>	<b>\$ 1,481,821</b>	<b>\$ 1,468,252</b>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

Additional information on the County's capital assets can be found in Note 8 on pages 90 to 94 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the County had total bonded debt and notes outstanding of \$982.8 million. Of this amount, \$621.7 million comprised debt backed by the full faith and credit of the County. The remainder of the County's debt, \$361.0 million represented bonds secured solely by specified revenue sources (i.e., revenue bonds).

During the current fiscal year, the County's total bonded debt increased by a net \$44.5 million (4.7 percent). Debt for governmental activities made up most of the increase (\$54.3 million), due to the timing of repayment on the Tax Anticipation Notes (TANs) of October 31, 2012 compared to September 30, 2011 which were repayment prior to the end of the fiscal year. Business-type activities debt decreased overall by \$9.9 million (5.3 percent) as a result of issuance of new debt of \$10.7 million offset by payments totaling \$20.6 million.

Outstanding Bonded Debt as of September 30						
(in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds (backed by the County)	\$ 384,227	\$ 392,006	\$ 137,516	\$ 152,239	\$ 521,743	\$ 544,245
Tax anticipation notes	100,000	-	-	-	100,000	-
Deferred loss on refunding	(3,530)	(4,095)	(634)	(876)	(4,164)	(4,971)
Bond discount	(296)	(413)	-	-	(296)	(413)
Bond premium	2,257	2,426	316	939	2,573	3,365
<b>Total general obligation bonds, net of bond discount and loss on refunding</b>	<b>482,658</b>	<b>389,924</b>	<b>137,198</b>	<b>152,302</b>	<b>619,856</b>	<b>542,226</b>
Revenue bonds and notes (backed by specific tax and fee revenues)	320,957	358,900	40,090	35,272	361,047	394,172
Bond Premium	-	-	564	-	564	-
Deferred loss on refunding	-	-	(64)	(43)	(64)	(43)
<b>Total revenue bonds, net of loss on refunding</b>	<b>320,957</b>	<b>358,900</b>	<b>40,590</b>	<b>35,229</b>	<b>361,547</b>	<b>394,129</b>
<b>Total bonds and notes payable, net of bond discounts and loss on refundings</b>	<b>\$ 803,615</b>	<b>\$ 748,824</b>	<b>\$ 177,788</b>	<b>\$ 187,531</b>	<b>\$ 981,403</b>	<b>\$ 936,355</b>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Unaudited)

The County currently has a “BBB+” rating with stable outlook from Standard & Poor's, a “Baa2” rating with negative outlook from Moody's Investors Service and a “BBB+” rating with negative outlook from Fitch Ratings for uninsured debt issues.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The County's current debt obligation (debt carrying the County's Limited Tax General Obligation) is approximately \$1.1 billion, which is significantly less than the County's \$4.4 billion legal debt limit. Included in this number are tax notes and certain component unit obligations.

Additional information on the County's long-term debt can be found in Note 10 on pages 94 to 112 of this report.

### Economic Factors, Next Year's Budget, and Unemployment Rates

- The County's 2012 Equalization Report indicates that the total State Equalized Valuation for the County declined to \$43.5 billion, a decrease of 7 percent over the prior year. Additionally, the total taxable valuation of the County, which serves as the basis for current and future tax levies, remained the same over prior year.
- The County projects balanced operations for the General Fund for the next fiscal year. The budget totals \$2.1 billion which represents almost no growth from fiscal year 2011-2012. The budget adopted includes personnel reductions, program eliminations, fee increases, and cost avoidances across the entire County. It also focuses on structural changes that will moderate the negative impact on services and workforce reductions. Some of the items considered in the adopted budget include:
  - Continuation of the 10% salary reduction implemented three years ago for most elected officials and employees, including Third Circuit Court and AFSCME Non-Supervisory employees, who have solidified agreements with the County regarding wage concessions during the current fiscal year;
  - Additional employee and retiree health care cost sharing as mandated by the State of Michigan;
  - Elimination of payments to the State where the County is no longer obligated to do so;
  - Enhanced revenues through modernization of fees to reflect current economic costs;
  - Ten percent reduction in general fund general purpose expenditures from elected officials and departments; and
  - Discontinuance of several programs including Mortgage Foreclosure, Drug Enforcement, Land Bank, and Second Chance through Expungement Program (STEP).
- The unemployment rate for Wayne County, according to the United States Department of Labor, at September 2012 decreased to 11.3 percent, compared to the September 2011 rate of 12.6 percent.

The consumer price index for all urban customers (CPI-U) for the Detroit metropolitan area showed an increase of 2 percent from 213.505 in December of 2011 to 216.569 in December of 2012.

### Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Charter County of Wayne, Michigan, Department of Management and Budget, Financial Reporting Division, 500 Griswold, 20th Floor, Detroit, Michigan 48226.



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2012

## BASIC FINANCIAL STATEMENTS

CHARTER COUNTY OF WAYNE, MICHIGAN

Statement of Net Assets  
September 30, 2012  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Equity in pooled cash and investments (Note 4)	\$ 182,936	\$ 16,875	\$ 199,811	\$ 14,726
Other cash and investments (Note 4)	36,856	1	36,857	97,919
Internal balances (Note 7)	2,075	(2,075)	-	-
Receivables:				
Due within one year	180,789	18,818	199,607	25,432
Due in more than one year	850	-	850	8,148
Due from component units (Note 7)	8,931	19	8,950	-
Due from primary government	-	-	-	81,363
Due from other government	-	-	-	18,898
Other assets	42,702	792	43,494	28,841
Restricted assets (Note 4 and 5)	658,137	172,655	830,792	595,038
Capital assets not being depreciated (Note 8)	616,336	59,364	675,700	328,225
Capital assets being depreciated, net (Note 8)	532,715	273,406	806,121	1,824,130
<b>Total assets</b>	<b>2,262,327</b>	<b>539,855</b>	<b>2,802,182</b>	<b>3,022,720</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	182,174	17,076	199,250	69,219
Accrued interest payable	10,402	-	10,402	276
Unearned revenue	31,091	1	31,092	12,596
Due to fiduciary funds	30	-	30	4,225
Due to primary government (Note 7)	-	-	-	8,950
Due to other government	-	-	-	1,213
Due to component units	81,363	-	81,363	-
Bonds, notes and other liabilities payable from restricted assets (Note 10)				
Due within one year	187,663	39,319	226,982	115,479
Due in more than one year	130,057	127,507	257,564	-
Bonds, notes and other liabilities (Note 10)				
Due within one year	150,118	313	150,431	10,495
Due in more than one year	379,467	29,220	408,687	2,287,087
Net pension obligation & other postemployment benefits (Notes 15 and 16)	181,120	2,032	183,152	27,593
<b>Total liabilities</b>	<b>1,333,485</b>	<b>215,468</b>	<b>1,548,953</b>	<b>2,537,133</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	908,967	172,080	1,081,047	80,987
Restricted net assets				
Health and welfare	63,168	-	63,168	-
Delinquent tax administration	157,961	-	157,961	-
Roads	5,576	-	5,576	-
Debt service	16	137,351	137,367	-
Capital projects	1,080	-	1,080	-
Veterans programs	4,528	-	4,528	-
Public safety	4,534	-	4,534	-
Recreation and Culture	6	-	6	-
Economic development	6,429	-	6,429	-
Bond Programs	-	-	-	293,373
Capital projects	-	-	-	17,285
Drug enforcement	-	-	-	1,359
Airport operations	-	-	-	28,695
Unrestricted net assets (deficit)	(223,423)	14,956	(208,467)	63,888
<b>Total net assets</b>	<b>\$ 928,842</b>	<b>\$ 324,387</b>	<b>\$ 1,253,229</b>	<b>\$ 485,587</b>

See accompanying notes to the basic financial statements.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Statement of Activities For the Year Ended September 30, 2012 (in thousands)

Functions / Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 161,836	\$ 100,891	\$ 9,720	\$ 448	\$ (50,777)
Legislative	8,627	2,149	-	-	(6,478)
Judicial	120,446	20,825	16,236	-	(83,385)
Public safety	167,463	39,633	8,896	-	(118,934)
Public works	5,830	5,256	-	-	(574)
Highways, streets and bridges	109,914	2,605	80,091	14,051	(13,167)
Health and welfare	939,228	34,315	784,688	-	(120,225)
Recreation and cultural	19,631	1,638	540	-	(17,453)
Community and economic development	27,899	312	24,906	-	(2,681)
Interest on long-term debt	46,268	-	-	-	(46,268)
<b>Total governmental activities</b>	<b>1,607,142</b>	<b>207,624</b>	<b>925,077</b>	<b>14,499</b>	<b>(459,942)</b>
Business-type activities:					
Sewage disposal systems	108,973	96,218	4,507	-	(8,248)
Jail commissary	2,783	3,007	-	-	224
Parking lots	13	66	-	-	53
Wetlands mitigation	-	-	-	-	-
Copy center	-	-	-	-	-
<b>Total business-type activities</b>	<b>111,769</b>	<b>99,291</b>	<b>4,507</b>	<b>-</b>	<b>(7,971)</b>
<b>Total primary government</b>	<b>\$ 1,718,911</b>	<b>\$ 306,915</b>	<b>\$ 929,584</b>	<b>\$ 14,499</b>	<b>\$ (467,913)</b>
Component units:					
Airport Authority	\$ 439,573	\$ 380,797	\$ 1,379	\$ 27,121	\$ (30,276)
Circuit Court	117,722	6,194	104,664	-	(6,864)
Probate Court	9,951	841	8,704	-	(406)
Stadium Authority	13,019	7,241	-	-	(5,778)
Drainage Districts	10,825	5,542	1,736	-	(3,547)
Economic Development Corporation	430	401	-	-	(29)
Wayne County - Detroit CDE, Inc.	166	-	-	-	(166)
Greater Wayne County Economic Development Corp.	66	-	-	-	(66)
Brownfield Redevelopment Authority	1,131	-	1,157	-	26
HealthChoice of Michigan	23,269	25,456	-	-	2,187
Regional Jobs and Economic Growth Foundation	771	-	812	-	41
Wayne County Land Bank Corporation	2,193	327	1,951	-	85
<b>Total component units</b>	<b>\$ 619,116</b>	<b>\$ 426,799</b>	<b>\$ 120,403</b>	<b>\$ 27,121</b>	<b>\$ (44,793)</b>

continued...

See accompanying notes to the basic financial statements.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Statement of Activities For the Year Ended September 30, 2012 (in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net assets				
Net expense from previous page	\$ (459,942)	\$ (7,971)	\$ (467,913)	\$ (44,793)
General revenues:				
Taxes:				
Property	296,441	-	296,441	-
Sales	42,877	-	42,877	-
Excise	7,449	-	7,449	-
Airport parking	13,085	-	13,085	-
Investment earnings	27,670	195	27,865	1,811
Other revenue	19,989	-	19,989	106
Transfers of capital assets	-	(1)	(1)	-
Transfers in (out)	(199)	199	-	-
Total general revenues	407,312	393	407,705	1,917
Change in net assets	(52,630)	(7,578)	(60,208)	(42,876)
Net assets at October 1, 2011	981,472	331,965	1,313,437	528,463
Net assets at September 30, 2012	\$ 928,842	\$ 324,387	\$ 1,253,229	\$ 485,587

concluded.

See accompanying notes to the basic financial statements.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Balance Sheet Governmental Funds September 30, 2012 (in thousands)

	General Fund	Roads	Mental Health
<b>Assets</b>			
Equity in pooled cash and investments (Note 4)	\$ -	\$ -	\$ 81,779
Other cash and investments (Note 4 and 5)	229	2	35,732
Restricted Cash (Note 5)	32,176	-	-
Due from other funds (Note 7)	134	44,293	-
Due from component units (Note 7)	3,548	99	-
Receivables:			
Current property taxes	76,102	-	-
Delinquent property taxes	16,994	-	-
Accounts	970	6,666	382
Due from other governmental units (Note 7)	20,979	16,723	4,878
Less allowance for uncollectible accounts	(319)	(532)	-
Supplies inventory, at cost	944	7,363	-
Prepayments and deposits	788	2,440	23,036
Long-term receivables (Note 6)	-	-	-
Less allowance for uncollectible accounts	-	-	-
<b>Total assets</b>	<b>\$ 152,545</b>	<b>\$ 77,054</b>	<b>\$ 145,807</b>
<b>Liabilities</b>			
Accounts and contracts payable	4,025	2,785	19,715
Due to other funds (Note 7)	87,398	-	-
Due to component units (Note 7)	279	-	-
Due to other governmental units (Note 7)	2,237	7,233	31,778
Accrued wages and benefits	7,116	1,309	337
Deposits	-	15,681	-
Other liabilities	37,061	575	-
Deferred revenue	49,462	1,237	31,313
Notes payable	100,000	-	-
<b>Total liabilities</b>	<b>287,578</b>	<b>28,820</b>	<b>83,143</b>
<b>Fund balances</b>			
Nonspendable	1,732	9,803	23,036
Restricted	9,160	21,259	35,146
Committed	3,000	-	-
Assigned	-	17,172	4,482
Unassigned deficit	(148,925)	-	-
<b>Total fund balances</b>	<b>(135,033)</b>	<b>48,234</b>	<b>62,664</b>
<b>Total liabilities and fund balances</b>	<b>\$ 152,545</b>	<b>\$ 77,054</b>	<b>\$ 145,807</b>

See accompanying notes to the basic financial statements.

Health	Juvenile Justice and Abuse / Neglect	Building Authority Construction Capital Project	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 130,531	\$ 52,483	\$ 264,793
1	1	-	1,468	37,433
-	-	-	-	32,176
-	-	-	19,320	63,747
-	-	-	1,764	5,411
-	-	-	-	76,102
-	-	-	-	16,994
1,382	1,396	-	2,114	12,910
725	22,629	-	10,085	76,019
-	-	-	(1)	(852)
108	153	-	-	8,568
-	1,020	-	763	28,047
-	-	-	850	850
-	-	-	(478)	(478)
<u>\$ 2,216</u>	<u>\$ 25,199</u>	<u>\$ 130,531</u>	<u>\$ 88,368</u>	<u>\$ 621,720</u>
525	11,395	-	2,387	40,832
725	12,304	218	8,228	108,873
-	-	-	655	934
673	-	-	656	42,577
275	655	-	618	10,310
-	-	-	-	15,681
579	6,315	9,004	7,123	60,657
620	2,042	-	2,646	87,320
-	-	-	-	100,000
<u>3,397</u>	<u>32,711</u>	<u>9,222</u>	<u>22,313</u>	<u>467,184</u>
108	1,173	-	763	36,615
-	-	121,309	42,578	229,452
-	-	-	-	3,000
-	-	-	29,356	51,010
(1,289)	(8,685)	-	(6,642)	(165,541)
<u>(1,181)</u>	<u>(7,512)</u>	<u>121,309</u>	<u>66,055</u>	<u>154,536</u>
<u>\$ 2,216</u>	<u>\$ 25,199</u>	<u>\$ 130,531</u>	<u>\$ 88,368</u>	<u>\$ 621,720</u>

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets September 30, 2012 (in thousands)

Total fund balances - total governmental funds	\$	154,537
Amounts reported for <i>governmental activities</i> in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets		2,731,059
Less accumulated depreciation		(1,586,285)
Internal service funds are used by management to charge the costs of certain activities, such as personnel, central services, information technology and insurance costs to individual funds. The assets and liabilities of certain internal service funds are recorded as governmental activities in the Statement of Net Assets.		
		5,926
The assets and liabilities of the Delinquent Tax Revolving fund, an enterprise fund, are recorded as governmental activities in the Statement of Net Assets.		
		248,536
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the governmental funds.		
		56,395
Long-term receivables due from component units are recorded as governmental activities on the Statement of Net Assets.		
		2,082
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds, capital leases, notes and other debt		(389,382)
Unamortized bond premium		(2,257)
Unamortized bond discount		296
Unamortized deferred loss on refunding		3,530
Unamortized bond issuance costs		4,902
Accrued interest payable		(10,402)
Compensated absences		(24,591)
Claims, litigation and assessments		(11,250)
Payable to component unit		(80,498)
Net pension obligation		(28,581)
Other postemployment benefit obligation		(145,175)
		928,842
Net assets of governmental activities	\$	928,842

See accompanying notes to the basic financial statements.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended September 30, 2012 (in thousands)

	General Fund	Roads	Mental Health
Revenue			
Taxes:			
Property	\$ 286,214	\$ -	\$ -
Sales	42,877	-	-
Excise	-	-	-
Licenses and permits	557	-	-
Federal grants	6,560	1,842	10,505
State grants and contracts	40,040	77,934	609,714
Local grants and contracts	2,503	3,039	30
Charges for services	134,584	3,071	115
Interest and rents	2,360	309	398
Other	17,224	85	-
<b>Total revenue</b>	<b>532,919</b>	<b>86,280</b>	<b>620,762</b>
Expenditures			
Current operations:			
Legislative	8,792	-	-
Judicial	97,309	-	-
General government	130,695	-	-
Public safety	144,773	-	-
Public works	631	-	-
Highways, streets, and bridges	-	68,575	-
Health and welfare	70,818	-	633,931
Recreational and cultural	3,556	-	-
Community and economic development	1,736	-	-
Capital outlay	1,369	8,949	-
Debt service	82	1,829	-
<b>Total expenditures</b>	<b>459,761</b>	<b>79,353</b>	<b>633,931</b>
Revenues over (under) expenditures	73,158	6,927	(13,169)
Other financing sources (uses)			
Transfers in (Note 7)	17,281	-	16,500
Transfers out (Note 7)	(113,158)	(7,252)	-
Bond and note issuances	-	2,186	-
Bond premium	-	-	-
Proceeds from sale of capital assets	11	32	-
<b>Total other financing sources (uses)</b>	<b>(95,866)</b>	<b>(5,034)</b>	<b>16,500</b>
Net change before special item	(22,708)	1,893	3,331
Special item (Note 18)	(30,444)	-	-
Net change in fund balances	(53,152)	1,893	3,331
Fund balances at October 1, 2011	(81,881)	46,341	59,334
<b>Fund balances at September 30, 2012</b>	<b>\$ (135,033)</b>	<b>\$ 48,234</b>	<b>\$ 62,665</b>

See accompanying notes to the basic financial statements.

Health	Juvenile Justice and Abuse / Neglect	Building Authority Construction Capital Project	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 14,665	\$ 300,879
-	-	-	-	42,877
-	-	-	7,449	7,449
-	-	-	100	657
6,079	3,540	-	57,023	85,549
3,924	80,881	-	4,727	817,220
-	14,180	-	1,670	21,422
5,392	10,595	-	10,351	164,108
-	-	1,477	22,535	27,079
-	-	-	1,614	18,923
<u>15,395</u>	<u>109,196</u>	<u>1,477</u>	<u>120,134</u>	<u>1,486,163</u>
-	-	-	-	8,792
-	-	-	2,213	99,522
-	-	-	2,108	132,803
-	-	-	13,988	158,761
-	-	29	-	660
-	-	-	-	68,575
16,865	184,541	-	38,811	944,966
-	-	-	22,438	25,994
-	-	1	27,617	29,354
-	34	40,708	16,031	67,091
-	-	-	50,917	52,828
<u>16,865</u>	<u>184,575</u>	<u>40,738</u>	<u>174,123</u>	<u>1,589,346</u>
<u>(1,470)</u>	<u>(75,379)</u>	<u>(39,261)</u>	<u>(53,989)</u>	<u>(103,183)</u>
2,075	77,926	-	36,936	150,718
-	-	(10,613)	(1,756)	(132,779)
-	-	-	13,850	16,036
-	-	-	55	55
-	-	-	37	80
<u>2,075</u>	<u>77,926</u>	<u>(10,613)</u>	<u>49,122</u>	<u>34,110</u>
605	2,547	(49,874)	(4,867)	(69,073)
-	-	-	-	(30,444)
605	2,547	(49,874)	(4,867)	(99,517)
<u>(1,786)</u>	<u>(10,059)</u>	<u>171,183</u>	<u>70,922</u>	<u>254,054</u>
<u>\$ (1,181)</u>	<u>\$ (7,512)</u>	<u>\$ 121,309</u>	<u>\$ 66,055</u>	<u>\$ 154,537</u>

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2012 (in thousands)

Net change in fund balances - total governmental funds	\$	(99,517)
Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:		
The change in net assets of the internal service funds is reported with governmental activities in the Statement of Activities.		56
The change in net assets of the Delinquent Tax Revolving Fund, an enterprise fund, is reported with governmental activities in the Statement of Activities.		27,827
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.		
Expenditures for capital assets		67,092
Less current year depreciation		(61,193)
Repayment of bond principal and other debt is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets.		24,315
Revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the funds.		(4,694)
Non-cash capital contributions in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		12,429
Changes in long-term receivables from component units are not reported as revenue in the governmental funds since they do not provide current financial resources. They are reported in the Statement of Activities.		(81)
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the asset sold is removed from the capital assets in the Statement of Net Assets and offset against the sale proceeds resulting in a gain on the sale in the Statement of Activities. Thus more revenue is reported in the governmental funds.		(148)
The net effect of capital assets transferred from internal service fund to governmental are reported as a special item.		35,512

Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. The amount represents the proceeds received net of issuance costs, discounts/premiums, and other deferred charges that must be amortized over the life of the debt. (16,890)

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 governmental funds

Change in accrued interest payable	(903)
Change in other postemployment benefits	(33,122)
Change in net pension obligation	(4,035)
Change in long-term payable to component unit	6,785
Change in accrued compensated absences	449
Change in accrued claims, litigation and assessments	(5,684)
Amortization of bond premium, discount, issuance costs and deferred loss on refunding	<u>(828)</u>
Change in net assets of governmental activities	<u>\$ (52,630)</u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN

Statement of Net Assets  
 Proprietary Funds  
 September 30, 2012  
 (in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewage Disposal Systems		Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
	Downriver	Rouge Valley				
<b>Assets</b>						
Current assets:						
Equity in pooled cash and investments (Note 4)	\$ 13,363	\$ 786	\$ 42,677	\$ 2,726	\$ 59,552	\$ 24,665
Other cash and investments (Note 4)	1	-	499	-	500	3
Due from other funds	-	-	47,018	-	47,018	154
Receivables:						
Accounts	357	-	-	887	1,244	-
Due from component units	19	-	1,459	-	1,478	50
Due from other governmental units (Note 10)	3,401	11,293	-	3,432	18,126	95
Less allowance for uncollectible accounts	(144)	(408)	-	-	(552)	-
Prepayments and deposits	124	-	-	-	124	1,186
<b>Total current assets</b>	<b>17,121</b>	<b>11,671</b>	<b>91,653</b>	<b>7,045</b>	<b>127,490</b>	<b>26,153</b>
Noncurrent assets:						
Restricted assets: (Note 5)						
Equity in pooled cash and investments	23,342	5,605	23,125	7,018	59,090	-
Other cash and investments	4,181	-	58,798	-	62,979	-
Delinquent property taxes due in one year	-	-	197,997	-	197,997	-
Delinquent property taxes due in more than one year	-	-	195,761	-	195,761	-
Accounts receivable	11,998	-	-	2,674	14,672	-
Bond principal due from municipalities	102,342	170	-	15,325	117,837	-
Capital assets not being depreciated	34,038	22,432	-	2,894	59,364	24
Capital assets being depreciated, net	194,400	75,752	336	3,254	273,742	3,917
Bond issuance cost, net of amortization	429	47	-	192	668	-
<b>Total noncurrent assets</b>	<b>370,730</b>	<b>104,006</b>	<b>476,017</b>	<b>31,357</b>	<b>982,110</b>	<b>3,941</b>
<b>Total assets</b>	<b>387,851</b>	<b>115,677</b>	<b>567,670</b>	<b>38,402</b>	<b>1,109,600</b>	<b>30,094</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts and contracts payable	1,942	36	327	381	2,686	1,652
Accrued wages and benefits	123	-	68	-	191	440
Due to other funds (Note 7)	84	14	-	1,978	2,076	-
Current portion of long-term obligations (Note 12)	311	50	125	2	488	1,118
Other liabilities	265	9,429	282	4,903	14,879	9,606
Unearned revenue	-	-	-	-	-	160
<b>Total current liabilities</b>	<b>2,725</b>	<b>9,529</b>	<b>802</b>	<b>7,264</b>	<b>20,320</b>	<b>12,976</b>

continued...

CHARTER COUNTY OF WAYNE, MICHIGAN

Statement of Net Assets  
 Proprietary Funds  
 September 30, 2012  
 (in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewage Disposal Systems		Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
	Downriver	Rouge Valley				
Noncurrent liabilities:						
Payable from restricted assets:						
Accounts payable	1,595	-	81	3,486	5,162	-
Other liabilities	12,356	-	241	-	12,597	-
Accrued interest	486	-	1,596	283	2,365	-
Bonds and notes payable due in less than one year (note 10)	16,840	490	185,745	3,781	206,856	-
Bonds and notes payable due in more than one year (note 10)	109,552	3,536	130,057	14,419	257,564	-
Other postemployment benefits (Note 16)	1,877	-	612	154	2,643	6,754
Bonds and notes payable due in more than one year (note 10)	22,417	6,753	-	-	29,170	-
Other long-term liabilities	-	-	-	-	-	4,438
<b>Total noncurrent liabilities</b>	<b>165,123</b>	<b>10,779</b>	<b>318,332</b>	<b>22,123</b>	<b>516,357</b>	<b>11,192</b>
<b>Total liabilities</b>	<b>167,848</b>	<b>20,308</b>	<b>319,134</b>	<b>29,387</b>	<b>536,677</b>	<b>24,168</b>
Net assets						
Invested in capital assets, net of related debt	\$ 79,629	\$ 87,405	\$ 336	\$ 5,046	\$ 172,416	\$ 3,941
Restricted for:						
Delinquent tax administration	-	-	157,961	-	157,961	-
Bond programs	127,426	5,775	-	4,150	137,351	-
Unrestricted (deficit)	12,948	2,189	90,239	(181)	105,195	1,985
<b>Total net assets</b>	<b>\$ 220,003</b>	<b>\$ 95,369</b>	<b>\$ 248,536</b>	<b>\$ 9,015</b>	<b>\$ 572,923</b>	<b>\$ 5,926</b>
Reconciliation of statement of net assets of enterprise funds to business-type activities						
Total enterprise fund net assets					\$ 572,923	
The Delinquent Tax Revolving Fund primarily serves the general government and therefore is reported as governmental activities in the statement of net assets (Note 1)					(248,536)	
<b>Net assets of business-type activities</b>					<b>\$ 324,387</b>	

See accompanying notes to the basic financial statements.

concluded.

CHARTER COUNTY OF WAYNE, MICHIGAN

Statements of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended September 30, 2012  
(in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewage Disposal Systems		Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
	Downriver	Rouge Valley				
Operating revenues						
Sewage disposal charges	\$ 15,772	\$ 53,580	\$ -	\$ 21,125	\$ 90,477	\$ -
Industrial surcharges	1,728	-	-	-	1,728	-
Federal grants	-	-	-	-	-	2,542
Other charges for services	3,035	22	-	4,028	7,085	149,353
Fines and forfeitures	-	-	76,707	-	76,707	-
Rentals and expense recoveries	-	-	-	-	-	1,514
Other revenue	-	-	-	-	-	30
<b>Total operating revenues</b>	<b>20,535</b>	<b>53,602</b>	<b>76,707</b>	<b>25,153</b>	<b>175,997</b>	<b>153,439</b>
Operating expenses						
Personnel	2,245	-	863	-	3,108	8,293
Fringe benefits	1,506	-	517	-	2,023	4,969
Pension	386	-	118	-	504	1,265
Materials and supplies	2,118	54	996	789	3,957	1,110
Contractual services	5,637	47,309	12,607	22,671	88,224	9,846
Travel	4	-	1	-	5	96
Miscellaneous operating	3,892	1,401	1,740	702	7,735	118,741
Rentals	57	153	135	307	652	2,077
Other charges	-	-	-	967	967	59
Depreciation and amortization	13,443	1,993	30	356	15,822	951
<b>Total operating expenses</b>	<b>29,288</b>	<b>50,910</b>	<b>17,007</b>	<b>25,792</b>	<b>122,997</b>	<b>147,407</b>
Operating income (loss)	(8,753)	2,692	59,700	(639)	53,000	6,032
Nonoperating revenues (expenses)						
Investment earnings (loss)	14	4	598	179	795	(6)
Collections from (payments to) participating units	3,556	4	-	947	4,507	-
Interest expense	(4,452)	(253)	(15,237)	(1,076)	(21,018)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(882)</b>	<b>(245)</b>	<b>(14,639)</b>	<b>50</b>	<b>(15,716)</b>	<b>(6)</b>
Net income (loss) before transfers	(9,635)	2,447	45,061	(589)	37,284	6,026
Transfers in	-	-	-	199	199	2,727
Transfers out	-	-	(17,234)	-	(17,234)	(3,630)
Change in net assets before special item	(9,635)	2,447	27,827	(390)	20,249	5,123
Special item (Note 18)	-	-	-	-	-	(5,067)
Net change in assets	(9,635)	2,447	27,827	(390)	20,249	56
Net assets at October 1, 2011	229,638	92,922	220,709	9,405	552,674	5,870
Net assets at September 30, 2012	\$ 220,003	\$ 95,369	\$ 248,536	\$ 9,015	\$ 572,923	\$ 5,926

Reconciliation of statement of revenues, expenses and changes in fund net assets to the business-type activities in the statement of activities

Net change in net assets - enterprise funds	\$ 20,249
The Delinquent Tax Revolving Fund primarily serves the general government and therefore is reported as governmental activities in the statement of activities (Note 1)	(27,827)
<b>Change in net assets of business-type activities</b>	<b>\$ (7,578)</b>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2012  
(in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewage Disposal Systems		Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
	Downriver	Rouge Valley				
Cash flows from operating activities						
Receipts from customers	\$ 19,373	\$ 50,566	\$ 556,780	\$ 27,361	\$ 654,080	\$ 150,212
Payments to suppliers	(8,966)	(50,295)	(471,448)	(25,664)	(556,373)	(134,140)
Receipts from federal grants	-	-	-	\$ -	-	2,542
Payments to employees	(2,226)	-	(830)	-	(3,056)	(8,333)
Payments for benefits	(1,450)	-	(480)	-	(1,930)	(6,980)
Internal activity - receipts from other funds	-	-	(48,726)	1,641	(47,085)	-
Internal activity - payments to other funds	84	14	(14,750)	337	(14,315)	(154)
Internal activity - receipts from component units	35	-	-	-	35	-
Net cash provided by (used in) operating activities	6,850	285	20,546	3,675	31,356	3,147
Cash flows from non-capital financing activities						
Long-term receivable	-	-	-	-	-	796
Transfers (to) from other funds	-	-	(17,234)	-	(17,234)	30,444
Net cash provided by (used in) non-capital financing activities	-	-	(17,234)	-	(17,234)	31,240
Cash flows from capital and related financing activities						
Repayment of long-term debt	(16,448)	(478)	(293,553)	(3,771)	(314,250)	-
Proceeds from issuance of long term debt	6,813	2,975	255,000	1,151	265,939	-
Bond principal received from municipalities	12,300	20	-	3,584	15,904	-
Capital transfers from other funds	-	-	-	-	-	(903)
Interest received from participating local units	3,556	4	-	947	4,507	-
Transfer from other funds	-	-	-	199	199	-
Acquisition of capital assets	(7,787)	(2,744)	(303)	(1,306)	(12,140)	(24)
Advances from other funds	-	-	-	-	-	(288)
Interest paid	(4,449)	(251)	(15,780)	(1,074)	(21,554)	-
Net cash provided by (used in) capital and related financing activities	(6,015)	(474)	(54,636)	(270)	(61,395)	(1,215)
Cash flows from investing activities						
Investment earnings	14	4	598	179	795	(6)
Change in cash and cash equivalents	849	(185)	(50,726)	3,584	(46,478)	33,166
Cash and cash equivalents at October 1, 2011	40,038	6,576	175,825	6,160	228,599	(8,498)
Cash and cash equivalents at September 30, 2012	\$ 40,887	\$ 6,391	\$ 125,099	\$ 9,744	\$ 182,121	\$ 24,668
Cash and cash equivalents at September 30, 2012 consists of the following:						
Equity in pooled cash and investments	\$ 13,363	\$ 786	\$ 42,677	\$ 2,726	\$ 59,552	\$ 24,665
Other cash and investments	1	-	499	-	500	3
Restricted assets:						
Equity in pooled cash and investments	23,342	5,605	23,125	7,018	59,090	-
Other cash and investments	4,181	-	58,798	-	62,979	-
Total cash and investments	\$ 40,887	\$ 6,391	\$ 125,099	\$ 9,744	\$ 182,121	\$ 24,668

continued...

CHARTER COUNTY OF WAYNE, MICHIGAN

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2012  
(in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewage Disposal Systems		Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	
	Downriver	Rouge Valley				
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (8,753)	\$ 2,692	\$ 59,700	\$ (639)	\$ 53,000	\$ 6,032
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	13,443	1,993	30	356	15,822	951
Changes in current assets and liabilities:						
Delinquent property taxes receivable	-	-	24,016	-	24,016	-
Accounts receivable	(1,686)	-	99	(755)	(2,342)	-
Due from other funds	-	-	(48,726)	-	(48,726)	(154)
Due from other governmental units	524	(3,036)	-	2,963	451	(51)
Due from component units	35	-	-	-	35	-
Other current assets	3	6	-	2	11	(980)
Accounts and contracts payable	1,641	(279)	293	349	2,004	(2,766)
Accrued wages	19	-	33	-	52	(40)
Accrued benefits	12	-	2	-	14	17
Due to other funds	84	14	(14,750)	1,978	(12,674)	-
Other liabilities	1,098	(1,105)	(303)	(579)	(889)	1,535
Compensated absences payable	(1)	-	5	-	4	783
Deferred revenue	-	-	-	-	-	(634)
Noncurrent other liabilities	431	-	148	-	579	(1,546)
Net cash provided by (used in) operating activities	\$ 6,850	\$ 285	\$ 20,547	\$ 3,675	\$ 31,357	\$ 3,147

See accompanying notes to the basic financial statements.

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# CHARTER COUNTY OF WAYNE, MICHIGAN

## Statement of Fiduciary Net Assets Fiduciary Funds September 30, 2012 (in thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets</b>		
Equity in pooled cash and investments (Note 4)	\$ 15,217	\$ 126,943
Other cash and investments (Note 4)	-	1,444
Accounts receivable	2,522	1
Accrued interest receivable	1,216	-
Due from other funds (Note 7)	-	30
Due from component units (Note 7)	1,981	-
Retirement investments (Note 4):		
Equity securities	629,136	-
Debt securities	209,628	-
Money market funds	21,791	-
Other investments	189,359	-
Total retirement investments	1,049,914	-
Prepayments and deposits	22	-
Depreciable capital assets, net (Note 8)	10	-
	1,070,882	\$ 128,418
<b>Total assets</b>	<b>1,070,882</b>	<b>\$ 128,418</b>
<b>Liabilities</b>		
Accounts and contracts payable	650	\$ 10,631
Due to other governmental units (Note 7)	-	2,799
Due to other funds (Note 7)	-	-
Accrued wages and benefits	66	3,147
Due to broker for securities purchased	1,343	-
Undistributed taxes	-	86,696
Retainage	-	1,869
Other liabilities	1,016	23,276
	3,075	\$ 128,418
<b>Total liabilities</b>	<b>3,075</b>	<b>\$ 128,418</b>
<b>Net assets</b>		
Net assets held in trust for pension benefits	\$ 1,067,807	

See accompanying notes to the basic financial statements.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Statement of Changes in Fiduciary Net Assets Pension Trust Funds For the Year Ended September 30, 2012 (in thousands)

<b>Additions</b>	
Investment income (loss):	
Net appreciation in fair market value	\$ 117,522
Interest and dividends	25,394
Other investment income	2,760
Investment expenses	<u>(3,136)</u>
Net investment income	<u>142,540</u>
Retirement contributions:	
Employer	63,941
Employee	<u>29,833</u>
Total retirement contributions	<u>93,774</u>
<b>Total additions</b>	<u><b>236,314</b></u>
<b>Deductions</b>	
Administrative expenses:	
Personnel	1,114
Fringe benefits	783
Pension	206
Materials and supplies	84
Contractual services	1,008
Travel	56
Rentals	189
Depreciation and amortization	5
Other charges	<u>26</u>
Total administrative expenses	3,471
Participant benefits - retirement benefits	<u>170,298</u>
<b>Total deductions</b>	<u><b>173,769</b></u>
Change in net assets	62,545
Net assets at October 1, 2011	<u>1,005,262</u>
Net assets at September 30, 2012 (Note 15)	<u><u><b>\$ 1,067,807</b></u></u>

See accompanying notes to the basic financial statements.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Statement of Net Assets Component Units September 30, 2012 (in thousands)

	Airport Authority	Circuit Court	Nonmajor Component Units	Total
<b>Assets</b>				
Equity in pooled cash and investments (Note 4)	\$ -	\$ -	\$ 14,726	\$ 14,726
Other cash and investments (Note 4)	82,845	7	15,067	97,919
Receivables				
Due in one year	12,481	3,527	9,424	25,432
Due in more than one year	-	-	8,148	8,148
Due from other funds	-	-	-	-
Due from primary government	-	22,269	59,094	81,363
Due from other governmental units	18,898	-	-	18,898
Other assets	26,981	473	1,387	28,841
Restricted assets (Note 5)	595,038	-	-	595,038
Capital assets not being depreciated (Note 8)	309,154	7,824	11,247	328,225
Capital assets being depreciated, net (Note 8)	1,795,382	2,941	25,807	1,824,130
<b>Total assets</b>	<b>2,840,779</b>	<b>37,041</b>	<b>144,900</b>	<b>3,022,720</b>
<b>Liabilities</b>				
Negative equity in pooled cash	-	-	-	-
Accounts payable and accrued expenses	58,703	2,483	8,033	69,219
Accrued interest payable	105	-	171	276
Unearned revenue	1,553	315	10,728	12,596
Due to fiduciary funds	4,225	-	-	4,225
Due to primary government (Note 7)	760	3,541	4,649	8,950
Due to other governmental units (Note 7)	1,213	-	-	1,213
Bonds, notes and other liabilities payable from restricted assets (Note 10)				
Due in one year	115,479	-	-	115,479
Due in more than one year	-	-	-	-
Bonds, notes and other liabilities (Note 10)				
Due in one year	5,650	3,779	1,066	10,495
Due in more than one year	2,218,631	-	68,456	2,287,087
Net pension obligation and other postemployment benefits (note 15 and 16)	-	23,599	3,994	27,593
<b>Total liabilities</b>	<b>2,406,319</b>	<b>33,717</b>	<b>97,097</b>	<b>2,537,133</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	36,778	10,765	33,444	80,987
Restricted for:				
Bond programs	292,032	-	1,341	293,373
Capital projects	16,700	-	585	17,285
Drug enforcement	1,359	-	-	1,359
Airport operations	28,695	-	-	28,695
Unrestricted	58,896	(7,441)	12,433	63,888
<b>Total net assets</b>	<b>\$ 434,460</b>	<b>\$ 3,324</b>	<b>\$ 47,803</b>	<b>\$ 485,587</b>

See accompanying notes to the basic financial statements.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Statement of Activities Component Units For the Year Ended September 30, 2012 (in thousands)

	Airport Authority	Circuit Court	Non-major Component Units	Total
Expenses	\$ 439,573	\$ 117,722	\$ 61,821	\$ 619,116
Program revenues				
Charges for services	380,797	6,194	39,808	426,799
Operating grants and contributions	1,379	104,664	14,360	120,403
Capital grants and contributions	27,121	-	-	27,121
Total program revenues	409,297	110,858	54,168	574,323
Net expense	(30,276)	(6,864)	(7,653)	(44,793)
General revenues				
Investment earnings (loss)	1,810	(16)	17	1,811
Other revenue	(2,555)	174	2,487	106
Total general revenues	(745)	158	2,504	1,917
Change in net assets	(31,021)	(6,706)	(5,149)	(42,876)
Net assets at October 1, 2011	465,481	10,030	52,952	528,463
Net assets at September 30, 2012	\$ 434,460	\$ 3,324	\$ 47,803	\$ 485,587

See accompanying notes to the basic financial statements.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2012**

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

# CHARTER COUNTY OF WAYNE, MICHIGAN

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# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The Charter County of Wayne, Michigan (County) was originally incorporated in 1796 and covers an area of approximately 623 square miles. The County provides law enforcement, administration of justice, community enrichment and development, and health and human services to approximately two million residents. The County operates under a Home Rule Charter that provides for government by a legislative branch, which is comprised of fifteen elected commissioners, and an executive branch, which is headed by an elected chief executive officer (County Executive). The County Executive is the County's chief administrator and manages the County's ten executive departments, including Children and Family Services, Corporation Counsel, Economic Development Growth Engine (EDGE), Health and Human Services, Homeland Security and Emergency Management, Management and Budget, Personnel/Human Resources, Public Services, Senior and Veteran Services, and Technology. In addition, the primary government includes other elected officials including the County Clerk, Prosecuting Attorney, Register of Deeds, Sheriff, and the Treasurer. The component units and other entities discussed below have been included as part of the reporting entity because of the significance of their operational or financial relationship to the County.

The Wayne County Employees' Retirement System (Retirement System), which is governed by the Wayne County Retirement Ordinance, is included as part of the County's fiduciary operations. The Retirement Commission oversees the ongoing operations of the Retirement System in accordance with the Retirement Ordinance.

#### *Component Units*

The financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

**Blended Component Units** - Blended component units are legally separate entities from the County, but provide exclusive benefit to the primary government, so data from these units are combined with data of the primary government.

The Wayne County Building Authority (WCBA) was established in 1961 under provisions of Act No. 31, Public Acts of Michigan, Extra Session of 1948, as amended, to acquire, furnish, equip, own, improve, enlarge, operate and/or maintain buildings and building sites for lease to, and eventual ownership by, the County. It is managed by a five-member board appointed by the County Executive, subject to approval by the Wayne County Commissioners. The County has pledged certain revenues, including a specific portion of its general property tax revenues, to secure the payment of certain outstanding obligations of the County and the WCBA. In addition, the County has pledged its limited tax full faith and credit for repayment of these obligations. The WCBA has no taxing authority. The operations of the WCBA are reported in three non-major governmental funds.

**Discretely Presented Component Units** - Discretely presented component units are entities that are legally separate from the County but for which the County is financially accountable, or their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. These component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The Wayne County Airport Authority (Airport Authority) was established on August 2, 2002 under Public Act 90 of 2002 to control and operate the Detroit Metropolitan Wayne County Airport, the Willow Run Airport (the Airports) and the Airport Hotel.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The Airport Authority is an independent public benefit agency and considered an agency of the County for the purposes of federal and state laws, but it is not subject to any County charter requirements or the direction or control of either the County Executive or the Wayne County Commission. The Airport Authority is charged with the responsibility to operate and run the activities of the Airports and the Airport Hotel. The financial statements of the Airport Authority include the operations of the Airports.

The Airport Authority is managed by a seven-member board, with four members appointed by the County Executive, two members appointed by the Governor of the State of Michigan, and one member appointed by the Wayne County Commission. The appointments of the County Executive and the Governor are not subject to confirmation by the State Legislature or the Wayne County Commission. The County has pledged its limited tax full faith and credit as additional security for payment of the principal, premium, if any, and interest on certain Airport Authority debt, subject to constitutional statutory and charter tax rate limitations.

The Third Circuit and Probate Courts (Courts) were established under the Constitution of the State of Michigan and comprise a portion of the judicial branch of the State of Michigan. Although the Courts were not created as a separate body corporate or body corporate and politic, they possess the prerequisite corporate powers and budgetary autonomy to support their inclusion as discretely presented component units. Both Courts are headed by a duly elected chief judge. The Courts preside over judicial proceedings within the County. The Courts are fiscally dependent on the County and have no taxing power. The Court Reorganization Act, 1996 P.A. 388, designated the County as the primary funding unit for Court operations.

There are three separate divisions of Third Circuit Court (Circuit Court): Civil, Criminal, and Family Court. The Civil Division is assigned 17 judges for the resolution of general civil cases initiated within the County, where the amount of the controversy exceeds \$25,000. The Criminal Division is assigned 26 judges and has sole jurisdiction over felonies and high misdemeanors occurring within the County. The Family Court Division is divided into Domestic and Juvenile Sections. The Domestic Section is assigned 12 judges and is responsible for hearing all domestic relations cases filed within the County. The Juvenile Section is assigned seven judges, along with a staff of referees, and exercises exclusive jurisdiction over juveniles under 17 years of age in delinquency proceedings, and children under 18 years of age in protective proceedings. Each child coming within the jurisdiction of the Family Court is entitled to receive the care, guidance, and control as will be conducive to the child's welfare and the best interests of the State. The Courts are located in the Coleman A. Young Municipal Center, Frank Murphy Hall of Justice, and Lincoln Hall of Justice in downtown Detroit.

Probate Court has eight judges who have jurisdiction in all matters related to settlement of estates, trusts and appointment of trustees within the County. In addition, the Court appoints guardians and conservators for minors and other legally incapacitated persons. The Court has jurisdiction over numerous other matters ranging from mental illness, to communicable diseases, to substance abuse and to certain child custody issues.

The Detroit-Wayne County Stadium Authority (DWCSA) is a Michigan body corporate, incorporated on August 22, 1996 under the provisions of Act 31, Public Acts of Michigan of 1948. Its purpose is to construct, maintain, operate, and own stadia and their related structures, including Comerica Park and Ford Field, home of the Detroit Tigers Professional Baseball Team and the Detroit Lions Professional Football Team, respectively. The DWCSA is authorized to enter into contracts and indebtedness for this purpose. The DWCSA's Articles of Incorporation provide for a six-member board ("the Commission"). Each member of the Commission is appointed by the County Executive, with three members recommended by the Mayor of the City of Detroit. On April 1, 1997, the DWCSA issued revenue bonds totaling \$85,815,000. Under a contract dated March 1, 1997, the County pledged its limited tax full faith and credit for repayment of these bonds. The County has also pledged certain motor vehicle rentals and hotel tax revenues levied by the County pursuant to Act No. 180, Public Acts of Michigan 1991 for the payment of the annual debt service. The DWCSA has no taxing authority.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Chapters 8, 20 and 21 Drainage Districts are established under the State of Michigan Drain Code (Public Act 40 of 1956, as amended; the "Drain Code") to provide for the construction, maintenance and funding of drains, sewers, and equipment used in water management and flood control. Each of the individual drainage districts is a separate legal entity, with the power to sue and to be sued, and to hold, manage, and dispose of real and personal property. The full faith and credit of the County is generally given for the long-term debt of the drainage districts. There are approximately 150 drainage districts that are assessed by the County. The drainage districts are grouped and reported as follows:

Chapter 8 Drainage Districts are inter- and intra-County drainage districts that are operated, maintained, and extended pursuant to the provisions in the Drain Code, which allow for assessment of the related costs to the specific owners of the benefited parcels of property or to the benefited public corporations. The Wayne County Drain Commissioner (the County's Deputy Director of Public Services, Environmental Services Group) is responsible for determining the yearly assessments. Under the Drain Code, the County is responsible for Chapter 8 drainage district administrative costs for maintenance.

Chapter 20 Drainage Districts are intra-County drainage districts that are operated, maintained, and extended pursuant to the provisions in the Drain Code, which allow for at-large assessment of costs against either the benefited public corporations or the specific owners of the benefited parcels of property. The Chapter 20 Districts have Drainage Boards that are responsible for determining the yearly assessments. Each district's board statutorily consists of three members: the Wayne County Drain Commissioner, the district's County Commissioner, and an appointee of the Wayne County Executive. The full faith and credit of the County has been pledged for the long-term debt of the drainage districts.

Chapter 21 (Milk River) Drainage District is an inter-County drainage district that is operated, maintained, and extended pursuant to the provisions in the Drain Code, which allow for assessment of the related costs to either the benefited public corporations or the specific owners of the benefited parcels of property. The District has a Drainage Board that is responsible for determining the yearly assessments. The District's drainage board statutorily consists of three members: the Director of Agriculture of the State of Michigan (chairperson), the Wayne County Drain Commissioner, and the Drain Commissioners for each of the counties of the specific drainage district. The County has pledged its full faith and credit for the long-term debt of the district.

The Economic Development Corporation of Wayne County (EDC) is a separate legal entity that was established pursuant to Michigan Public Act 338 of 1974. Its 11-member board is appointed by the County Executive. The EDC acts on behalf of and at the direction of the County. Services include financial packaging, site location services, and low-cost financing to businesses locating or expanding in the County. The EDC's primary fiscal activity is to provide administration of federal grants on behalf of and for the benefit of the County. The EDC is fiscally dependent on the County and has no taxing authority.

The Wayne County-Detroit Community Development Entity, Inc (CDE, Inc.) is an IRS Section 501(c) (3) Michigan corporation. It is a qualified community development entity that was granted new market tax credits (NMTC) allocation authority from the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund). CDE, Inc. must comply with various rules and regulations of the CDFI Fund and Section 45D of the IRS Code, and must ensure that the NMTC's are used for investment in low-income communities in Wayne County. The County Executive has appointed six of the eleven Board members. The CDE's limited liability corporations administer the NMTC projects.

The Greater Wayne County Economic Development Corporation (GWEDC) was created as a separate legal entity in November 2004 through an inter-local agreement between the EDC of Wayne County, the EDC of the City of Taylor and the EDC of the City of Detroit. The purpose of the GWEDC is to administer economic development programs and functions in Michigan. The GWEDC is governed by an Executive Committee and a Board of Directors. The County Executive appoints the members of the Executive Committee and six of the ten Board members. The entity is primarily funded by contributions from the County.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The Brownfield Redevelopment Authority (BRA) was established by State enabling legislation. The BRA assists the Wayne County Department of Public Services and the various Wayne County communities involved with the Urban Recovery Partnership to facilitate the redevelopment of unproductive, contaminated and/or blighted property by providing tax incentives. The BRA's 11-member board is appointed by the County Executive. The BRA acts on behalf of and at the direction of the County.

HealthChoice of Michigan (HealthChoice) was formed by the County under the Municipal Health Corporations Act of 1987. HealthChoice was incorporated January 30, 1992 to manage a health care program benefiting employees of County businesses that are unable to provide health benefits to these employees. The program is funded equally by monthly contributions by employers, employees, and Metro HealthCare Services, Inc. (MHCS), a philanthropic Michigan non-profit corporation. HealthChoice Board members are County elected or County appointed officials.

HealthChoice administers the program in conjunction with MHCS, which administers the transfer of monthly subsidies to HealthChoice; Patient Care Management System, a unit of the County, which provides the personnel to manage the program; and a third-party administrator, which collects subsidies from MHCS and premiums from employers, distributes health care provider payments, and remits any excess premiums to HealthChoice.

The Wayne County Regional Jobs and Economic Growth Foundation (the Foundation) is an IRS Section 501 (c) (3) Michigan foundation formed to support and encourage economic development projects initiated by Michigan communities, economic development corporations, charities and other organizations that promote growth of businesses, jobs and economic opportunities within Wayne County. The nature and significance of the Foundation's relationship with the County and another of its component units, the GWEDC, are such that omission of the Foundation's operations from the County's financial statements would cause them to be misleading or incomplete. Accordingly, the Foundation has been included as a non-major discrete component unit of the County.

The Wayne County Land Bank Corporation (Land Bank) was incorporated by the County on October 19, 2006 through an intergovernmental agreement (agreement) between Michigan Land Bank Fast Track Authority ("Authority", which is a public body corporate and politic within the Michigan Department of Labor and Economic Growth), and the Wayne County Treasurer (WCT). This agreement was formed under Sec. 5 of Article 3, and Sec. 28 of Article 7, of the Michigan Constitution of 1963 and the Land Bank Fast Track Act, 2003 PA 258 MCL 124.751 to 124.774. The agreement established the Wayne County Land Bank Corporation (Land Bank), a separate legal entity and public body corporate, to administer and execute the objectives of the Land Bank. Its purpose is to acquire, assemble, manage and/or dispose of real property, or rights and interests in real (such as tax reverted) property to develop/rehabilitate that property and promote economic growth; to quiet title to property; to issue bonds; and provide for financing, acquisition, assembly, and disposition of property.

The Land Bank is managed by a five-member Board consisting of the WCT or Chief Deputy Treasurer (Board Chairperson), three members appointed by the Wayne County Executive, and one member appointed by the Wayne County Commission. The Land Bank is primarily funded through contributions and grants from the County, and the Executive Director of the Land Bank is an employee of the County.

The following component units issue audited financial statements: the Wayne County Building Authority; the Wayne County Airport Authority; the Detroit-Wayne County Stadium Authority; the Chapter 21 (Milk River) Drainage District, CDE, Inc., the GWEDC, HealthChoice of Michigan, the Foundation, and the Land Bank. These reports may be obtained at the entity's administrative offices listed below.

Wayne County Building Authority  
500 Griswold, 20th Floor  
Detroit, Michigan 48226

HealthChoice of Michigan  
640 Temple, Suite 370  
Detroit, Michigan 48201

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Chapter 21 (Milk River) Drainage District  
Wayne County Department of Public Service  
400 Monroe, 4th Floor  
Detroit, Michigan 48226

Greater Wayne County Economic  
Development Corporation  
500 Griswold, 30th Floor  
Detroit, Michigan 48226

Wayne County Airport Authority  
Detroit Metropolitan Wayne County Airport  
L.C. Smith Terminal-Mezzanine  
Detroit, Michigan 48242

Wayne County-Detroit Community  
Development Entity, Inc.  
500 Griswold, 30th Floor  
Detroit, Michigan 48226

Detroit-Wayne County Stadium Authority  
500 Griswold, 20th Floor  
Detroit, Michigan 48226

Wayne Regional Jobs and Economic  
Growth Foundation  
500 Griswold, 30th Floor  
Detroit, Michigan 48226

Wayne County Land Bank Corporation  
c/o Office of the Wayne County Treasurer  
400 Monroe, 5th Floor  
Detroit, Michigan 48226

The administrative offices of the other component units are listed below. Detailed financial information may be obtained from the Wayne County Department of Management and Budget, 500 Griswold, 20th Floor.

Third Circuit Court  
Two Woodward Avenue  
711 Coleman A. Young Municipal Center  
Detroit, Michigan 48226

Economic Development Corporation of  
Wayne County  
500 Griswold, 30th Floor  
Detroit, Michigan 48226

Probate Court  
Two Woodward Avenue  
1305 Coleman A. Young Municipal Center  
Detroit, Michigan 48226

Brownfield Redevelopment Authority  
500 Griswold, 30th Floor  
Detroit, Michigan 48226

Chapters 8 and 20 Drainage Districts  
Wayne County Department of Public Services  
400 Monroe, 4th Floor  
Detroit, Michigan 48226

### *Related Organizations*

County officials are also responsible for appointing members of boards of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. County officials appoint the board members of the Detroit-Wayne County Joint Building Authority, Wayne County Council for the Arts, History and Humanities, Wayne County Zoological Authority, Wayne County Transit Authority and Wings Over Wayne.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

#### *Government-Wide Financial Statements*

The County's financial statements include government-wide financial statements (reporting the County as a whole) and fund financial statements (reporting the County's major funds individually and non-major funds in the aggregate). The government-wide financial statements categorize primary activities as either governmental or business-type. The County's legislative; judicial; general government; public safety; public works; highways, streets and bridges; health and welfare; recreation and cultural; and community and economic development functions are classified as governmental activities as they are largely supported by taxes and intergovernmental revenue. The County's sewage disposal systems (including combined sewage overflow basins), jail commissary, parking lots, wetlands mitigation, and copy center services are classified as business-type activities as they rely on fees and charges for support.

The primary function of the Delinquent Tax Revolving Fund is to support the collection of property tax revenue, a general government function. The activities of the Delinquent Tax Revolving Fund have been classified as governmental activities in the government-wide financial statements and the reconciliation from the proprietary fund financial statements to the business-type activities column in the government-wide financial statements has been prepared.

The government-wide financial statements display information about the County as a whole, excluding fiduciary funds and component units that are fiduciary in nature. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

In the government-wide Statement of Net Assets, both the governmental and business-type activities are presented on a consolidated basis, by column, and all long-term assets, as well as long-term-debt and obligations, are recognized. The County's net assets are reported in the following three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

- Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are specifically associated with a service, program or department and are clearly identifiable to a specific function. In addition, indirect expenses for centralized services and administrative overhead are included as part of the direct expenses reported for the various functional activities. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General government revenues also support the functions. Taxes, investment earnings, and other revenues that support the functions, but are not considered program revenues, are considered *general revenues*.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are activities between funds reported as governmental activities and funds reported as business-type activities. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

### *Fund Financial Statements*

Separate fund financial statements are presented for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. Non-major governmental, non-major enterprise, internal service, pension (and other employee benefit) trust funds, and agency funds, are presented in the aggregate, and in individual columns, in the fund financial statements.

Governmental fund financial statements include those funds used to account for the County's general government activities. All governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recorded when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if collection occurs within sixty (60) days. The County considers all other revenues to be available if they are collected within sixty (60) days of the end of the fiscal year, except grant and trade receivables. They shall be considered available if they are collected within ninety (90) days of the end of the fiscal year.

Expenditures are recognized as payable on the modified accrual basis when the liability is incurred, except for principal and interest on general long-term obligations, compensated absences, and claims, litigation, and assessments, which are recognized when due.

The County reports the following major governmental funds:

- *General Fund* - The General Fund accounts for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is the County's primary operating fund.
- *Roads Special Revenue Fund* - This fund is used to account for the operations associated with the maintenance and construction of certain roads, streets, and bridges located within the County. These operations are funded principally by the federal government, the State of Michigan, and local governmental units within the County.
- *Mental Health Special Revenue Fund* - This fund is used to account for revenue restricted for providing mental health services to County residents. These operations are primarily funded by the State of Michigan through Medicaid and State grants and contracts.
- *Health Special Revenue Fund* - This fund is used to account for revenue restricted for the purpose of providing health protection, maintenance, and improvement for the residents of the County. These operations are principally funded by federal grants and the State of Michigan through Medicaid and State grants and contracts.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

- *Juvenile Justice and Abuse/Neglect Special Revenue Fund* - This fund accounts for the cost of providing required foster care and/or residential care to abused, neglected, and delinquent children in the County, including County residents who become wards of the State of Michigan. These operations are principally funded by grants and contracts from the State of Michigan.
- *Wayne County Building Authority Construction Capital Projects Fund* - This fund is used to account for the funding and costs of constructing new facilities and major renovations of existing facilities. Financing is provided from bond proceeds received exclusively for certain capital projects.

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

The County's proprietary funds consist of the following major enterprise funds:

- *Downriver and Rouge Valley Sewage Disposal System Enterprise Funds* - These major enterprise funds are used to record the fiscal activities associated with operation and maintenance of the Downriver and Rouge Valley sewage treatment facilities. Costs are recovered through development of usage rates, which are billed to the local communities served.
- *Delinquent Tax Revolving Enterprise Fund* - This major enterprise fund is used to account for money advanced by the County to various taxing authorities for unpaid property taxes. It was established by law to buy any or all delinquent real property taxes and special assessments owed to the County and taxing authorities in the County.

Additionally, the County reports the following fund types:

- *Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- *Debt service funds* are used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources and for special assessment bond principal and interest from special assessment levies when the County is obligated in some manner for the payment.
- *Capital projects funds* are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.
- *Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or where periodic determination of net income is appropriate for accountability purposes.
- *Internal service funds* are used to account for the costs of certain goods, services, and activities (such as central services, information technology, employee health benefits, property insurance, capital asset acquisitions, etc.) provided by one department to another department or to component units of the County.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

- *Pension trust funds* are used to account for the assets of the County's employees' pension plan. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.
- *Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the County holds for others in an agency capacity. Agency funds, which only report a Statement of Fiduciary Net Assets, use the accrual basis of accounting. The specific nature of transactions recorded in these funds are: current tax collections and their subsequent disbursement to other governmental units; court fines received by the District Courts and disbursed to public libraries; County Clerk revenues from bonds and other fees that are disbursed for attorney fees, restitution payments, garnishments, and jury fees; contractor retainages that are disbursed to the contractors upon successful completion of various projects; employee payroll holdings and their subsequent disbursement; and monthly benefit payments to retirees.

The County reports the following major component units:

- *Airport Authority* - These funds are used to account for the operation and maintenance of the Airports and the Airport Hotel. Airport revenues are primarily derived from landing fees, leases, and rentals received from users or fee-based operations. Activities associated with the Airport Hotel include funding the construction and furnishing of an airport hotel at the McNamara Terminal at the Detroit Metropolitan Wayne County Airport.
- *Circuit Court* - The Court presides over judicial proceedings initiated within the County through its Civil, Criminal and Family Court divisions. These divisions are responsible for the resolution of general civil cases, felonies and high misdemeanors, domestic relations cases, and jurisdiction over juveniles in delinquency and protective proceedings.

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 20, and amended by Statement No. 34, the government-wide statements and proprietary fund statements follow all GASB pronouncements and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The County has the option to apply FASB pronouncements issued after November 30, 1989, for business-type activities and enterprise funds, but has chosen not to do so.

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

Assets, liabilities, and net assets or fund balance

### *Deposits and investments*

Cash resources of the individual funds, except as specifically stated by the Comprehensive Investment Policy Ordinance, are pooled and invested. Interest on pooled investments is allocated among the respective funds based on average investment balances. Securities traded on national or international exchanges are valued at last reported sales price at current exchange rates, which represents fair value. Mortgages are valued on the basis of future principal and interest payments and are discounted at the prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value. Gains or losses on investments sold or exchanged are recognized when the transactions are completed (settlement dates).

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### *Inventories, prepaid items and deposits*

Inventories are valued at cost, primarily using the weighted average cost flow assumption. Expenditures are recognized as inventory items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or deposits in both the government-wide and fund financial statements.

Fund balances in governmental funds have been reported as nonspendable for the balance in inventory, prepaid items, deposits, and other long-term assets (primarily interfund cash lending) at September 30, 2012, as that portion of fund balance is not in spendable form or is legally or contractually required to be maintained in tact.

### *Interfund balances*

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".

### *Bond issuance costs*

A component of other assets in the enterprise funds represents bond issuance costs. Such issuance costs are amortized principally using methods that approximate the effective interest method.

### *Capital assets*

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Infrastructure assets are defined as long-lived capital assets that are stationary in nature and can be preserved longer than most other capital assets. Infrastructure assets have an initial, individual cost of more than \$5,000.

Equipment, buildings, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in either the governmental or business-type activities column in the government-wide financial statements. All capital assets are recorded at historical cost or estimated historical cost, if actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives (years), with the exception of certain Department of Public Services machinery and equipment and vehicles, which are depreciated using sum-of-the years' digits:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Land improvements	20
Buildings and improvements	5-50
Infrastructure:	
Roadways and signage	7-15
Bridges and dams	25-50
Roadways and paving	5-25
Sewer systems	25-80
Airport	10-40
Machinery, equipment and vehicle	5-25
Office equipment	5

### *Deferred revenue/unearned revenue*

In the governmental funds, deferred revenue represents revenue that is estimable but not available to finance current operations. Accordingly, these revenues are deferred until such time as they are available. Revenues are considered to be available if they are collected within approximately sixty (60) days of the end of the current fiscal period except grant and trade receivables. They shall be considered available if they are collected within ninety (90) days of the end of the fiscal year. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received but not yet earned.

### *Tax anticipation notes*

Tax anticipation notes (TANs) represent short-term debt obligations issued for operating purposes in anticipation of future tax collections. From time to time, the County issues TANs to meet anticipated cash flow requirements resulting from a timing imbalance between cash receipts and expenditures.

### *Long-term obligations*

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### *Other long-term obligations*

Other long-term obligations include compensated absences, net pension obligations, other post-employment benefits and reserves for commitments and contingencies. See Note 10, Long-Term Debt and Other Obligations, Note 15, Employee Benefits, Note 16, Other Post-employment Benefit Obligations, and Note 14, Commitments and Contingencies.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### *Compensated absences*

County employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited.

In the government-wide and proprietary fund financial statements, all vacation and sick pay is accrued when earned by the employee. In the governmental fund financial statements, the governmental funds report a liability for vacation and sick pay for employees who have separated from the County, however, their accrued vacation and sick pay remain due and payable at year-end.

### *Pension and other post employment benefit costs (OPEB)*

The County offers both pension and retiree health care benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amounts, if any.

### *Fund balance*

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. In the fund financial statements, governmental funds report the following components of fund balance:

- *Nonspendable:* Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted:* Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use of a specific purpose.
- *Committed:* Amounts that have been committed for specific purposes by formal action of the government's highest level of decision-making authority (i.e. County Commission). Commitments are made and can be rescinded only via resolution of the County Commission.
- *Assigned:* Amounts that are intended by the government to be used for specific purposes, but are not restricted or committed. Authority to assign fund balance has been designated to the Chief Financial Officer or her designee subject to the approval of the Wayne County Commission.
- *Unassigned:* Residual amounts remaining in the General Fund and negative amounts in Special Revenue Funds.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

In addition, the Statement specifies that Special Revenue Funds are only allowed to be reported if they are used to account for activities that are substantially funded by a specific external revenue source that is restricted or committed for a specific purpose.

The County Commission has adopted, by ordinance, a Budget Stabilization Fund under Michigan's Public Act 30 of 1978. The County Commission may, with a 2/3 vote, set aside General Fund surplus, up to a maximum of 15% of the most recent general fund budget (or average of the five most recent budgets, if less). An appropriation from the Budget Stabilization Fund, which also requires a 2/3 vote of the County Commission, may only occur to correct a budget shortfall, or in the case of a natural disaster. The balance at September 30, 2012 of the Stabilization amount, which is reported in the General Fund, is \$3 million.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the County shall consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the County will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

### *Use of estimates*

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Reclassifications*

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

### *Cash flows*

For purposes of the Statement of Cash Flows, the County considers cash equivalents as all highly liquid investments, including restricted assets, with a maturity of three months or less from the date of acquisition.

### *Deferral of gains and losses on refunding*

For enterprise funds, the County defers the difference between the reacquisition price and the net carrying amount of the old debt in a refunding. The deferred amount is amortized and recorded as a component of interest expense.

### *Passenger facility charges*

The Airport Authority assesses passenger facility charges of \$4.50 per passenger. The passenger facility charges are recorded as non-operating revenues and may only be expended on capital and non-capital projects approved by the federal government. Net assets related to unexpended passenger facilities charges are restricted.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 2. BUDGET MATTERS

The following is a listing of total expenditures (in thousands) in excess of 2.5 percent of the final amended budget for the major governmental funds (the General Fund, the Roads Fund, the Health Fund, the Mental Health Fund, and Juvenile Justice and Abuse/Neglect Fund) and for the other governmental funds for which an annual budget has been legally adopted. Expenditures are presented at the legal level of budgetary control. The budgetary comparison schedules for the major governmental funds are presented as required supplementary information beginning on page II-\_\_\_\_. The budgetary comparison schedules for the other governmental funds begin on page II-\_\_\_\_.

	Final Amended Budget	Actual Expenditures	Amount Over Amended Budget
<b>General Fund</b>			
General Government:			
Prosecuting Attorney	\$ 38,038	\$ 40,759	\$ 2,721
Office of the County Executive	1,975	2,393	418
Register of Deeds remonumentation	410	588	178
Public safety:			
County jail	85,227	110,544	25,317
Sheriff	29,560	31,567	2,007

continued...

	Final Amended Budget	Actual Expenditures	Amount Over Amended Budget
Health and welfare:			
Indigent Health Care	\$ 26,304	\$ 36,310	\$ 10,006
Medical examiner	5,471	6,377	906
Senior Citizen Services	128	284	156
Cooperative extension	303	369	66
Non Departmental:			
General Fund Transfers including Special Item	99,908	134,101	34,193
Economic Development	693	892	199
Total General Fund	<u>\$ 364,184</u>	<u>\$ 76,167</u>	<u>\$ -</u>

continued...

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

	Final Amended Budget	Actual Expenditures	Amount Over Amended Budget
<b>Special Revenue Funds</b>			
Drug enforcement:			
Sheriff Drug Enforcement	\$ 2,462	\$ 3,355	\$ 893
Law enforcement:			
Sheriff field services	1,508	1,977	469
Community and economic development:			
Economic and neighborhood development	4,413	5,594	1,181
Community program	1,453	4,679	3,226
Nutrition:			
Senior citizens services	4,590	5,103	513
Health and Training Programs	164	170	6
Stadium and Land development			
Tourist Tax	6,401	7,449	1,048
<b>Total Special Revenue Funds</b>	<b>\$ 20,991</b>	<b>\$ 28,327</b>	<b>\$ 7,336</b>

concluded.

*General Fund* - Actual expenditures in these functions exceeded budgeted expenditures by \$76 million which relates mainly to excess expenditures in the County Jail (\$25.3 million) and indigent health care (\$10 million.) Additionally, the General Fund transferred \$30.4 million to the internal service funds for the closing of the Equipment Lease Financing (ELF) fund. This transaction is recorded as a special item and is disclosed in Note 18. These overages were not budgeted and will be funded primarily through General Fund General Purpose Revenues. This fund is in deficit. Refer to footnote 3 for disclosure of the deficit elimination plan for this fund.

*Drug Enforcement* - Actual expenditures in this function exceeded budgeted expenditures by \$893,000. The overage will be funded as seizure cases are adjudicated in court. This fund is in deficit. Refer to footnote 3 for disclosure of the deficit elimination plan for this fund.

*Law Enforcement* - Actual expenditures in this function exceeded budgeted expenditures by \$469,000. The overages were funded by grant revenue received in previous years and included in fund balance. This fund is not in a deficit.

*Community and Economic Development* - Actual expenditures in this function exceeded budgeted expenditures by \$4.4 million. The overages were funded through savings from other functions. This fund is in deficit. Refer to Footnote 3 for disclosure of the deficit elimination plan for this fund.

*Nutrition Fund* - Actual expenditures in this function exceeded budget by \$519,000. The overage was funded through General Fund transfers. This fund is in deficit. Refer to footnote 3 for disclosure of the deficit elimination plan for this fund.

*Stadium and Land Development* - Actual expenditures in this function exceeded budgeted expenditures by \$1 million. The overage was funded by additional tourist tax collections. This fund is not in a deficit.

The Wayne County Commission adopted original and amended budgets with projected deficits for the General, Health, Juvenile Justice, Drug Enforcement, Nutrition, Victim Witness and Community and Economic Development Funds.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 3. FUND DEFICITS

The County is required by its Home Rule Charter and State statutes, specifically Public Act 2 of 1968 and Public Act 275 of 1980, as amended, to operate under a plan to eliminate any fund deficits. The deficits at September 30, 2012 were as follows (amounts in thousands):

Fund	Deficit	Source of Funding			
		General Fund	Other Internal Appropriations	Expenditure Reduction	Other Revenue Sources
<b>Governmental funds</b>					
General	\$ 145,925	\$ 145,925	\$ -	\$ -	\$ -
Health	1,289	1,289	-	-	-
Juvenile Justice	8,685	4,343	-	4,342	-
Drug Enforcement	2,412	-	-	-	2,412
Nutrition	2,306	2,306	-	-	-
Victim Witness	243	243	-	-	-
Community and Economic Development	1,681	1,681	-	-	-
<b>Total governmental funds</b>	<b>\$ 162,541</b>	<b>\$ 155,787</b>	<b>\$ -</b>	<b>\$ 4,342</b>	<b>\$ 2,412</b>

Fund	Deficit	Source of Funding			
		General Fund	Other Internal Appropriations	Expenditure Reduction	Other Revenue Sources
<b>Enterprise funds</b>					
Northeast Sewage Disposal System	\$ 1,694	\$ -	\$ -	\$ -	\$ 1,694
Copy Center	386	386	-	-	-
<b>Total enterprise funds</b>	<b>\$ 2,080</b>	<b>\$ 386</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,694</b>
<b>Component units</b>					
Probate Court	\$ 960	\$ 960	\$ -	\$ -	\$ -
Chapter 8	2,029	-	-	-	2,029
RJEGF	5	-	-	-	5
<b>Total component units</b>	<b>\$ 2,994</b>	<b>\$ 960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,034</b>

The General Fund has earmarked \$11.5 million in 2013 and anticipates committing \$48.3 million per year from 2014 through 2016, for the funding of these deficits. In the event that other sources of revenue or reductions in expenditures fail to meet projected levels, the General Fund may be responsible for covering the difference.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 4. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances - Following is a summary of deposit and investment balances (in thousands) as of September 30, 2012:

	Primary Government	Component Units	Total
<b>Statement of Net Assets</b>			
Equity in pooled cash and investments	\$ 199,811	\$ 14,726	\$ 214,537
Other cash and investments	36,857	97,919	134,776
Restricted assets: (Note 5)			
Equity in pooled cash and investments	190,701	-	190,701
Other cash and investments	95,155	585,095	680,250
<b>Statement of Fiduciary Net Assets</b>			
Equity in pooled cash and investments	142,160	-	142,160
Other cash and investments	1,444	-	1,444
Investments - pension trust funds	1,049,914	-	1,049,914
<b>Total</b>	<b>\$ 1,716,042</b>	<b>\$ 697,740</b>	<b>\$ 2,413,782</b>

#### Composition of Cash and Investment Balances

Pooled cash and investments consist of demand deposits, certificates of deposit, money market funds, commercial paper, and obligations of the U.S. Treasury and agencies and obligations of political subdivisions within the State of Michigan. The Wayne County Treasurer administers these pools, which include the assets of certain component units. Equity (or negative equity) in pooled cash represents the fund/reporting unit's position in the portfolio. In other words, it is the value of their ownership in the pool of cash and investments. Pooling of cash and investments accomplishes various goals, such as the ability to earn higher interest rates and better address cash flow needs.

Other cash and investments include cash on hand, and individual depository accounts held by the County. Various elected officials and others are the custodians of these individual depository accounts.

Cash and investments categorized as "restricted" relate to amounts for debt service, construction, and other specific uses.

Fiduciary investments, which are predominantly made up of Retirement assets under the control of the Wayne County Retirement Board, are managed by external investment advisors. Agency fund investments are generally part of the County portfolio.

The Airport Authority and certain other component units manage their own cash and investments. Disclosures related to the Airport Authority are included herein due to the significant nature of the cash and investment balances in relation to total component unit cash and investments, and to the County as a whole. Other discretely presented component units, not under the control of the Wayne County Treasurer (Treasurer), have been excluded.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

State statutes (Public Act 20 of 1943, as amended) place limitations on the nature of deposits and investments available to the County. Deposits include demand deposits, money markets, and certificates of deposits in federally insured banks, credit unions and savings and loan associations that have offices in the State of Michigan. Statutes authorize the County to invest in obligations of the U.S. Treasury or any agency or instrumentality of the United States, certain commercial paper, repurchase agreements, bankers' acceptances of United States banks, external investment pools (organized under Public Act 367 or 121), mutual funds composed of otherwise legal investments (except those with fluctuating per share value), and certain obligations of the State of Michigan or its political subdivisions.

The investment policy adopted by the County, in accordance with Public Act 20 of 1943, as amended, authorizes investments in U.S. Treasuries, agencies, and instrumentalities, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings bank, or savings and loan association that is a member of the Federal Deposit Insurance Corporation (FDIC). The Treasurer may invest in commercial paper (rated A2/P2 or above), repurchase agreements, and bankers' acceptances. Investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512, under the local government investment pool Act of 1985, PA 121, MCL 129.141 to 129.150, and investment pools organized under the surplus funds investment act, 1982 PA 367, MCL 129.111 to 129.118, are also permitted. Investments may also be made in mutual funds registered under the investment company Act of 1940 Title I of Chapter 686, 54 stat. 789, 15 U.S.C. 80A-1 to 80A-3 and 80A-4 to 80A-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation, which maintain a rating of AAA or better by a nationally recognized statistical rating agency or that maintain a net \$1.00 share value. The foremost objective of the investment policy is the safety of investment principal.

### Treasurer's Cash and Investment Portfolio

The County Treasurer's cash and investments are subject to several types of risk as discussed below.

*Custodial Credit Risk of Bank Deposits* - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government's deposits may not be recovered. The County's investment policy requires that deposits over the \$250,000 insured limit in a commercial bank shall not equal more than 25 percent of the combined capital and surplus of that bank, savings bank, or savings and loan association and that institution must meet minimum standards of at least one standard rating service. If deposits in a credit union exceed the insured limit, that institution must meet the minimum standards of at least one standard rating service.

At year-end, the County portfolio had \$594.1 million of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$594.0 million, that were largely uninsured and uncollateralized. Other primary government depository accounts (outside of the portfolio administered by the Treasurer) had a total bank balance of \$238 thousand and \$637 thousand carrying value. The County believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with acceptable levels of estimated risk are used as depositories.

*Custodial Credit Risk of Investments* - Following is a summary of the County's investments as of September 30, 2012: (in thousands)

U.S. agency bonds	\$	4,000
Municipal bonds		53,578
Money market funds		9,163
	\$	<u>66,741</u>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty, or the counterparty's trust department or agent, but not in the County's name.

The County's investment policy requires that bonds, securities, and obligations of the United States or an agency or instrumentality of the United States must be held in the name of the County Treasurer, be purchased using the delivery versus payment procedure, and be held in third party safekeeping. Commercial paper should either be purchased directly from the issuing corporation, or be held in safekeeping by a third party institution. At year-end, none of the County's portfolio investments were subject to custodial credit risk due to one of the following: (a) investments were held by a third-party safekeeper in the County's name; (b) investments were held by a trustee in the County's name; or (c) investments were part of a mutual fund.

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In compliance with State law, the County's investment policy limits investments of commercial paper to the two highest classifications established by not less than two standard rating services, and which mature not more than 270 days after the date of purchase. As of year-end, the credit quality ratings of pooled County investments (other than the U.S. government) are as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Agency</u>
Government agency bonds	\$ 4,000	AA+	S&P
Municipal bonds	2,790	Aa3	Fitch/Moody's
Municipal bonds	920	Aa2	Fitch
Municipal bonds	2,805	Aa2	Moody's
Municipal bonds	3,915	AA-	S&P
Municipal bonds	543	BBB+	S&P
Municipal bonds	31,100	SP-1	Moody's
Municipal bonds	8,500	SP-1+	Moody's
Municipal bonds	2,505	A+	Moody's
Municipal bonds	500	A1	Fitch
	<u>53,578</u>		

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Agency</u>
Money market funds	\$ 3,171	AAAm	S&P
Money market funds	2,132	AAAm-G	S&P
Money market funds	1,831	Not Rated	367 Fund/Moody's
Money market funds	2,029	SP-1+	S&P
	<u>9,163</u>		
<b>Total</b>	<u>\$ 66,741</u>		

*Concentration of Credit Risk* - Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments with a single issuer. Through its investment policy, the County places limits on the amount the County may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Limits using capital strength test - Maximum investment is 25 percent of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments:

<u>Investment Type</u>	<u>Limit</u>
Bankers' acceptances	50%
Repurchase agreements	25%
U.S. government	100%
Commercial paper	60%
Money market funds, mutual funds and investment pools	50%
Certificate of deposit (bank)	50%
Certificates of deposit (credit unions)	10%
Certificates of deposit (savings and loan associations)	10%

County limits based on use of a single issuer:

<u>Investment Type</u>	<u>Limit</u>
Bankers' acceptances	25% of total portfolio
Repurchase agreements	10% of total portfolio
Certificates of deposit (bank)	33% of total portfolio
Certificates of deposit (S&L)	5% of total portfolio

At year-end, the County's investment portfolio did not exceed the limits based on use of specific instruments or use of a single issuer.

*Interest Rate Risk* - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County's investment policy addresses this risk by limiting the maturities on investments:

<u>Fund/Fund Type</u>	<u>Maximum Maturity</u>
General fund, operating funds	One year
Debt service, special assessment, nonexpendable trust funds	Five years
Delinquent tax revolving fund	Four years
Funds subject to federal arbitrage restrictions	Varies

The County's investment policy also dictates that for operating funds, investment maturities shall be scheduled to coincide with projected cash flow needs, according to the following general guidelines:

<u>Length of Maturity</u>	<u>Percent of Portfolio (minimums)</u>
Under 30 days	10%
Under 90 days	25%
Under 270 days	50%
Under one year	100%

Investments as of September 30, 2012 adhere to the guidelines concerning limits on maturities of investments.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

At year-end, the average maturities of investments subject to interest rate risk are as follows:

	Fair Value (in	Maturity
Government agency bond	\$ 4,000	554
Municipal bonds	53,578	543
Investments subject to risk	\$ 57,578	

As of September 30, 2012, ownership of assets within the portfolio is as follows:

Reporting unit	Cash and Investment Portfolio (in thousands)			Non-portfolio (in thousands)	
	Dollar Amount of Portfolio	Percentage of Portfolio	Equity (Negative Equity) in Pooled Cash	Other Cash & Investments	Other Cash & Investments
Governmental activities	\$ 483,533	70.2%	\$ 355,704	\$ 127,829	\$ 637
Business-type activities	57,022	7.9%	52,840	4,182	-
Fiduciary activities	142,915	20.6%	142,160	755	689
Component units	16,857	2.2%	14,726	2,131	680,888
Subtotal	700,327	100.9%	508,512	191,648	682,214
Other	(6,121)	-0.9%	-	-	
Total	\$ 694,206	100.0%	\$ 508,512	\$ 191,648	\$ 682,214

#### Wayne County Employees' Retirement System

The Wayne County Employees' Retirement System investments, which are under the control of the Wayne County Retirement Commission, are subject to statutory regulations imposed under the Michigan Public Pension Investment Act 314 of 1965, as amended (Act 55, P.A. 1982), and investment policy established by the Retirement Commission.

The Investment Act incorporates the prudent person rule and requires investment fiduciaries to act solely in the interest of the pension plan's (the Plan) participants and beneficiaries. The Retirement Commission has authority to invest the Plan's assets in common and preferred stock, obligations of the United States, its agencies, or U.S. government-sponsored enterprises, obligations of any state or political subdivision of a state having the power to levy taxes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, reverse repurchase agreements, real and personal property, mortgages, and certain other investments.

The Retirement System Plans have balances in the County's pooled accounts, displayed in the financial statements as "equity in pooled cash and investments." Disclosures related to these "pooled" balances is included in section "A." above. See the individual Retirement System Plans below for the appropriate investment risk information.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

#### *Wayne County Employees' Retirement System Defined Benefit Plan*

As of September 30, 2012 the Plan's investments (in thousands) are classified as follows:

<b>Equity securities and mutual funds:</b>	
Common stocks	\$ 280,083
Equity mutual funds	145,523
International equities	2,381
<b>Total equity securities</b>	<u>427,987</u>
 <b>Debt securities and mutual funds:</b>	
Corporate	36,841
Asset-backed securities	5,857
Mortgage-backed securities	
Commercial	12,409
Government agencies	19,238
Government agencies bonds	822
U.S. government bonds	16,972
State and municipal bonds	1,220
Foreign debt securities	5,647
<b>Total debt Securities</b>	<u>99,006</u>
 Money market funds	 <u>21,492</u>
 <b>Other investments:</b>	
Real estate investment trusts	105,298
Hedge funds	24,856
Structured debt	18,038
Investments in partnerships (net of valuation allowance of \$13,000,000 in 2012)	14,032
<b>Total other investments</b>	<u>162,224</u>
 <b>Total investments</b>	 <u><u>\$ 710,709</u></u>

The Plan's investments are subject to several types of risk, which are discussed in more detail below.

*Custodial Credit Risk of Deposits* - The Plan's carrying amount of deposits of \$14793 as of September 30, 2012 are included in the County's pooled cash.

*Custodial Credit Risk of Investments* - The Plan's investment policy and Public Act 314 of 1965, as amended, require that are (a) investments are held by a third-party safe-keeper in the Plan's name; (b) investments are held by a trustee in the Plan's name; or (c) investments are part of a mutual fund. The Plan's investment policy also requires that the safekeeping institution shall annually provide a copy of its most recent report on internal controls (also referred to as a "SAS 70 report").

As of September 30, 2012, none of the Plan's investments were subject to custodial credit risk due to one of the following: (a) investments were held by a third-party safe-keeper in the Plan's name; (b) investments were held by a trustee in the Plan's name; or (c) investments were part of a mutual fund.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

*Concentration of Credit Risk* - Other than obligations issued, assumed or guaranteed by the United States, its agencies or United States government sponsored enterprises, the Plan is prohibited by Public Act 314 of 1965, as amended, from investing in more than five percent of the outstanding obligations of any one issuer or investing more than five percent of the Plan's assets in the obligations of any one issuer. The Plan places no limits in excess of statutory authority. As of September 30, 2012, there were no investments that exceeded five percent or more of the Plan's total investments, other than investments in mutual funds, similar pooled investments, or investments issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises.

A contract approved by the System's Board, permits the System to lend its securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives predominantly cash as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral cash is initially pledged at 102 percent of the fair value of the securities lent for domestic securities and 105 percent for international securities, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned. Securities on loan at year-end are summarized as follows (in thousands):

Common stocks	\$	95,695
Corporate bonds		4,707
Government agencies bonds		146
U.S. government bonds		<u>15,015</u>
	\$	<u>115,563</u>

At year-end, the System has no credit risk exposure to borrowers as the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

*Credit Risk* - The Plan's investment policy places no restrictions greater than what is allowed under Public Act 314 of 1965, as amended, that would further limit its investment choices. Ratings are not required for U.S. treasuries or certain money market funds.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

The Plan's investment in debt securities (in thousands) were rated at September 30, 2012 as follows:

	Corporate Bonds	Asset- backed Securities	Mortgage- backed Securities	U.S. Government Agencies	State and Municipal Bonds	Foreign Debt Securities
Standard & Poor's						
AAA	\$ -	\$ 2,757	\$ 19,523	\$ 138	\$ -	\$ -
AA	2,146	1,044	137	684	1,120	1,793
A	9,379	-	5,377	-	-	1,479
BBB	15,634	-	4,788	-	-	2,375
BB	1,575	-	-	-	-	-
D	-	-	29	-	-	-
Moody's						
Aaa	-	2,017	1,793	-	-	-
Baa	107	-	-	-	-	-
Unrated	8,000	38	-	-	100	-
<b>Total</b>	<b>\$ 36,841</b>	<b>\$ 5,856</b>	<b>\$ 31,647</b>	<b>\$ 822</b>	<b>\$ 1,220</b>	<b>\$ 5,647</b>

Bond mutual funds are not subject to credit rating; however, average portfolio quality ratings and weighted average maturity information is available. There were no bond mutual fund holdings at September 30, 2012.

As of September 30, 2012, the Plan's money market funds were rated A1+ by Standard & Poor's with weighted average maturities of 43 days.

*Interest Rate Risk* - The Plan'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 Plan to manage this risk by purchasing a mix of short and long-term investments.

Maturities of the Plan's debt securities as of September 30, 2012 were as follows (in thousands):

	Investment Maturities (Fair Value by Years)				
	Due < 1 year	Due in 1-5 years	Due in 6-10 years	Due > 10 years	Totals
Corporate bonds	\$ 811	\$ 8,681	\$ 15,926	\$ 11,423	\$ 36,841
Asset-backed securities	-	3,643	488	1,726	5,857
Mortgage-backed securities:					
Commercial	-	-	16	12,393	12,409
Governmental agencies	32	588	1,229	17,389	19,238
Government agencies bonds	138	-	-	684	822
U.S. government bonds	-	7,778	3,271	5,924	16,973
State and municipal bonds	150	-	-	1,069	1,219
Foreign debt securities	-	2,673	2,612	362	5,647
	<b>\$ 1,131</b>	<b>\$ 23,363</b>	<b>\$ 23,542</b>	<b>\$ 50,970</b>	<b>\$ 99,006</b>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

*Foreign Currency Risk* - Foreign currency risk is the risk that significant fluctuations in exchange rates may adversely affect the fair value of an investment. The Plan's exposure to foreign currency risk is summarized as follows (in thousands):

<u>Investment/Country</u>	<u>Currency</u>	<u>Fair Value (USD)</u>
<b>Foreign debt securities:</b>		
Australia	Australian dollar	\$ 947
Belgium	European euro	289
Brazil	Brazilian real	333
Canada	Canadian dollar	1,089
France	European euro	430
Italy	European euro	397
Netherlands	European	76
Norway	Norwegian	115
Spain	European euro	422
Switzerland	Swiss franc	-
United Kingdom	British pound	1,478
Venezuela	Venezuelan bolivar	71
		<u>5,647</u>
<b>International equities:</b>		
Canada	Canadian dollar	1,519
Cayman Islands	Cayman Islands dollar	37
Netherlands	European euro	523
Norway	Norwegian krone	302
		<u>2,381</u>
		<u>\$ 8,028</u>

*Commitments* - The Plan has commitments to investments of \$27.3 million in private equities, structured debt and private real estate investments as of September 30, 2012, of which management believes \$15.8 million is unlikely to be called.

The Plan has credit enhancement agreements totaling \$44 million as of September 30, 2012 for which it receives fees from the companies in exchange for the credit enhancements.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Wayne County Circuit Court Commissioners Bailiffs' Retirement System

As of September 30, 2012, the Plan's investments (in thousands) are classified as follows:

Equity mutual funds	<u>\$ 4,353</u>
Debt securities	
Government agencies:	
Mortgage-backed securities (U.S.)	31
Bond mutual funds (U.S.)	93
Bonds (Canada)	<u>32</u>
Total debt securities	<u>156</u>
Other investments (Global real estate mutual funds)	<u>298</u>
Money market funds	<u>109</u>
Total investments	<u><u>\$ 4,916</u></u>

The Plan's deposits and investments are subject to several types of risk, which are discussed in more detail below.

*Custodial Credit Risk of Deposits* - The Plan's carrying amount of deposits of \$928 as of September 30, 2012, are included in the County's pooled cash.

*Custodial Credit Risk of Investments* - The Plan's investment policy and Public Act 314 of 1965, as amended, require that (a) investments are held by a third-party safe-keeper in the Plan's name; (b) investments are held by a trustee in the Plan's name; or (c) investments are part of a mutual fund. The Plan's investment policy also requires that the safekeeping institution shall annually provide a copy of its most recent report on internal controls (also referred to as a "SOC 1 report").

As of September 30, 2012, none of the Plan's investments were subject to custodial credit risk as all investments were held in the name of the Plan or were part of a mutual fund.

*Concentration of Credit Risk* - Other than obligations issued, assumed or guaranteed by the United States, its agencies or United States government sponsored enterprises, the Plan is prohibited by Public Act 314 of 1965, as amended, from investing in more than five percent of the outstanding obligations of any one issuer or investing more than five percent of a system's assets in the obligations of any one issuer. The Plan places no limit on the amount it may invest in any one issuer.

As of September 30, 2012, there were no investments that exceeded five percent or more of the Plan's total investments, other than investments in mutual funds, similar pooled investments, or investments issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises. As a result, the Plan was not exposed to concentration of credit risk.

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy places no restrictions greater than what is allowed under Public Act 314 of 1965, as amended, that would further limit its investment choices. Ratings are not required for U.S. treasuries or certain money market funds.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

As of September 30, 2012, the Plan's investments in mortgage-backed securities, bond mutual funds and government bonds were rated AAA and AAA, and AA respectively, by Standard & Poor's.

As of September 30, 2012, the Plan's money market funds were rated A1+ by Standard & Poor's with weighted average maturities of 43 days.

Mutual funds are not subject to credit risk rating.

*Interest Rate Risk* - The Plan'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 Plan to manage this risk by purchasing a mix of short and long-term investments.

At September 30, 2012, the Plan's investments in mortgage-backed securities had maturities evenly split between five to ten years and greater than ten years, whereas the investments in government bonds and bond mutual funds had maturities less than one year.

### Wayne County Employees' Retirement System Defined Contribution Plan

As of September 30, 2012, the Plan's investments (in thousands) are classified as follows:

Equity mutual funds	<u>\$ 196,797</u>
Debt mutual funds	
Guaranteed income fund	93,622
Bond mutual funds	<u>16,844</u>
Total debt funds	<u>110,466</u>
Participant loans receivable	<u>27,026</u>
Total investments	<u><u>\$ 334,289</u></u>

The Plan's investments are subject to several types of risk, which are discussed in more detail below.

*Custodial Credit Risk of Deposits* - The Plan's carrying amount of deposits of \$422,704 as of September 30, 2012 are included in the County's pooled cash.

*Custodial Credit Risk of Investments* - The Plan's investment policy and Public Act 314 of 1965, as amended, require that (a) investments are held by a third-party safe-keeper in the Plan's name; (b) investments are held by a trustee in the Plan's name; or (c) investments are part of a mutual fund. The Plan's investment policy also requires that the safekeeping institution shall annually provide a copy of its most recent report on internal controls (also referred to as a "SSAE 16 report").

As of September 30, 2012, none of the Plan's investments were subject to custodial credit risk due to one of the following: (a) investments were held by third-party safe-keeper in the Plan's name; (b) investments were held by a trustee in the Plan's name; or (c) investments were part of a mutual fund.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

*Credit Risk* - The Plan's investment policy places no restrictions greater than what is allowed under Public Act 314 of 1965, as amended, that would further limit its investment choices. Ratings are not required for U.S. treasuries or certain money market funds.

The Plan has investments in a guaranteed income fund that has an average portfolio credit rating of AA and A by Standard & Poor's and weighted average maturity of 3.2 years. Also, the Plan has investments in bond mutual funds that have the following portfolio characteristics as of September 30, 2012:

Amount (in thousands)	Portfolio Average Quality by S&P	Weighted Average Maturity (in years)
\$ 2,380	AAA	4.01
12,563	AAA	6.05
1,900	BB	12.92
<u>\$ 16,843</u>		

The participant loans have a weighted maturity of 3.1 years at September 30, 2012.

*Interest Rate Risk* - The Plan'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 Plan to manage this risk by purchasing a mix of short and long-term investments. Interest rate risk information, expressed as weighted average maturities, is presented above.

### Component Unit - Airport Authority

At September 30, 2012, the Airport Authority's cash and investment balances are significant in relation to total component unit cash and investments, and to the County as a whole. The Authority is subject to the same state statutes regarding allowable investments as cited early for the County.

A summary of the Authority's cash and investments at year-end are as follows:

Cash - bank deposits	\$ 99,990
Investments:	
U.S. treasuries	144,949
Commercial paper	409,526
Repurchase agreement	3,629
Money market funds	9,838
	<u>\$ 667,932</u>

The Authority's cash and investments are subject to several types of risk, which are described below.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

*Credit Risk* - In compliance with State law, the Authority's investment policy limits investments of commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year-end, the credit quality ratings of investments (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Commercial paper	\$ 230,983	A1, P1	S&P, Moody
Commercial paper	178,543	A1+,P1	S&P, Moody
	<u>\$ 409,526</u>		
Money market funds	<u>\$ 9,838</u>	AAA	S&P

The above amounts do not include approximately \$16.6 million of investments in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle which are held in a separate reserve but invested on a pooled basis by MERS with other governmental units.

*Custodial Credit Risk of Bank Deposits* - Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority's investment policy requires that deposits over the \$250,000 insured limit in a commercial bank shall not equal more than 25 percent of the combined capital and surplus of that bank, and that bank must meet the minimum standards of at least one standard rating service. At September 30, 2012, the Airport Authority had \$52.0 million of bank deposits (certificates of deposit, checking, and savings accounts) that were largely uninsured and uncollateralized. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

*Custodial Credit Risk of Investments* - Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Airport Authority's investment policy requires that all investments not purchased directly from an issuer must be held in the name of the Authority, be purchased using the delivery versus payment procedure, and be held in third-party safekeeping. At September 30, 2012, none of the Airport Authority's investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Authority's name,
- Investments were held by the Authority's trustee in the Authority's name,
- Investments were part of a mutual fund.

*Interest Rate Risk* - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy addresses this risk by setting limits by investment fund type as follows:

<u>Investment Fund Type</u>	<u>Maturity Maximum</u>
General pool	1 year
Bond reserve	5 years
Bond payment and capital interest funds	1 business day prior to bond payment date
Construction funds	Must match draw schedule or less

All commercial paper is limited by State statute to 270 days maximum.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

At year end, the average maturities of investments subject to interest rate risk are as follows:

	Fair Value	Average Maturities	
U.S. treasuries			
Bond reserves	\$ 53,953	2.3 years	
Bond payment funds	87,913	60 days	
Hotel	3,083	2 months	
	144,949		
 Commercial paper			
Bond reserves		95,967	43 days
Capital interest		27,997	2-58 days
Construction		211,666	2 days - 4 months
Construction		62,997	7 days
Hotel		10,899	9 days
		409,526	
 Repurchase agreement			
Bond reserves		3,629	9.2 years
 Total investments subject to interest rate risk		\$ 558,104	

*Concentration of Credit Risk* - Through its investment policy, the Authority places limits on the amount the Authority may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test - Maximum investment is 25 percent of combined capital and surplus position of that financial institution.

The Authority's policy on concentration credit risk limits specific instruments (as a percent of the total investment portfolio) as follows:

Investment Type	Limit	Actual % at Year-end
Bankers' acceptance	50%	0.0
Repurchase agreements	25%	0.5
Certificates of deposit (bank)	50%	6.8
Money market funds	50%	3.9
Commercial paper	60%	59.8
U.S. government	100%	21.2

The Authority's policy on concentration credit risk limits single issuers (as a percent of the total investment portfolio) as follows:

Investment Type	Limit
Bankers' acceptances	25%
Repurchase agreements	10%
Certificates of deposit (bank)	33%
Certificates of deposit (S&L)	5%

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Actual year-end investments in a single issuer exceeding five percent of total portfolio are as follows:

Issuer	Investment Type	Fair Value	Percentage of Portfolio	Rating
Abbey National NA LLC	Commercial Paper	\$ 230,983	33.74%	A1, P1
GE Capital Corp	Commercial Paper	177,393	25.91	A1+, P1

### 5. RESTRICTED ASSETS

In accordance with the terms of certain bond issues, the sewage disposal systems restrict assets that are pledged for the repayment of certain bonds or for maintenance, replacement and/or construction of infrastructure. Bonds principal due from local units or municipalities is recorded upon the issuance of debt for construction of sewage facilities and systems. Such principal will be repaid by the benefited local communities in accordance with the debt service requirements of the County. A summary of the restricted assets for business-type activities at year-end are as follows:

	Business Type Activities			Total
	Downriver	Rouge Valley	Nonmajor Funds	
Equity in pooled cash and investments:				
Replacements and improvements	\$ 6,924	\$ 5,328	\$ 2,689	\$ 14,941
Construction	550	277	1,966	2,793
Bond and interest redemption	15,868	-	2,363	18,231
Total equity in pooled cash and investments	23,342	5,605	7,018	35,965
Other cash and investments -				
Bond and interest redemption	4,181	-	-	4,181
Accounts receivable -				
Bond and interest redemption	11,998	-	2,674	14,672
Bond principal due from local units	102,342	170	15,325	117,837
<b>Total</b>	<b>\$ 141,863</b>	<b>\$ 5,775</b>	<b>\$ 25,017</b>	<b>\$ 172,655</b>

Restricted assets in governmental activities, totaling \$508 million, include amounts that are pledged toward the payment of outstanding notes, will be used for delinquent tax administration and short term borrowings. A summary of restricted assets for governmental activities at year-end are as follows:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

	Governmental Activities				Total
	Wayne County				
	General Fund	Capital Projects Fund	Building Authority Funds	Delinquent Tax Revolving Fund	
Equity in pooled cash and investments:					
Construction	\$ -	\$ 18,669	\$ 130,531	\$ -	\$ 149,200
Bond and interest redemption	-		732	23,125	23,857
Operating and maintenance	-		348	-	348
Total equity in pooled cash and investments	-	18,669	131,611	23,125	173,405
Other cash and investments -					
Bond and interest redemption	32,176	-	-	58,798	90,974
Accounts receivable -					
Delinquent property taxes	-	-	-	393,758	393,758
<b>Total</b>	<b>\$ 32,176</b>	<b>\$ 18,669</b>	<b>\$ 131,611</b>	<b>\$ 475,681</b>	<b>\$ 658,137</b>

In addition to the above, the Airport Authority component unit has restricted assets of \$595 million consisting of other cash and investments (\$585 million) and accounts receivable (\$10 million) for various purposes including debt repayment, passenger facility charges, drug enforcement, and the construction, maintenance and replacement of capital assets including infrastructure.

### 6. LONG-TERM RECEIVABLES

**Building and Grounds Maintenance Fund.** In 1984, the County, through the EDC, entered into an agreement for the sale and leaseback of the Wayne County Building with the Old Wayne County Building Limited Partnership. The terms of the agreement provided for the refurbishment and restoration of the building in return for a promissory note from the Partnership for \$5.3 million, at 9 percent per annum, due and payable in 2028. The value of the note as of September 30, 2012 is \$41,614,288 (offset with allowance of same amount). The promissory note is a non-recourse obligation of the Partnership that is secured by the Wayne County building. The promissory note requires minimum semi-annual payments of \$500,000.

On June 9, 2010, the County filed a lawsuit against the Partnership regarding the payments on the promissory note. The lawsuit was dismissed on August 20, 2010. Arbitration was filed on October 25, 2010. Currently, the matter is before the American Arbitration Association and is scheduled to be settled before the end of calendar year 2013.

**Community and Economic Development Fund.** In 1992, a federally-funded revolving loan sub-grant was received by Wayne County from the State of Michigan. Prior to fiscal year 2010, Metropolitan Growth and Development Corporation acted as the administrator of the Urban Loan Fund (ULF), on behalf of Wayne County, to promote economic development for minority businesses and businesses in distressed communities. Beginning October 1, 2009, Detroit Midtown Micro-enterprise Fund, a private, non-profit corporation took over as administrative agent to administer the ULF program on behalf of the County.

As of September 30, 2012, the current value of the outstanding loans is \$372,545.97 (net of allowance of \$477,520). These represent long-term receivables of the Community and Economic Development Fund.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

#### Interfund Transfers

Interfund transfers are used to 1) transfer revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due, and 3) transfer unrestricted revenues collected in the General Fund to other funds to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Interfund transfers within the primary government for the year ended September 30, 2012 consisted of the following (in thousands):

Transfers In	Transfers Out				
	General Fund	Roads	Wayne County Building Authority Construction	Nonmajor Governmenta I Funds	Delinquent Tax Revolving
General Fund	\$ -	\$ 145	\$ -	\$ -	\$ 17,136
Mental health	16,500	-	-	-	-
Health	2,075	-	-	-	-
Juvenile justice	76,520	-	-	1,406	-
Non-major governmental funds	15,137	7,107	10,613	350	98
Non-major enterprise funds	199	-	-	-	-
Internal service funds	2,727	-	-	-	-
<b>Totals</b>	<b>\$ 113,158</b>	<b>\$ 7,252</b>	<b>\$ 10,613</b>	<b>\$ 1,756</b>	<b>\$ 17,234</b>

continued below...

Transfers In	Transfers Out		
	Nonmajor Enterprise Funds	Internal Service	Totals
General Fund	\$ -	\$ -	\$ 17,281
Mental health	-	-	16,500
Health	-	-	2,075
Juvenile justice	-	-	77,926
Non-major governmental funds	-	3,630	36,935
Non-major enterprise funds	-	-	199
Internal service funds	-	-	2,727
<b>Totals</b>	<b>\$ -</b>	<b>\$ 3,630</b>	<b>\$ 153,643</b>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Additionally, the General Fund transferred \$30 million to the internal service funds for the closing of the ELF fund. This transaction is recorded as a special item and is disclosed in Note 19.

### Interfund Balances

The interfund balances between primary government and component units resulted from the time lag between the dates 1) interfund goods and services are provided or reimbursable expenditures occur, and 2) payment between funds are made.

		Due From Other Funds							
		General Fund	Roads Fund	Non-Major Governmental Funds	Delinquent Tax	Non-major Enterprise Funds	Internal Service Funds	Fiduciary/ Agency Funds	Total Due From Other Funds
Due to Other Funds	General Fund	\$ -	44,288	19,227	23,853	-	-	30	\$ 87,398
	Wayne County Health Fund	-	-	-	725	-	-	-	725
	Wayne County Building Authority Construction	125	-	93	-	-	-	-	218
	Juvenile Justice and Abuse/Neglect	-	-	-	12,304	-	-	-	12,304
	Non-Major Governmental Funds	8	5	-	8,170	-	45	-	8,228
	Delinquent Tax Funds	-	-	-	-	-	-	-	-
	Downriver Sewage Disposal System	-	-	-	-	-	84	-	84
	River Rouge Disposal System	-	-	-	-	-	14	-	14
	Non-major Enterprise funds	-	-	-	1,966	-	11	-	1,977
	<b>Total Due to Other Funds</b>	<u>\$ 134</u>	<u>44,293</u>	<u>19,320</u>	<u>47,018</u>	<u>-</u>	<u>154</u>	<u>30</u>	<u>\$ 110,948</u>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

		Due to Primary Government				
		Airport Authority	Circuit Court	Non-Major Component Units	Total	
<u>Due from Component Units</u>	Governmental Activities:					
	General fund	\$ 563	\$ 70	\$ 2,915	\$ 3,548	
	Roads	99		-	99	
	Mental health	-		-	-	
	Nonmajor governmental funds	44		1,720	1,764	
	Delinquent tax		1,459	-	1,459	
	Internal service funds	36		14	50	
	Total due to primary government- governmental activities	<u>\$ 742</u>	<u>\$ 1,529</u>	<u>\$ 4,649</u>	<u>\$ 6,920</u>	
	Business Type Activities:					
Downriver sewage disposal system	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19</u>		
Due to Fiduciary funds	<u>\$ 1,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,981</u>		

Interfund balances at September 30, 2012 consisted of the following (in thousands):

		Due to Component Units		
		General Fund	Non Major Governmental Funds	Total Due from Primary Government
<u>Due from Primary Government</u>	Nonmajor Component Units	<u>279</u>	<u>655</u>	<u>934</u>
	Governmental Activities	<u>\$ 279</u>	<u>\$ 655</u>	<u>\$ 934</u>
	Total Due to Primary Government	<u>\$ 279</u>	<u>\$ 655</u>	<u>\$ 934</u>

### Long-term Receivable from Third Circuit Court

The County issued the Series 2009A and 2009B Local Project bonds through the Michigan Municipal Bond Authority in March 2009. A portion of those bonds was allocated to the Third Circuit Court for the purpose of acquiring or refinancing certain personal property and equipment for the courts. The debt is considered a limited tax obligation of the County. In prior years, these bonds were disclosed in Note 12, Long-Term Debt and Other Obligations. In fiscal year 2010, it was determined that this obligation was more accurately reflected as a due to primary government by the Third Circuit Court and a long-term receivable from the Third Circuit Court on the government-wide statement of net assets (governmental activities).

As of October 1, 2011, the long-term receivable was equal to \$2.1 million. During fiscal year 2012, the Court spent an additional \$597,000 and paid principal of \$678,000. This activity resulted in a balance equal to \$2.0 million as of September 30, 2012. Of the outstanding amount, \$250,000 is due within one year.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Long-term Payable to Component Unit

The long-term payable to component unit (receivable from primary government), represents the amount due to the Detroit-Wayne County Stadium Authority (Stadium Authority) from the County for repayment of the 1997 Stadium Authority Revenue Bonds (the bonds). Pursuant to Public Act 180 of 1991, Stadia or Convention Facility Development, the County levies an excise tax on tourism related activities to fund principal and interest payments on these bonds. The long-term payable balance of \$58.16 million is equal to the September 30, 2012 balance of the bonds.

The long-term payable to component unit (receivable from primary government) also represents the amount due to the Third Circuit Court from the County for long-term liabilities including other post-employment benefits, net pension obligation, compensated absences and litigation that are recognized on an accrual basis, but are not due and payable in the current period in accordance with the settlement agreement. The long-term payable balance as of September 30, 2012 is \$22.27 million and is equal to the amount of the liabilities.

### Disaggregation of Receivable and Payable Balances

Significant receivable and payable balances from other governmental units at September 30, 2012 are as follows (in thousands):

	Due From Other Governmental Units			
	State of Michigan	U.S. Federal Government	Local Governments	Total
<b>Governmental funds</b>				
General fund	\$ 14,118	\$ 3,490	\$ 3,371	\$ 20,979
Roads	14,970	-	1,753	16,723
Mental health	4,225	653	-	4,878
Health	507	172	46	725
Juvenile justice and abuse/neglect	19,733	2,896	-	22,629
Nonmajor governmental funds	913	9,140	31	10,084
Internal service funds	-	95	-	95
<b>Total governmental funds</b>	<b>\$ 54,466</b>	<b>\$ 16,446</b>	<b>\$ 5,201</b>	<b>\$ 76,113</b>
<b>Enterprise funds</b>				
Downriver sewage disposal system	\$ 4	\$ -	\$ 3,397	\$ 3,401
Rouge valley sewage disposal system	-	-	11,293	11,293
Nonmajor enterprise funds	-	-	3,432	3,432
<b>Total enterprise funds</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ 18,122</b>	<b>\$ 18,126</b>
<b>Component units</b>				
Airport authority	\$ -	\$ -	\$ 18,898	\$ 18,898
Circuit court	-	-	-	-
Nonmajor component units	-	-	-	-
<b>Total component units</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,898</b>	<b>\$ 18,898</b>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

There are certain receivables from governmental activities, classified as current on the Government-wide Statement of Net Assets, that were not collected within sixty to ninety days of year-end and are thus not considered available to fund liabilities of the current fiscal year. At September 30, 2012, there are approximately \$8.5 million of receivables from Federal, State, and various local municipalities that were not collected within ninety days of year-end. There are also approximately \$45.5 million of property tax receivables that were not collected within sixty days of year-end and \$3.7 million of contractor and other receivables that were not collected within ninety days of year-end. These amounts are included in deferred revenue in the governmental funds as of September 30, 2012.

	Due To Other Governmental Units			
	State of Michigan	U.S. Federal Government	Local Governments	Total
Governmental funds				
General fund	\$ 2,237	\$ -	\$ -	\$ 2,237
Roads	3,576	-	3,657	7,233
Mental health	33,469	-	-	33,469
Health	-	673	-	673
Nonmajor governmental funds	-	10	646	656
	<u>\$ 39,282</u>	<u>\$ 683</u>	<u>\$ 4,303</u>	<u>\$ 44,268</u>
Total governmental funds				
Component units				
Airport authority	\$ -	\$ -	\$ 1,213	\$ 1,213
Nonmajor component units	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,213</u>	<u>\$ 1,213</u>
Total component units				
Fiduciary funds				
Agency funds	\$ 822	\$ 1,762	\$ 214	\$ 2,798
	<u>\$ 822</u>	<u>\$ 1,762</u>	<u>\$ 214</u>	<u>\$ 2,798</u>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 8. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2012 was as follows (in thousands):

#### Primary government

	Beginning Balance	Additions	Transfers (net)	Disposals	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 549,014	\$ -	\$ -	\$ -	\$ 549,014
Construction in progress	36,853	50,184	(19,715)	-	67,322
	<u>585,867</u>	<u>50,184</u>	<u>(19,715)</u>	<u>-</u>	<u>616,336</u>
Capital assets, being depreciated:					
Land improvements	12,826	-	-	-	12,826
Buildings and improvements	379,779	14,791	-	(8)	394,562
Machinery, equipment and vehicles	163,241	4,632	431	(2,311)	165,993
Infrastructure	1,562,416	10,242	19,304	-	1,591,962
	<u>2,118,262</u>	<u>29,665</u>	<u>19,735</u>	<u>(2,319)</u>	<u>2,165,343</u>
Less accumulated depreciation for:					
Land improvements	(11,033)	(297)	-	-	(11,330)
Buildings and improvements	(240,401)	(12,273)	-	-	(252,673)
Machinery, equipment and vehicles	(123,637)	(8,073)	(21)	2,171	(129,559)
Infrastructure	(1,197,534)	(41,531)	-	-	(1,239,065)
	<u>(1,572,604)</u>	<u>(62,174)</u>	<u>(21)</u>	<u>2,171</u>	<u>(1,632,628)</u>
Total capital assets being depreciated, net	<u>545,658</u>	<u>(32,510)</u>	<u>19,715</u>	<u>(148)</u>	<u>532,715</u>
Governmental activities capital assets, net	<u>\$ 1,131,525</u>	<u>\$ 17,674</u>	<u>\$ -</u>	<u>\$ (148)</u>	<u>\$ 1,149,051</u>

Construction in progress as of September 30, 2012 includes roads construction and building renovations. At year-end, the costs expected to be incurred to complete these projects are estimated at \$285 million. These projects are funded by contributions from state and local governmental units, capital project fund appropriations, and general revenues.

Depreciation expense was charged to the governmental activities functions/programs of the primary government as follows (in thousands):

Judicial	\$ 221
General government	12,838
Public safety	3,879
Highways, streets and bridges	43,454
Health and welfare	492
Recreation and culture	1,238
Public works	52
	<u>\$ 62,174</u>

Proprietary fund capital assets are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the governmental capital assets.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

	Beginning Balance	Additions	Transfers (net)	Disposals	Ending Balance
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,309	\$ -	\$ -	\$ -	\$ 5,309
Construction in progress	42,554	11,501	-	-	54,055
	<u>47,864</u>	<u>11,501</u>	<u>-</u>	<u>-</u>	<u>59,364</u>
Capital assets, being depreciated:					
Land improvements	1,446	-	-	-	1,446
Buildings and improvements	38,231	-	-	-	38,231
Machinery, equipment and vehicles	1,308	95	(21)	-	1,382
Infrastructure	483,286	248	-	(9)	483,524
	<u>524,271</u>	<u>343</u>	<u>(21)</u>	<u>(9)</u>	<u>524,584</u>
Less accumulated depreciation for:					
Land improvements	(403)	(66)	-	-	(469)
Buildings and improvements	(30,881)	(728)	-	-	(31,609)
Machinery, equipment and vehicles	(797)	(101)	21	-	(877)
Infrastructure	(203,326)	(14,897)	-	-	(218,223)
	<u>(235,407)</u>	<u>(15,792)</u>	<u>21</u>	<u>-</u>	<u>(251,178)</u>
Total capital assets being depreciated, net	<u>288,864</u>	<u>(15,449)</u>	<u>-</u>	<u>(9)</u>	<u>273,406</u>
Business-type activities capital assets, net	<u>\$ 336,727</u>	<u>\$ (3,948)</u>	<u>\$ -</u>	<u>\$ (9)</u>	<u>\$ 332,770</u>

Depreciation expense was charged to the business-type activities of the primary government as follows (in thousands):

Sewage disposal systems (includes non-major activities)	\$ 15,788
Parking lots	<u>4</u>
	<u>\$ 15,792</u>

Construction in progress involves various sewage disposal system improvements. The costs expected to be incurred to complete these projects are estimated at \$75 million. These projects are expected to be funded by future contributions from federal grants, participating local governmental units, and assets restricted for improvements.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Discretely presented component units

Capital assets activity for the year ended September 30, 2012 was as follows (in thousands):

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Unit - Airport Authority</b>				
Capital assets, not being depreciated:				
Land	242,496	1,127	-	243,623
Construction in progress	35,195	73,184	(42,849)	65,530
	<u>277,691</u>	<u>74,311</u>	<u>(42,849)</u>	<u>309,153</u>
Capital assets, being depreciated:				
Buildings and improvements	2,074,978	9,506	(1,442)	2,083,042
Machinery, equipment and vehicles	71,339	5,936	(3,483)	73,792
Infrastructure	1,311,363	34,174	(5,151)	1,340,386
	<u>3,457,680</u>	<u>49,616</u>	<u>(10,076)</u>	<u>3,497,220</u>
Less accumulated depreciation for:				
Buildings and improvements	(781,534)	(84,901)	1,015	(865,421)
Machinery, equipment and vehicles	(48,482)	(4,485)	3,465	(49,503)
Infrastructure	(736,141)	(53,625)	2,852	(786,914)
	<u>(1,566,158)</u>	<u>(143,012)</u>	<u>7,332</u>	<u>(1,701,838)</u>
Total capital assets being depreciated, net	<u>1,891,523</u>	<u>(93,396)</u>	<u>(2,745)</u>	<u>1,795,382</u>
Airport Authority capital assets, net	<u>\$ 2,169,214</u>	<u>\$ (19,086)</u>	<u>\$ (45,594)</u>	<u>\$ 2,104,535</u>

The estimated costs to complete Metro Airport's current capital improvement program totaled \$495.1 million at September 30, 2012, which will be funded by previously issued and anticipated debt, federal grants, and passenger facility charges. Unexpended commitments on construction and professional services contracts in connection with Metro Airport's program totaled \$60 million at September 30, 2012.

The estimated costs to complete Willow Run Airport's current capital improvement program totaled \$183 million at September 30, 2012, which will be funded with federal and state grants. Unexpended commitments on construction and professional services contracts in connection with Willow Run Airport's program totaled \$2.4 million at September 30, 2012.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component Unit - Circuit Court</b>				
Capital assets, not being depreciated:				
Land	\$ 3,700	\$ -	\$ -	\$ 3,700
Construction in progress	2,875	1,249	-	4,124
	<u>6,575</u>	<u>1,249</u>	<u>-</u>	<u>7,824</u>
Capital assets, being depreciated:				
Land improvements	119	-	-	119
Buildings and improvements	3,058	-	-	3,058
Machinery, equipment and vehicles	14,585	24	-	14,610
	<u>17,762</u>	<u>24</u>	<u>-</u>	<u>17,787</u>
Less accumulated depreciation for:				
Land improvements	(119)	-	-	(119)
Buildings and improvements	(3,058)	-	-	(3,058)
Machinery, equipment and vehicles	(11,131)	(537)	-	(11,668)
	<u>(14,308)</u>	<u>(537)</u>	<u>-</u>	<u>(14,846)</u>
Total capital assets being depreciated, net	<u>3,454</u>	<u>(513)</u>	<u>-</u>	<u>2,941</u>
Circuit Court capital assets, net	<u>\$ 10,030</u>	<u>\$ 736</u>	<u>\$ -</u>	<u>\$ 10,766</u>

Construction in progress as of September 30, 2012 consists of a case management system. Costs expected to be incurred to complete the system are estimated at \$6.4 million. These costs will be funded through future bond issuances.

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Nonmajor Component Units</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 8,481	\$ 2,693	\$ -	\$ 11,174
Capital assets, being depreciated:				
Buildings and improvements	22,312	29	-	22,341
Infrastructure	64,112	473	-	64,585
Machinery, equipment and vehicles	2,942	-	-	2,942
	<u>89,367</u>	<u>501</u>	<u>-</u>	<u>89,868</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,057)	(264)	-	(18,320)
Infrastructure	(42,080)	(1,904)	-	(43,984)
Machinery, equipment and vehicles	(1,486)	(270)	-	(1,756)
	<u>(61,623)</u>	<u>(2,438)</u>	<u>-</u>	<u>(64,061)</u>
Total capital assets being depreciated, net	<u>27,744</u>	<u>(1,936)</u>	<u>-</u>	<u>25,807</u>
Nonmajor Component Units capital assets, net	<u>\$ 36,225</u>	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 36,982</u>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Fiduciary Funds

Capital assets activity for the year ended September 30, 2012 was as follows (in thousands):

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, being depreciated - Machinery, equipment and vehicles	\$ 431	\$ -	\$ -	\$ 431
Less accumulated depreciation for - Machinery, equipment and vehicles	(417)	(5)	-	(422)
Fiduciary funds capital assets, net	\$ 15	\$ (5)	\$ -	\$ 10

### 9. SHORT-TERM DEBT - TAX ANTICIPATION NOTES

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. Public Act 357 of 2004 shifted the County's general operating levy (primary revenue source) from December 1 (first quarter of fiscal year) to July 1 (fourth quarter of fiscal year). Periodic cash flow shortfalls occur throughout the year as the majority of collections on the general operating levy are received in late August through mid-October.

On April 5, 2012, tax anticipation notes of \$100 million were sold at 1.85 percent with a maturity date of October 31, 2012. The County has pledged its Unpaid 2012 Operating Taxes and its limited tax full faith and credit to the payment of the Notes. The Unpaid 2012 Operating Taxes include the 2012 Unpaid Operating Taxes remaining to be collected as of the date of the Note Resolution.

Interest expense is reported as a general government expense in the government-wide Statement of Activities. Interest expense related to the 2012 tax anticipation notes amounted to \$0.9 million, for the year ended September 30, 2012. Total principal and interest remaining to be paid on the notes is \$101 million. There were no principal or interest payments in these notes in the current year. See footnote 10 for disclosure of changes in activity for the 2012 tax anticipation notes.

### 10. LONG-TERM DEBT AND OTHER OBLIGATIONS

The County's long-term debt at year-end is summarized below (amounts are rounded to thousands). State statutes limit a government's debt to 10 percent of the State Equalized Value of property located in that jurisdiction; this equated to approximately \$4.6 billion for the County at September 30, 2012.

*Capital leases.* In July 2011, the County entered into a five-year lease agreement with First Capital Equipment Leasing Corporation for the lease of dump trucks for the Department of Public Services. This lease agreement qualifies as a capital lease for accounting purposes. The equipment and lease payable were recorded at the present value of the future minimum lease payments which was \$2.1 million as of the inception date. The lease requires minimum annual payments of \$393,617.

In December 2009, the County entered into a seven-year lease agreement with First Capital Equipment Leasing Corporation for the lease of heavy equipment for the Department of Public Services. This lease agreement qualifies as a capital lease for accounting purposes. The equipment and lease payable were recorded at the present value of the future minimum lease payments which was \$4.99 million as of the inception date. The lease requires minimum annual payments of \$835,732.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

*Notes Payable:* In March 2010, the County and Wayne County Brownfield Authority entered into a \$1 million EPA Revolving Loan Fund Agreement, for the purpose of environmental remediation of the Central City Park. The loan is due serially from May 2012 through May 2016 at an interest rate of 1.0 percent.

The future minimum lease obligations and the net present value for the leases and notes outstanding as of September 30, 2012, are as follows (in thousands):

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,227	\$ 210
2014	1,275	\$ 160
2015	1,325	\$ 109
2016	1,329	\$ 54
	<u>\$ 5,156</u>	<u>\$ 533</u>

*Operating Leases.* The County is committed under 24 leases for office, storage space, and land. These leases are considered for accounting purposes to be non-cancelable operating leases. Lease expenditures for the year ended September 30, 2012 amounted to \$4,966,944. Future minimum lease payments for these leases are as follows (amounts in thousands):

<u>September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2013	\$ 4,455.86	\$ 292
2014	3,614	304
2015	2,105	316
2016	1,007	329
2017	852	342
2018-2022	3,590	1,510
2023-2027	3,142	1,510
2028-2032	3,642	2,343
2033-2037	4,222	2,850
2038-2039	922	-
	<u>\$ 27,552</u>	<u>\$ 9,796</u>

*Operating Leases - Circuit Court.* The Circuit Court component unit is committed under two leases for office space and court activities. These leases are considered for accounting purposes to be non-cancelable operating leases. Lease expenditures for the year ended September 30, 2012, amounted to \$3,433,923. Future minimum lease payments for these leases (in thousands) are as follows:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

September 30,	Amount
2013	\$ 3,659
2014	2,381
2015	2,452
2016	2,526
2017	2,602
2018-2022	14,228
2023-2027	16,494
2028-2032	19,121
2033-2037	22,166
2038-2039	4,840
Total	\$ 90,469

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Governmental activities</b>				
1996 building authority	2016	4.0 - 6.5%	\$ 45,000	\$ 13,655
1998 transportation fund	2013	4.0 - 5.25%	31,315	2,990
1999 transportation fund	2014	4.0 - 5.3%	28,685	5,405
2003 capital improvement	2024	2.0 - 4.75%	13,740	9,395
2007 building authority refunding	2019	4.25 - 5.75%	50,380	20,660
2008 capital improvement	2038	4.375 - 5.0%	32,875	32,875
2008 capital improvement	2025	5.25 - 5.5%	18,110	15,095
2008 water and sewer	2038	4.5 - 5.7%	13,060	12,200
2009 building improvement	2040	6.75%	24,885	24,275
2009 equipment	2019	4.55 - 7.0%	8,105	5,555
2009 equipment	2025	3.75 - 5.375%	24,715	18,215
2010 installment purchase	2016	2.25 - 3.125%	7,670	3,040
2010 building authority (jail)	2041	6.22 - 10.0%	200,000	200,000
2012 Building Authority Rev Bonds	2041	3-5.25%	14,960	14,930
2011 installment purchase	2015	2.39%	9,026	5,937
			\$ 522,526	\$ 384,227

continued...

### Governmental Activities

In March 1994, the Building Authority issued \$105.9 million in bonds with an average interest rate of 5.8 percent, of which \$97.6 million was used to advance-refund \$97.2 million of bonds, with the remaining \$8.3 million in bonds to be used for renovations and improvements on the Wayne County Youth Home and for the demolition of abandoned buildings on the Eloise Westland property. The County has pledged its full faith and credit for these bonds, subject to certain limitations.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

In March 1994, the Building Authority issued \$3.3 million in bonds to finance assets of the Warren Valley Golf Course. The County has pledged its full faith and credit for these bonds, subject to certain limitations.

In August 2007, the County issued \$50.4 million in bonds with a premium of \$1.6 million through the MMBA Local Government Loan Program with an average interest rate of 5.0 percent to advance refund \$50.8 million of outstanding 1994 Building Authority Refunding Bonds, including the Warren Valley Golf Course obligations.

In November 1996, the Building Authority issued \$45.0 million in Series 1996A debt with an average interest rate of 5.8 percent to finance construction of the Wayne County Juvenile Detention Facility, as well as other capital projects. These bonds are payable by the Building Authority solely from the rental payments to be made by the County and from funds relating to this issue held by the Trustee. The County's obligation to make the rental payments is a limited tax general obligation supported by the full faith and credit of the County, subject to certain limitations.

In December 2010, the Building Authority issued \$200 million Series 2010 bonds to finance construction of a new Wayne County consolidated jail complex. The Authority has designated the Bonds as "recovery zone economic development bonds" under section 1400U-2 of the Code and to elect under Code Section 54AA(g) to receive a direct pay interest credit from the United States Treasury equal to 45 percent of the state interest paid on the bonds as provided in Code Section 6431. The bonds are due serially through 2040, at interest rates ranging from 6.22 to 10.0 percent, with the first interest principal payment to be paid in December 2014. The County has pledged its full faith and credit for these bonds, subject to certain limitations.

In October 2011, the Building Authority issued \$14.9 million series 2011 F revenue bonds through the Michigan Finance Authority (MFA) Local government loan program. The bonds were issued for the purpose of financing the purchase by the Authority of Municipal Obligations issued by certain political subdivisions of the State of Michigan. The series bonds are separately secured from the bonds of other types and are payable solely from the rent revenues on the Municipal Obligations. The bonds are due serially through 2042. The principal and interest paid on the bonds for the current year and total net operating revenues were approximately \$349,844 and \$ 1 million respectively.

Michigan Transportation Fund Bonds, Series 1998 and 1999, in the aggregate amounts of \$28.7 and 31.3 million, were issued to fund a portion of the capital improvements of the County's road system. The bonds are due serially through 2013 at interest rates ranging from 4.0 to 5.3 percent. Bond principal and interest payments are secured by an irrevocable pledge of distributions from the Michigan Transportation Fund pursuant to the provisions of Act 51 of the Michigan Public Acts of 1951. In the event that Act 51 distributions are insufficient to repay these bonds, the County has pledged its full faith and credit for repayment. These bonds are considered limited tax general obligations of the County. The principal and interest paid on the bonds for the current year and total net operating revenues were approximately 5.3 million and 7.8 respectively.

In September 2003, the County issued General Obligation Limited Tax Capital Improvement Bonds Series 2003 in the amount of \$13.7 million. The bonds are due serially through 2024 with an average interest rate of 4.3 percent and were issued to fund structural repairs to the tower of the Wayne County Building, architectural changes and additions to the Prosecutor's office, other County buildings and the purchase of related equipment. The County has pledged its full faith and credit for repayment, subject to certain limitations.

In February 2008, the County issued General Obligation Limited Tax Capital Improvement Bonds, Series 2008A and 2008B in the amounts of \$32.9 million and \$18.1 million at average interest rates of 4.89 and 5.44 percent, respectively. The purpose of these bonds was to acquire the Guardian Building located at 500 Griswold Street, the First Street Parking Deck at 621 First Street and the building located at 511 Woodward Avenue all of which are located within the City of Detroit, Michigan (collectively, the "Buildings") and to defray the costs of renovating, furnishing and/or equipping the Buildings. The full faith and credit of the County has been pledged for these bonds, subject to certain limitations.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

In August 2008, the County issued General Obligation Limited Tax Water Supply and Sewage Disposal System Improvement Bonds, Series 2008, in the amount of \$13.1 million at an average interest rate of 5.42 percent. The purpose of the bonds is to pay all or part of the costs of water supply and sewage disposal system improvements on property in the Charter Township of Huron located in Wayne County. The full faith and credit of the County has been pledged for these bonds, subject to certain limitations.

In March 2009, the County issued Local Project Bonds through the MMBA Local Government Loan Program, Series 2009A (taxable) and Series 2009B (tax-exempt) in the amounts of \$8.1 and \$24.7 million, respectively. These bonds were issued for the purpose of acquiring or refinancing certain personal property and equipment for various County departments, as well as certain road construction and improvements. A portion of these bonds were issued for Third Circuit Court equipment. This allocation is reported as a long-term receivable from Third Circuit Court in governmental activities and a long-term due to primary government by the Court. The amount due within one year is \$250,000. Refer to Note 7 for additional discussion. The bonds are due serially through November 2018 and 2024 respectively at interest rates ranging from 3.125 to 6.70 percent. The County has pledged its full faith and credit, subject to certain limitations. This is considered a limited tax general obligation of the County.

In November 2009, the County issued General Obligation Limited Tax Building Improvement Bonds, Series 2009A (tax-exempt) in the amount of \$24.9 million, consisting of a term bond at an interest rate of 6.75 percent due in November 2039. The bonds were issued for the purpose of constructing, furnishing and/or equipping improvements and renovations to the Guardian Building, located at 500 Griswold Street, the First Street Parking Deck, located at 621 First Street, the building located at 511 Woodward Avenue, and the County Medical Examiner's Office located at 1300 E. Warren Avenue, all of which are located within the City of Detroit, Michigan. The County has pledged its full faith and credit for repayment, subject to certain limitations.

In September 2010, the County issued installment purchase agreements through the Michigan Finance Authority (MFA), Local Government Loan Program Revenue Bonds, Series 2010D (tax-exempt) in the amount of \$7.7 million for the purpose of acquiring certain personal property, equipment and software for various County departments. The bonds are due serially through June 2016 at interest rates ranging from 3.0 to 3.125 percent. The County has pledged its full faith and credit for repayment, subject to certain limitations.

In September 2011, the County entered into a \$9 million Installment Purchase Contract through the Michigan Finance Authority (MFA) Local Government Loan Program, for the purpose of acquiring certain personal property, equipment and software for various County departments. Payments on the principal are due serially through September 2015 at an interest rate of 2.39 percent. In February 2012, the County terminated an Installment Purchase agreement with the Sanborn Map Company, Inc. and paid off entire balance of \$1,110,444.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Business-type activities</b>				
1994 sewage disposal	2015	2.00%	\$ 12,557	\$ 1,432
1995 sewage disposal (#5117-03)	2016	2.25%	14,120	2,545
1995 sewage disposal (#5117-05)	2015	2.25%	1,100	135
1995 sewage disposal (#5117-15)	2019	2.25%	49,525	17,260
1995 sewage disposal (#5117-18)	2018	2.25%	14,731	4,315
1995 sewage disposal (#5117-19)	2018	2.25%	10,822	3,137
1995 sewage disposal (#5117-21)	2017	2.25%	2,932	659
1995 sewage disposal (#5117-23)	2018	2.25%	2,083	615
1995 sewage disposal (#5117-24)	2021	2.25%	58,035	26,380
1995 sewage disposal (#5117-26)	2018	2.25%	5,980	1,755
1995 sewage disposal (#5117-27)	2018	2.25%	5,291	1,463
1995 sewage disposal (#5117-28)	2018	2.25%	1,907	663
1995 sewage disposal (#5117-30)	2018	2.25%	5,773	1,990
1995 sewage disposal (#5117-31)	2019	2.25%	3,840	1,340
1997 sewage disposal (#5117-29)	2018	2.25%	2,510	875
1998 sewage disposal (#5117-25)	2021	2.25%	16,865	7,670
1999 sewage disposal	2017	3.05 - 4.85%	11,100	4,020
1999 sewage disposal	2016	3.05 - 4.80%	2,730	815
1999 sewage disposal	2016	3.05 - 4.80%	6,390	1,830
1999 sewage disposal (#5117-01)	2020	2.50%	105	46
1999 sewage disposal (#5117-20)	2021	2.50%	12,030	5,545
1999 sewage disposal (#5117-32)	2020	2.25%	11,732	4,682
1999 sewage disposal	2014	4.5 - 5.125%	6,495	760
1999 sewage disposal	2019	4.5 - 5.125%	15,005	6,285
2000 sewage disposal (#5117-34)	2021	2.50%	5,085	2,600
2005 sewage disposal (#5217-01)	2026	1.63%	4,680	3,430
2007 sewage disposal	2018	4.25 - 5.75%	9,935	6,500
2007 sewage disposal	2028	4.25 - 5.75%	15,790	13,740
1999 sewage disposal (#5106-01)	2016	2.00%	2,590	605
1999 sewage disposal (#5104-01)	2016	2.25%	2,650	630
1995 sewage disposal (#5123-01)	2019	2.25%	5,857	2,037
2009 sewage disposal (#5140-01)	2019	2.25%	425	170
2009 sewage disposal (#5350-01)	2031	2.50%	11,067	10,609
2011A DH CSO Basin Revolving Fund	2028	2.50%	229	229
2011A Rouge RiverCSO Basin Revolving Fund	2032	2.50%	751	751
			<u>\$ 332,717</u>	<u>\$ 137,518</u>

In 1994, the County authorized issuance of bonds to the MMBA Revolving Loan Fund for up to \$13.0 million for the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$12.6 million from the revolving loan fund for the projects supported by these bonds.

In 1995, the County authorized additional issuance of bonds to the MMBA Revolving Loan Fund for up to \$21.4 million for the Downriver Sewage Disposal System and the CSO Basins Sewage Disposal System. Through September 30, 2012, the County received \$21.3 million from the revolving loan fund.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

In 1995, the County authorized issuance of bonds to the MMBA Revolving Loan Fund for up to \$5.2 million for the Rouge Valley Sewage Disposal System. Through September 30, 2012, the County received \$5.2 million from the revolving loan fund.

In 1996, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$78.8 million for the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$78.0 million from the revolving loan fund.

In 1997, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$84.0 million for the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$82.9 million from the revolving loan fund.

In 1998, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$31.3 million for the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$31.1 million from the revolving loan fund.

In 1998, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$425,000 for the Rouge Valley Sewage Disposal System. Through September 30, 2012, the County received \$425,000 from the revolving loan fund.

In 1999, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$12.6 million for the Downriver Sewage Disposal System. An estimated amount up to \$445,000 of this issuance is designated for two communities covered under the Chapter 20 Drainage District, a component unit of the County of Wayne, and is reported under the Component Unit segment of County debt. Through September 30, 2012, the County received \$12.5 million from the revolving loan fund, of which \$426,151 is directly attributable to the Chapter 20 Drainage District's bond debt.

In 2000, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$5.1 million for the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$5.1 million from the revolving loan fund.

In 2005, the County authorized additional issuance of bonds to the MMBA Revolving Loan Fund for up to \$4.7 million for the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$4.7 million from the revolving loan fund.

In 2008, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$32.1 million for the Series 2008 A-D revenue bonds for improvement projects to the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$31.3 million from the revolving loan fund. Subsequent to September 30, 2012, the County has received an additional \$ 13 thousand.

In 2011, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$14.1 million for the Series 2011 A revenue bonds for capital improvement projects to the Downriver Sewage Disposal System. Through September 30, 2012, the County received \$6.7 million from the revolving loan fund. Subsequent to September 30, 2012, the County has received an additional \$3.6 million.

In December 2009, the MMBA approved the County's loan application for \$19.6 million for projects to upgrade and improve the Rouge Valley Sewage Disposal System. Up to forty percent of the loaned amount is forgiven under the American Recovery and Reinvestment Act of 2009 (ARRA). As of September 30, 2012, the County received \$ 18.9 million of MMBA bond funds for this project, \$7.82 million of which were ARRA funds. The County recognized \$7.6 million of debt for the Rouge Valley Disposal System. Subsequent to September 30, 2012, the County has received \$ 65 thousand in additional funds. These loans are limited tax general obligations of the County of Wayne, but are payable from sewage revenues to be received from the communities served by the Rouge Valley Sewage Disposal System.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The County has pledged its full faith and credit on \$10.1 million of water and sewage bonds issued by local communities for various water and sewer construction activities. The obligations were being paid from the revenues of the various communities' water and sewage fund operations. As of October of 2009, all principal and interest payments were made. The assets and related obligations have not been reflected within the County's basic financial statements for these activities.

In December 1995, the County authorized the issuance of bonds in an aggregate principal amount of \$16.3 million designated as Wayne County Combined Sewer Overflow (City of River Rouge) Bonds, Series B. These bonds were used to finance construction of a combined sewer overflow control facility in the City of River Rouge to comply with the requirements of a federal grant and applicable National Pollutant Discharge Elimination System (NPDES) permit. The obligations are limited tax general obligations of the County of Wayne, but are payable from contractual payments to be received from the City of River Rouge.

In August 2007, the County issued \$9.9 million in 2007B River Rouge CSO Basin bonds with a premium of \$425,190, through the MMBA Local Government Loan Program. These bonds, with an average interest rate of 5.0 percent were issued to advance refund \$10.1 million of outstanding 1995B bonds.

In September 2011 the Michigan Finance Authority (MFA) approved a loan application under the State Revolving Loan Fund (SRF) program for improvements to the River Rouge CSO Basin. SRF Project 5433-01 was approved for the City of River Rouge's CSO Basin improvements in the amount of \$760,000 and payments will be due serially until 2032. The obligations are limited tax general obligations of the County of Wayne, but are payable from contractual payments to be received from the City of River Rouge. During the year ended September 30, 2012 the County received \$750,938. Subsequent to September 30th, the County has received the final advance loan amount of \$9,062.

In September 2011 the Michigan Finance Authority (MFA) approved a loan application under the State Revolving Loan Fund (SRF) program for improvements to the Dearborn Heights CSO Basin. SRF Project 5430-01 was approved for the City of Dearborn Heights' CSO Basin improvements in the amount of \$325,000 and payments will be due serially until 2032. The obligations are limited tax general obligations of the County of Wayne, but are payable from contractual payments to be received from the City of Dearborn Heights. During the year ended September 30, 2012 the County received \$229,018. Subsequent to September 30th, the County has received an additional \$3,595.

In April 1999, the County issued \$23.1 million, Series 1999B Revenue Bonds, under the MMBA Local Government Loan Program to provide resources to advance refund \$20.3 million of existing Sewage Disposal System Debt, Series 1994D, F and G, and Chapter 21 Drainage District, a component unit, Series 1993B. The proceeds of the refunding bonds were placed into an irrevocable trust to provide for all future debt service payments on the retired bonds. As a result, the retired bonds are considered to be defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. This refunding was made solely to retire the refunded debt and reduce the total of future debt service payments. This bond issue is a limited tax general obligation of the County of Wayne, but is payable from contractual payments to be received from the communities participating in the respective sewage disposal systems benefited. Should the assets in escrow not be sufficient to fund the debt service requirements, additional amounts would be required to be deposited from the respective Sewage Disposal System.

In August 1999, the County issued the Series 1999A Refunding Bonds in the amount of \$6.5 million and the Series 1999B Bonds in the amount of \$15.0 million for the Downriver Sewage Disposal System, under the MMBA Local Government Loan Program. Proceeds from the 1999A Series Bonds were used to advance refund \$6.1 million of the existing Sewage Disposal System Debt, Series 1994A. Proceeds from the 1999B Series Bonds were used to finance improvements to the Downriver Sewage Disposal System.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The proceeds of the 1999A refunding bonds were placed into an irrevocable trust to provide for all future debt service payments on the retired bonds. As a result, the retired bonds are considered to be defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. This refunding was made solely to retire the refunded debt and reduce the total of future debt service payments. This bond issue is a limited tax general obligation of the County, but is payable from contractual payments to be received from the communities participating in the respective sewage disposal systems benefited. Should the assets in escrow not be sufficient to fund the debt service requirements, additional amounts would be required to be deposited from the respective Sewage Disposal System.

In August 2007, the County issued MMBA Local Government Loan Program Revenue Bonds, Series 2007B in the amount of \$15.8 million to finance certain court ordered improvements to the Downriver Sewage Disposal system pursuant to a judgment to which the County and certain cities, villages and townships located in the County are subject. The obligation is secured by a limited tax full faith and credit pledge of the County and the obligation of the applicable communities to make payments pursuant to the judgment.

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Component units</b>				
2008 drain (Chapter 8)	2023	5.45%	\$ 1,455	\$ 1,067
2009 A Drain (#5117-01)	2020	2.5 - 10.0%	426	185
2009A Drain (#5349-01)	2030	2.50%	3,717	3,425
<b><u>Airport</u></b>				
Installment purchase contract	2023	4.33%	3,886	3,337
Installment purchase contract	2015	3.70%	333	136
Installment purchase contract	2014	3.54%	423	142
Installment purchase contract	2018	4.05%	392	238
Installment purchase contract	2013	5.31%	364	100
Installment purchase contract	2017	1.77%	285	285
Installment purchase contract	2017	1.77%	830	830
Installment purchase contract	2017	1.77%	218	218
Installment purchase contract	2017	1.64%	833	833
<b><i>Willow run</i></b>				
Notes payable - Washtenaw	2019	0%	292	401
Notes payable - University of Michigan	2013	8.0%	445	141
<b><i>Hotel Fund</i></b>				
Series 2001A	2030	5.0% to 5.5%	99,630	99,630
Series 2001B	2015	6.0% to 6.6%	11,290	7,310
Working Capital Loan	2017	8.00%	5,000	2,922
Capital/FF&E Reserve Loan	2017	8.00%	1,500	1,500
			<u>\$ 131,319</u>	<u>\$ 122,702</u>

In August 2008, two Chapter 8 Drainage Districts issued notes to borrow funds to construct major improvements to the specified Drains. The Patterson Drain Drainage District borrowed \$241,000 to be repaid with annual payments scheduled through 2013. The Mizner Drain Drainage District borrowed \$1.455 million, payable in annual installments until maturity in June 2023. Repayment of this debt will be made from special assessments against the properties benefiting from these improvements and is guaranteed by the full faith and credit of the individual Drainage Districts.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

In September 2009, the Michigan Municipal Bond Authority (MMBA) approved and authorized \$6.2 million in Ecorse Creek Pollution Abatement Drain (ECPAD) No. 1 Drain Bonds Series 2009A. Up to forty percent of the loaned amount, \$2,478,000 has been forgiven under the American Recovery and Reinvestment Act of 2009 (ARRA). As of September 30, 2012 the County received \$3.7 million of MMBA bond funds for this project. This loan is secured by special assessments on the communities served by the Ecorse Creek drain, and is guaranteed by the full faith and credit of the Drainage District.

### Airport Authority

Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Authority, with the exception of the County's pledge of its limited tax full faith and credit, subject to constitutional, statutory and charter tax rate limitations, associated with the \$110.9 million (original issue amount) Airport Hotel Revenue Bonds, Series 2001A and 2001B issued by the County. This includes all of the County's obligations on Outstanding Senior Lien Bonds and Junior Lien Bonds issued by the County under the County's Amended and Restated Master Airport Revenue Bond Ordinance No. 319 and its predecessor Ordinance 319, as amended and supplemented by various amending and supplemental ordinances adopted by the County, including the Series Ordinance adopted for each Outstanding Series of airport revenue bonds issued there under by the County (collectively, "Ordinance 319"). Pursuant to the Authority Act, the Authority is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Authority under any ordinances (including Ordinance 319), agreements or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the Outstanding Senior Lien Bonds issued by the County under Ordinance 319 and additional bonds issued by the Authority under the Master Bond Ordinance, and secured by net revenues.

Net revenues (as defined in the various bond ordinances) of Metro Airport have been pledged toward the repayment of the Airport Revenue Bonds and the Installment Purchase Contracts.

The Airport Revenue Bond Ordinances require that Metro Airport restrict assets to provide for the operations, maintenance, and administrative expenses of the subsequent month, the redemption of bond principal and interest, and for other purposes as defined in those ordinances.

In August 1993, the County entered into a \$445,801 note payable agreement to purchase the Packard Hangar located at the Willow Run Airport from the University of Michigan. The agreement calls for quarterly interest payments of \$9,511 commencing on September 1, 1993. Principal payments on the note are required if revenue in excess of \$60,000 is generated at the Packard Hangar site during any calendar year. In this situation, half of the revenue generated would be required to be paid to the University of Michigan. On September 1, 2013, any principal and interest remaining unpaid are due.

In December 2001, the County entered into a \$292,133 note payable with Washtenaw County to allow Washtenaw County to use their Michigan Community Development Block Grant to assist Willow Run Airport in renovating Hangar I. The agreement calls for the principal to be paid in quarterly installments commencing March 31, 2005

In September 2007, the Authority executed a Master Lease Purchase Agreement to finance up to \$8 million in major equipment purchases over a three-year period. As of September 2010, the Authority used \$1,511,137 of this agreement and has entered into four Installment Purchase Contracts to pay for equipment at Metro Airport.

In May 2008, the Authority entered into an Installment Purchase Contract for \$3,886,162 to pay for additional energy conservation improvements at Metro Airport.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

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

	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 22,624	\$ 28,438	\$ 19,258	\$ 3,972	\$ 3,499	\$ 6,242
2014	18,254	27,478	19,046	3,403	3,274	6,026
2015	19,509	26,650	18,772	2,840	3,568	5,834
2016	16,945	25,672	17,424	2,284	3,906	5,619
2017	12,050	24,778	16,279	1,793	5,239	5,410
2018-2022	48,310	113,534	33,388	4,265	23,848	23,254
2023-2027	47,735	96,585	9,750	1,600	36,866	15,517
2028-2032	58,595	75,909	3,599	159	42,502	4,419
2033-2037	77,310	48,291	-	-	-	-
2038-2042	62,895	13,969	-	-	-	-
	<u>\$ 384,227</u>	<u>\$ 481,304</u>	<u>\$ 137,516</u>	<u>\$ 20,316</u>	<u>\$ 122,702</u>	<u>\$ 72,321</u>

*Revenue bonds.* The government issues revenue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Business-type activities</b>				
1993 sewage disposal	2015	2.00%	\$ 6,450	\$ 765
1999 sewage disposal	2015	3.05 - 4.75%	1,685	365
2007 sewage disposal	2028	4.0 - 5.4%	4,300	3,730
2008 sewage disposal	2030	2.50%	4,329	3,799
2008 sewage disposal	2031	2.50%	10,612	9,757
2008 sewage disposal	2030	2.50%	12,115	11,155
2008 sewage disposal	2030	2.50%	4,330	3,805
2011 Sewage disposal	2024	2.50%	6,713	6,713
			<u>\$ 50,534</u>	<u>\$ 40,089</u>

The County has pledged future Downriver Sewage Disposal System revenues, net of specified operating expenses, to repay the outstanding balance of \$3.7 million of Downriver Sewage Disposal System 2007D revenue bonds and \$35.3 million of the State Revolving Loan Fund Bonds for SRF Projects 5217 - 02through - 05, and Project 5217-15 (collectively the "5217 bonds"), payable through 2033. Annual principal and interest payments on the revenue bonds are expected to require less than 100 percent of net revenues. Principal and interest paid on the bonds for the current year and total customer net revenues were approximately \$2.3 million and \$ 4.7 million, respectively.

The County has pledged future Northeast Sewage Disposal System revenues, net of specified operating expenses, to repay the outstanding balance of \$1.1 million of Northeast Sewage Disposal revenue bonds, payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 100 percent of net revenues. Principal and interest paid on the bonds for the current year and total customer net revenues were \$597,000 and \$ 563,000, respectively.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

	<u>Year of Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
<b>Component units</b>				
2010 drain (Chapter 8)	2030	2.25 - 5.0%	\$ 2,480	\$ 2,250
2010 drain (Chapter 8)	2030	2.25 - 5.0%	585	540
2010 drain (Chapter 8)	2020	2.25 - 4.0%	240	195
2012 Stadium Refunding Bonds	2026	3.00-5.00%	58,160	58,160
2011 Drain Chapter 8 Lateral 94 Bonds	2022	4.50%	830	830
<b><u>Airport</u></b>				
Series 2002C	2012	3.0% to 5.375%	26,435	2,105
Series 2002D	2012	5.0% to 5.5%	76,030	6,920
Series 2005	2034	3.5% to 5.25%	507,135	476,875
Series 2007A Jr. Lien	2037	4.85% to 5.0%	180,390	177,075
Series 2007B	2028	4.0% to 5.382%	119,390	119,390
Series 2008A	2032	4.0% to 5.75%	142,285	124,835
Series 2010A	2018	2.0% to 5%	222,490	199,635
Series 2010B	2013	4.0% to 5.0%	8,795	4,800
Series 2010C	2022	1.5% to 5.5%	188,415	173,145
Series 2010D	2021	1.5% to 5.5%	28,045	26,105
Series 2010E1	2028	0.2% Variable	75,360	75,360
Series 2010E2	2028	0.19% Variable	75,000	75,000
Series 2010F	2033	0.21% Variable	124,640	124,640
Series 2010G	2028	1.1% Variable	116,000	116,000
Series 2011A	2022	4.0% to 5%	152,465	152,465
Series 2011B	2020	3.0% to 5%	16,965	16,965
Series 2012A	2042	3.0% to 5.0%	177,565	177,565
Series 2012B	2037	5.00%	25,090	25,090
Series 2012C	2020	3.0% to 4.0%	3,885	3,885
Series 2012D	2028	3.0% to 5.0%	71,525	71,525
			<u>\$ 2,400,200</u>	<u>\$ 2,211,355</u>

In September 2010, three Chapter 8 Drainage Districts issued bonds for approved petition projects through the MFA, Local Government Loan Program Revenue Bonds, Series 2010D. The Cook and Gladding Drainage District issued \$2.48 million and the Winslow Drainage District issued \$585,000. The two bond issues are due serially through June 2030 at interest rates ranging from 3.0 to 5.0 percent. The Wolfe Drainage District issued \$240,000. The bonds are due serially through June 2020 at interest rates ranging from 3.0 to 4.0 percent. Repayment of the debt is made from special assessments against the properties benefiting from these improvements. The County has secondarily pledged its full faith and credit for repayment, subject to certain limitations.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Detroit-Wayne County Stadium Authority - In September of 2012 the Stadium Authority issued the series 2012 Refunding bonds in the amount of \$58.16 million with a premium of 5.2 million. The bonds were issued solely for the purpose of (i) advance refunding 67.7 million of the outstanding Building Authority (Stadium) Bonds, Series 1997 dated March 1, 1997 (the "Prior Bonds") maturing in the years 2013 through 2027 (ii) paying the costs of issuing the bonds. The Proceeds of the 2012 refunding bonds were placed into a Escrow fund held by the Bank of New York to provide for all future principal and interest on the prior bonds when due at maturity or call for redemption as required by the escrow agent. The bonds are limited obligations of the Authority and are payable solely from the cash rentals payable by the County. The Cash rentals are payable from Motor Vehicle rental and hotel tax revenue (the "Tourist Taxes") levied by the County pursuant to Act No 180, Public Acts of Michigan, 1991 and has pledged its limited tax full faith and credit for prompt payment of the cash rentals. The Bonds are serially payable through 2026. The principal and interest paid on the bonds for the current year on the 1997 series prior to refunding and the total net operating revenues were approximately \$6.2 million and \$ 7.2 respectively.

During 2012, two Chapter 8 Drainage Districts issued promissory notes to borrow funds to construct major improvements to the specified Drains. The Lateral 94 Drain Drainage District issued series 2011, Lateral 94 Drain Bonds in the amount of \$830,000 to be repaid with annual payments scheduled through 2022. The Henry Drain Drainage District borrowed \$214,000 by issuing a Note Payable due in annual installments until maturity in June 2022. Repayment of this debt will be made from social assessment against the properties benefiting from these improvements and is guaranteed by the full faith credit of the individual Drainage District.

### Airport Authority

In June 1999, the County entered into agreements with Northwest to issue approximately \$15.2 million in Airport Special Facility Revenue Bonds to finance the construction of an aircraft maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Airport Authority are not obligated in any manner to pay debt service in the event of default by Northwest. As these bonds are payable from special facility lease rentals payable in full by Northwest, the related debt has not been reflected in the financial statements of the Airport Authority. An "Event of Default" occurred as a result of the Northwest Airlines bankruptcy filing on September 14, 2005. Northwest Airlines has since emerged from bankruptcy and affirmed its obligation for the Series 1999 Special Facility Bonds and is no longer in default. Effective December 31, 2009, the FAA issued a single operating certificate for the integrated airline, and on the same date Northwest legally merged into Delta, resulting in a single surviving corporation known as Delta Air Lines, Inc. As a result of the merger, by operation of law, Delta has succeeded to all of the rights and obligations of Northwest.

In July 2002, the County issued \$102.5 million Charter County of Wayne Airport Revenue Refunding Bonds, Series 2002C and 2002D. The Series 2002C Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990B Bonds and the December 2002 principal amount due on the Series 1998B Bonds. The Series 2002D Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990A Bonds and the Series 1991B Bonds. The Series 2002 C&D Refunding Bonds are revenue obligations of the Airport Authority payable solely from the net revenues derived by the Airport Authority from the operation of Metro Airport.

The County defeased the Series 1990B Bonds, the Series 1990A Bonds, the Series 1991B Bonds, and the December 2002 principal amount due on the Series 1998B Bonds by placing the proceeds of the Series 2002C and 2002D Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The Series 1990B, the Series 1990A, and the Series 1991B Bonds were subsequently called and paid in full in August 2002. The portion of the Series 1998B Bonds was subsequently called and paid in December 2002. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$15.3 million. The County estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$14.1 million.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

In November 2002, the Airport Authority entered into two debt agreements with Westin Management Company East (the Hotel Operator). Both loans were provided for in the Hotel Management and Operating agreement. The Capital/FF&E loan was for \$5 million and is to be used solely for future capital improvements to the Airport Hotel. The Working Capital Loan was for \$1.5 million and was used to provide initial working capital to operate the Airport Hotel. During 2007, the Capital/FF&E loan was renegotiated with the Hotel Operator and the outstanding interest payable at December 31, 2006 was rolled into the principal amount of the loan.

The net Airport Hotel revenues are pledged solely for the payment of the Airport Hotel Bonds and these loans, and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose.

In April 2005, the Airport Authority issued \$507.1 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the North Terminal Redevelopment Project and the completion of the McNamara Terminal Phase II Project. The Series 2005A Bonds are revenue obligations of the Airport Authority payable solely from the net revenues derived by the Airport Authority from the operation of Metro Airport.

In June 2007, the Airport Authority issued \$180.4 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the reconstruction and rehabilitation of airfield pavement, the design and construction of a centralized luggage screening facility with an in-line explosive detection system for both the McNamara and North Terminals, and improvements to parking facilities and roadways. The Series 2007A Bonds are revenue obligations of the Airport Authority payable solely from the net revenues derived by the Airport Authority from the operation of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and redemption price, if any, of Senior Lien Bonds as provided in the Ordinance. The Series 2007A Bonds are "Junior Lien Bonds" under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds has been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2007A Bonds.

In November 2007, the Airport Authority issued \$119.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2007B. The Series 2007B Bonds were issued to refund a portion of the Series 1998B Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2007B Bonds are revenue obligations of the Airport Authority payable solely from the new revenues derived by the Airport Authority from the operation of Metro Airport.

The Airport Authority defeased a portion of the Series 1998B Bonds by placing the proceeds of the Series 2007B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998B Bonds were subsequently called and paid in full in December 2008. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$6.3 million. The Airport Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$7 million.

During fiscal year 2008 disruption occurred in the auction rate and variable rate demand obligation markets, largely due to the credit rating downgrades of Bond Insurers, that significantly affected the Airport Authority's variable rate hedged and unhedged debt program representing 25.74% of overall authority debt.

Beginning in April 2008, the following refunding actions were taken to mitigate the negative financial impact to Metro Airport including the elimination of all auction rate debt and replacing bond insurance with direct pay letters of credit for all variable rate debt.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

In April 2008, the Airport Authority issued \$142.3 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2008A. The Series 2008A Fixed Rate Refunding Bonds were issued to refund the Series 2002A Variable Rate Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2008A Bonds are revenue obligations of the Airport Authority payable solely from the new revenues derived by the Airport Authority from the operation of Metro Airport.

The Airport Authority defeased the Series 2002A Bonds by placing the proceeds of the Series 2008A Bonds in an irrevocable trust to provide for all future debt service payments. The Series 2002A Bonds were subsequently called and paid in full in May 2008.

In December 2010, the Airport Authority issued \$722.7 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2010A, 2010B, 2010C, 2010D, 2010E-1, 2010E-2 and 2010F. The Series 2010A, 2010B, 2010C, 2010D, 2010E-1, 2010E-2 and 2010F Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2010A Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010B Refunding Bonds were issued to refund a portion of the Series 1998B Bonds. The Series 2010C Refunding Bonds were issued to refund a portion of the Series 2008B Bonds, a portion of the Series 2008C Bonds, the Series 2008E Bonds and the Series 2008F Bonds. The Series 2010D Refunding Bonds were issued to refund the Series 2008D Bonds. The Series 2010E-1 Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010E-2 Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2010F Refunding Bonds were issued to refund a portion of the Series 2008B Bonds and a portion of the Series 2008C Bonds. The Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2010D Bonds, Series 2010E-1 Bonds, Series 2010E-2 Bonds and Series 2010F Bonds are revenue obligations of the Airport Authority payable solely from the net revenues derived by the Airport Authority from the operations of Metro Airport.

The Airport Authority defeased the refunded portions of the Series 1998A Bonds, Series 1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds and Series 2008F Bonds by placing the proceeds of the Series 2010A Bonds, Series 2010B Bonds, Series 2010C Bonds, Series 2010D Bonds, Series 2010E-1 Bonds, Series 2010E-2 Bonds and Series 2010F Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series 1998B Bonds, Series 2008B Bonds, Series 2008C Bonds, Series 2008D Bonds, Series 2008E Bonds and Series 2008F Bonds were subsequently called and paid in full in January 2011 and February 2011. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$52.2 million. The Airport Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$25.5 million.

The Series 2010E-1 Bonds, Series 2010E-2 Bonds and Series 2010F Bonds are variable-rate bonds. The remarketing agent is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of the remarketing agent, would cause the Series 2010E-1 Bonds, Series 2010E-2 Bonds and Series 2010F Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In December 2010, the Airport Authority issued a \$116 million Direct Placement Bond with Wells Fargo Bank, N.A., Series 2010G Bonds. The Series 2010G Bonds were issued to refund a portion of the Series 1998A Bonds which were initially issued to finance the cost of various capital projects at Metro Airport. The Series 2010G Bonds are revenue obligations of the Airport Authority payable solely from the revenues derived by the Airport Authority from the operations of Metro Airport.

The Airport Authority defeased the refunded portions of the Series 1998A Bonds by placing the proceeds of the Series 2010G Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds were subsequently called and paid in full in January 2011. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$37.7 million. The Airport Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$26.2 million.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The Series 2010G Bonds are variable-rate bonds. Wells Fargo Bank N.A. is responsible under an agreement with Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of Wells Fargo Bank N.A., would cause the Series 2010G Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

In November 2011, the Airport Authority issued \$169.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2011A and 2011B. The Series 2011A and 2011B Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2011A Refunding Bonds were issued to refund a portion of the Series 1998A Bonds. The Series 2011B Bonds were issued to refund a portion of the Series 2002C Refunding Bonds. The Series 2011A Bonds and Series 2011B Bonds are revenue obligations of the Airport Authority payable solely from the net revenues derived by the Airport Authority from the operations of Metro Airport.

The Airport Authority defeased the refunded portions of the Series 1998A Bonds and the refunded portions of the Series 2002C Bonds by placing the proceeds of the Series 2011A Bonds and Series 2011B Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds and Series 2002C Bonds were subsequently called and paid in full in December 2011 and December 2012. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$10.6 million. The Airport Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$8.1 million.

In March 2012, the Airport Authority executed a Master Lease Purchase Agreement to finance up to \$2.2 million in major equipment purchases over a nine-month period. As of September 2012, the Airport Authority used \$2,166,104 of this agreement and has entered into four Installment Purchase Contracts to pay for equipment at Metro Airport.

In September 2012, the Airport Authority issued \$202.7 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the reconstruction and rehabilitation of airfield pavement and parking decks/lots, the replacement and construction of support facilities, acquisition of fleet and heavy equipment, design of powerhouse control room, watermain replacements, security network upgrades and roof replacements. The Series 2012A Bonds and Series 2012B Bonds are revenue obligations of the Airport Authority payable solely from the net revenues derived by the Airport Authority from the operation of Metro Airport.

In September 2012, the Airport Authority issued \$75.4 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2012C and 2012D. The Series 2012C and 2012D Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The Series 2012C Refunding Bonds were issued to refund a portion of the Series 2002C Refunding Bonds. The Series 2012D Bonds were issued to refund a portion of the Series 1998A Bonds and the Series 2002D Refunding Bonds. The Series 2012C Bonds and Series 2012D Bonds are revenue obligations of the Airport Authority payable solely from the net revenues derived by the Airport Authority from the operations of Metro Airport.

The Airport Authority defeased the refunded portions of the Series 1998A Bonds, the refunded portions of the Series 2002C Bonds and the refunded Series 2002D Bonds by placing the proceeds of the Series 2012C Bonds and Series 2012D Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1998A Bonds, Series 2002C Bonds and Series 2002D Bonds were subsequently called and paid in full in October 2012 and December 2012. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$10.0 million. The Airport Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$7.8 million.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The Airport Authority capitalizes net financing costs during construction for debt issues specifically related to construction projects. During the year ended September 30, 2012, interest expense incurred on these debt issues totaled \$85,660,329. For 2012, net financing costs capitalized were \$1,742,423.

In July 2012, the Airport Authority entered into a line of credit agreement with a maximum borrowing amount of \$15 million. The borrowing charge interest at a rate equal to 100 basis points over LIBOR. The line of credit agreement expires in June 2013. There were no borrowings on this line during the year ended September 30, 2012.

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

	Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest
2013	\$ 2,015	\$ 1,030	\$ 79,460	\$ 86,644
2014	2,625	1,033	86,380	88,018
2015	2,100	961	89,315	83,910
2016	2,155	903	93,285	79,354
2017	2,220	844	96,125	74,592
2018-2022	12,060	3,296	495,965	300,651
2023-2027	11,358	1,636	540,650	190,727
2028-2032	5,556	277	424,420	106,718
2033-2037			229,525	39,630
2038-2042			64,470	9,891
2043-2047			11,760	294
	<u>\$ 40,089</u>	<u>\$ 9,980</u>	<u>\$ 2,211,355</u>	<u>\$ 1,060,429</u>

*Delinquent tax notes.* The County issues delinquent tax notes in connection with the purchase of delinquent property taxes. Refer to Note 9 for additional information. The final payment on the Series 2010 delinquent tax notes was made in September 2012. The 2010 delinquent tax collections are pledged as collateral for the repayment of the outstanding Series 2011 delinquent tax notes of \$258 million issued in June 2011. The 2011 delinquent tax collections are pledged as collateral for the repayment of the outstanding Series 2012 delinquent tax notes of \$255 million issued in June 2012. All of the delinquent tax collections pledged for each issuance are required to be used toward repayment of the notes. Interest paid in FYE12 on Series 2010, 2011, and 2012 notes was \$3.3, \$8.6, and \$2.6 million, respectively.

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Governmental activities				
2011 delinquent tax notes	2013	3.69% *	\$ 25,000	\$ 5,597
2011 delinquent tax notes	2013	4.02% *	30,000	6,796
2011 delinquent tax notes	2013	3.176% *	20,000	4,219
2011 delinquent tax notes	2013	3.686% *	25,000	5,573
2011 delinquent tax notes	2013	2.5 - 4.0% *	30,000	12,600
2011 delinquent tax notes	2013	5.00%	128,000	53,760
2012 delinquent tax notes	2014	3.74%	30,000	23,068
2012 delinquent tax notes	2014	2.00-3.25%	135,000	135,000
2012 delinquent tax notes	2014	3.49-4.24%	40,000	30,761
2012 delinquent tax notes	2014	3.99%	30,000	23,072
2012 delinquent tax notes	2014	3.74%	20,000	15,356
			<u>\$ 513,000</u>	<u>\$ 315,802</u>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

\* Interest is at the rates shown plus the one month LIBOR rate (reset monthly).

Annual debt service requirements to maturity for delinquent tax and other notes are as follows:

	Governmental Activities	
	Principal	Interest
2013	\$ 185,945	\$ 10,238
2014	130,257	4,207
2015	200	4
2016	200	2
	\$ 316,602	\$ 14,451

Changes in short-term and long-term debt activity for the year ended September 30, 2012 were as follow:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 392,006	\$ 14,960	\$ (22,739)	\$ 384,227	\$ 22,624
Tax anticipation notes	-	100,000	-	100,000	100,000
Delinquent tax notes	354,355	255,000	(293,753)	315,802	185,745
Capital leases and notes payable	4,545	2,186	(1,576)	5,155	1,227
Claims and judgments	5,566	6,269	(335)	11,500	818
Compensated absences	26,493	25,834	(26,493)	25,834	25,834
Deferred amounts:					
For issuance premiums	2,426	55	(224)	2,257	224
For issuance discounts	(413)	117	-	(296)	(44)
Loss on refunding	(4,095)	565	-	(3,530)	(566)
	\$ 780,883	\$ 404,986	\$ (345,120)	\$ 840,949	\$ 335,862
<b>Business-type activities</b>					
General obligation bonds	\$ 152,239	\$ 3,955	\$ (18,678)	\$ 137,516	\$ 19,258
Revenue bonds	35,272	6,778	(1,960)	40,090	2,015
Compensated absences	314	363	(312)	365	313
Deferred amounts:					
For issuance premiums	939	-	(59)	880	59
For issuance discounts	-	-	-	-	-
On refunding	(919)	221	-	(698)	(220)
	\$ 187,845	\$ 11,317	\$ (21,009)	\$ 178,153	\$ 21,425

continued...

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Component Units</u></b>					
<b>Airport Authority</b>					
Revenue bonds	\$ 2,026,685	\$ 447,495	\$ (324,800)	\$ 2,149,380	\$ 79,200
Purchase contracts	4,353	2,166	(400)	6,119	846
<b>Willow Run and Airport Hotel</b>					
bonds	113,001	-	(1,639)	111,362	1,956
Notes Payable	570	-	(28)	542	420
<b>Deferred amounts:</b>					
For issuance premiums	38,072	36,647	(7,550)	67,169	-
For issuance discounts	(3,275)	1,691	-	(1,584)	-
Deferred amount on refunding	(40,000)	6,100	(7,057)	(40,957)	-
	<u>\$ 2,139,406</u>	<u>\$ 494,099</u>	<u>\$ (341,474)</u>	<u>\$ 2,292,031</u>	<u>\$ 82,422</u>
<b>Circuit Court</b>					
Claims and judgments	\$ 250	\$ -	\$ (250)	\$ -	\$ -
Compensated absences	3,865	3,779	(3,865)	3,779	3,779
	<u>\$ 4,115</u>	<u>\$ 3,779</u>	<u>\$ (4,115)</u>	<u>\$ 3,779</u>	<u>\$ 3,779</u>
<b>Nonmajor component units</b>					
Drain GO bonds and notes	\$ 3,340	\$ 2,932	\$ (1,332)	\$ 4,940	\$ 346
Stadium and Drain revenue bonds	72,830	58,990	(69,845)	61,975	260
Compensated absences	339	345	(339)	345	345
<b>Deferred amounts:</b>					
For issuance premiums	-	5,246	(9)	5,237	327
For issuance discounts	(2,476)	-	2,476	-	-
Loss on refunding	-	(2,980)	5	(2,975)	(212)
	<u>\$ 74,033</u>	<u>\$ 64,533</u>	<u>\$ (69,044)</u>	<u>\$ 69,522</u>	<u>\$ 1,066</u>

Claims and judgments represent actions that have been asserted and are probable of loss and estimable. The amount of probable loss has been determined through court orders, judgments, or annual estimates by the County's Corporation Counsel. Claims and assessments that are not probable of loss or are not estimable are discussed in Note 16, *Commitments and Contingencies*.

These liabilities are generally liquidated through the County's Long-term Disability, General Health, Workers' Compensation and General Liability internal service funds. Those funds finance the payment of those claims by charging the other funds based on budgeted fringe benefit rates. Judgments (through litigation and assessments) are liquidated in the respective funds.

Payments on the general obligation bonds that pertain to the County's governmental activities are made by the debt service funds, except for the delinquent tax notes, which are repaid directly from the Delinquent Tax Revolving Fund, an enterprise fund. The liability for compensated absences, net pension obligation and net other postemployment benefit obligation for governmental activities are liquidated in the respective funds when paid. Changes in other postemployment benefit obligations and net pension obligation are disclosed in notes 15 and 16, respectively.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

The County is self-insured for workers' compensation, certain health and disability benefits and other claims, litigation, and assessments. Accruals for claims, litigation, and assessments are recorded in the government-wide and proprietary fund financial statements. These accruals are recorded in the fund financial statements, within the governmental funds, when the amounts are due and payable at year-end. All other amounts are recorded in the government-wide financial statements when probable of loss and estimable in amount.

Health insurance and workers' compensation claims that are probable of loss and estimable in amount are included in the government-wide, proprietary and fiduciary fund financial statements. Other claims consist of property damage and minor auto damage claims. The amount of claims liability is based on analyses performed by outside consultants and includes an estimate of incurred claims that have not yet been reported. The County purchases commercial insurance for claims in excess of coverage provided by the internal service funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

A reconciliation of the County's self-insured claims liability (in thousands) at September 30, 2012 follows:

	Workers' Compensation	Hospitalization Insurance	Long-term disability	Other Claims	Total
Estimated liability, September 30, 2010	\$ 8,712	\$ 3,605	\$ 331	\$ 145	\$ 12,793
Estimated claims incurred	(286)	77,903	781	393	78,791
Change in estimate for prior period claims	1,632	(1,031)	-	200	801
Claim payments	(1,926)	(76,385)	(781)	(393)	(79,485)
Estimated liability, September 30, 2011	8,132	4,092	331	345	12,900
Estimated claims incurred	(387)	78,330	581	121	78,645
Change in estimate for prior period claims	1,373	2,122	-	(95)	3,400
Claim payments	(1,842)	(81,573)	(581)	(121)	(84,117)
Estimated liability, September 30, 2012	<u>\$ 7,276</u>	<u>\$ 2,971</u>	<u>\$ 331</u>	<u>\$ 250</u>	<u>\$ 10,828</u>

The liability for workers' compensation claims includes an estimate of loss and allocated loss adjustment expenses (ALAE). The estimate of loss is based on historical loss runs for the workers' compensation program through September 30, 2012, specific data for individual open claims, which occurred prior to 1985, and historical payroll data. ALAE represents the cost of legal fees, expert testimony, medical examinations, etc., that are associated with the defense and settlement of particular claims. Unallocated loss adjustment expenses are not included in the estimate.

A discount rate of 1.0 percent was used to determine the present value of unpaid workers' compensation claims.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 12. PROPERTY TAXES

#### *County Tax Levy*

The County general operating property tax (established by Charter) is levied each July 1 (lien date). County taxes are receivable beginning on the July 1 levy date and become delinquent on March 1 of the following year. Other ad valorem and statutory property taxes are levied on December 1.

Pursuant to the County Charter and State law, the County has levied an ad valorem property tax against the Taxable Value (TV), based on property values determined by local assessors in the several townships and cities as of the preceding December 31. Real and personal property in Wayne County for the July 1, 2011 and December 1, 2011 combined levies was equalized at \$46.4 billion.

In 1994, Michigan voters approved Proposal A, which limits future annual increases in assessed values to the lesser of 5 percent or the rate of inflation, with assessed value reverting to 50 percent of true cash value when the property is sold. Beginning in 1995, taxable property had two valuations: SEV and Taxable Value, with property taxes calculated upon the Taxable Value of real and personal property. Generally, Taxable Value is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the inflation rate or 5 percent, plus additions, or (b) the property's current SEV. Therefore, Taxable Value of a property may be different from the same property's SEV. The December 2011 ad valorem and statutory levies were equal to the millage rate times the 2011 taxable value of \$43,021,666,595. The July 2012 general operating levy was the millage rate times the 2012 taxable value of \$41,423,624,743.

By statute, the County's ad valorem property tax rate may not exceed 10.0 mills, plus any additional millage authorized by statute and approved by the voters of the County. The County Charter, as approved by the electorate on November 3, 1981, established 6.07 mills to be the maximum rate for general operating purposes.

In 1988, the voters of Wayne County approved an additional 1 mill (jail millage) to be levied through December 1, 1997, to acquire, construct, and/or operate jail, misdemeanor, juvenile incarceration or detention facilities; and to provide adult-penalty options such as work release, home detention, and community restitution, with at least one-tenth of a mill set aside to acquire, build, and operate a juvenile offender work/training institution. In 1998, the Wayne County electorate voted to continue the one mill for the years 1998 through 2001. In 2002, the Wayne County electorate again voted to continue this one additional mill (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2012 through 2021.

In 1990, the voters of Wayne County approved an additional 1 mill, to be levied through December 1, 1999, for general operating purposes. In 2000, the Wayne County electorate voted to continue the additional one mill (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2000 through 2009. In 2009, the voters renewed the additional one mill for the years 2009 through 2019.

In 1996, the voters of Wayne County approved an additional quarter-mill to be levied through December 1, 2000, to fund operations and major improvements in the Wayne County Parks System and historic Fort Wayne. In 2000, the Wayne County electorate voted to continue the additional quarter-mill (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2001 through 2010. In 2010, the voters renewed the additional quarter-mill to be levied through 2015.

The 1976 Headlee Amendment (Michigan Constitution, Article IX) provides that the total County ad valorem property tax levy is subject to reduction in any year in which the increase in assessed (or taxable) values on existing properties exceeds the Consumer Price Index. As a result of the Headlee Amendment, the December 1, 2011 and July 1, 2012 tax rates, per \$1,000 of Valuation, were:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Charter (Statutory)	5.6483
Public safety (jail millage)	0.9381
Extra voted (additional general)	0.9529
County parks	0.2459
Soldiers relief (veteran's relief)	<u>0.0368</u>
	<u><u>7.8220</u></u>

### *Delinquent Tax Revolving Fund*

The Wayne County Treasurer (Treasurer) is required by the General Property Tax Law, (Act 206 of 1983) as amended, to collect delinquent real property taxes levied by all local units of government within the County. Public Act 123 of 1999 (the Act) amended the General Property Tax Law to subject property on which taxes have become delinquent to expedited forfeiture, foreclosure, and sale over a two-year period. All property returned for delinquent taxes, and upon which taxes, interest, penalties, and fees remain unpaid after the property is returned as delinquent to the Treasurer, is subject to forfeiture, foreclosure, and sale for the enforcement and collection of the delinquent taxes. The Act reformed the tax reversion process by shortening it to two years and amending the May Tax Sale process. The Act also established the primary responsibility for administration with the Treasurer.

In addition, under the Act, the Treasurer pays the local governmental unit's Treasurer in full for delinquent real property taxes owed according to the delinquent tax roll "returned" to the County Treasurer. Taxes eligible for payment include all delinquent taxes, except taxes on personal property, due and payable to the taxing authorities in the County. The Treasurer is then responsible for the collection of all outstanding delinquent taxes, due to the County, local school district, intermediate school district, community college district, city, township, special assessment district, or any other taxing authority. The County retains all interest and penalties generated by the delinquent taxes to offset its tax collection costs.

Effective March 1, 2004, payment of delinquent real property taxes for the City of Detroit changed pursuant to Michigan Public Act 246. This Act required the City of Detroit to become a part of the uniform state property tax collection process, and changed the Treasurer's responsibility to include collection of delinquent City of Detroit real property taxes.

The General Property Tax Law authorized the Treasurer to establish a Delinquent Tax Revolving Fund, an enterprise fund, to buy any or all delinquent real property taxes and special assessments owed to the County and taxing authorities in the County. The assets of the Delinquent Tax Revolving Fund, including delinquent property taxes receivable amounting to \$393.7 million at September 30, 2012, are pledged as collateral for payment of the General Obligation Limited Tax Notes (see chart below). Proceeds of the notes are used to liquidate amounts due to the County's General Fund, other County funds, the communities, and other governmental agencies for the purchase of the delinquent real property taxes receivable. Debt service on the notes is funded by subsequent collections on delinquent taxes, plus interest and collection fees thereon, and by investment earnings.

In June 2011, in connection with the purchase of 2010 delinquent property taxes, the County issued the following General Obligation Limited Tax Notes. These notes were issued to cover delinquent taxes for communities within Wayne County:

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

Note Payable	Issue Date	Amount	Maturity Date	Interest Rate
Series 2011A	6/15/2011	\$ 25,000	9/15/2013	3.68955% *
Series 2011B	6/17/2011	30,000	9/15/2013	4.02000% *
Series 2011C	6/21/2011	20,000	9/15/2013	3.17580% *
Series 2011D	6/23/2011	25,000	9/15/2013	3.68680% *
Series 2011E	6/24/2011	9,000	3/15/2012	2.50000% *
		8,400	9/15/2012	3.00000% *
		3,900	3/15/2013	3.50000% *
		8,700	9/15/2013	4.00000% *
Series 2011F	6/14/2011	128,000	9/15/2013	5.00000%

\* Variable interest rate based on LIBOR rate.

In June 2012, in connection with the purchase of 2011 delinquent property taxes, the County issued the following General Obligation Limited Tax Notes. These notes were issued to cover delinquent taxes for communities within Wayne County: (amount in thousands)

Note Payable	Issue Date	Amount	Maturity Date	Interest Rate
Series 2012A	6/8/2012	\$ 30,000	9/15/2014	3.73975%
Series 2012B	6/7/2012	45,900	3/15/2013	2.00000%
		51,300	9/15/2013	2.25000%
		21,600	3/15/2014	2.80000%
		16,200	9/15/2014	2.60000%
Series 2012C	6/11/2012	20,000	9/15/2014	3.49075%
Series 2012D	6/12/2012	20,000	9/16/2014	4.24075%
Series 2012C-3	6/13/2012	30,000	9/15/2014	3.99075%
Series 2010E	6/15/2012	20,000	9/16/2014	3.74075%

Amounts remaining from the 2009 and prior Delinquent Tax Funds at September 30, 2012 are no longer required for debt service or administration. A portion of the excess earnings (surpluses) relating to these funds are periodically transferred to the County's General Fund. During 2012, a \$17.1 million transfer was made.

Real property taxes not collected within two years after the sale of the related General Obligation Limited Tax Notes are charged back to the appropriate taxing authorities (including the County's General Fund). For the fiscal year ended September 30 2012, approximately \$19.3 million of delinquent taxes receivable, net of related tax sales auction proceeds, were reflected as a reduction of property tax revenues in the County's General Fund. At September 30, 2012, two years of the County's delinquent real property taxes receivable are recorded in the Delinquent Tax Revolving Fund.

#### 13. MAJOR CUSTOMER - AIRPORT AUTHORITY COMPONENT UNIT

Delta Airlines, Inc. (Delta) accounts for approximately 30 percent of total Authority operating revenues for the year ended September 30, 2012, including 46 percent of landing and related fees, 67 percent of airline rental and related fees, and 89 percent of facility use fees. Approximately 46 percent of total 2012 enplanements are attributable to Delta's operations. In the event that Delta discontinues its operations, there are no assurances that another airline would replace its hub activities.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Existing operating agreements with all Signatory Airlines servicing the Authority require that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Authority had approximately \$439,000 in net receivables from Delta at September 30, 2012.

The airlines serving the Airport have been impacted by global events to varying degrees. Delta Airlines filed for bankruptcy reorganization in 2005 (it has since emerged), and American Airlines filed for bankruptcy reorganization in November 2011. During 2008, Delta Airlines completed a merger with Northwest Airlines, which was formerly the primary carrier servicing the Airport. This consolidation has affected Detroit Metropolitan Airport positively as Delta has continued to utilize Detroit as a hub and remains the primary carrier.

It is reasonable to assume that any additional financial or operational difficulties incurred by Delta, the predominant airline servicing the Airport, could have a material adverse effect on the Airport. Any financial or operational difficulties by a Signatory Airline may, whether directly or indirectly, have a material adverse impact on Airport operations.

### 14. COMMITMENTS AND CONTINGENCIES

Claims, litigation, and assessments asserted against the County, which are probable of loss and estimable in amount, are reflected in the government-wide and proprietary fund financial statements at September 30, 2012. In the governmental fund financial statements, liabilities are accrued when costs are settled and the amount is due and payable.

The County receives funds from other governmental units to finance County operations and certain grant projects. These amounts received or receivable are subject to audit and adjustment, based on compliance with applicable agreements and other regulatory requirements. Any disallowed amounts, including those already collected, may constitute a liability of the applicable fund. The amount, if any that may be disallowed by grantors or other governmental units cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in a number of other lawsuits, a party in other disputes, and subject to claims and property tax appeals, and other potential liabilities that have resulted from its activities in providing services to the citizens of Wayne County. The ultimate unrecorded effect on the County's financial statements of the resolution of these various matters is, in the opinion of management, not expected to be material.

#### Litigation Matters

##### Wayne County

On December 18, 2009, a lawsuit was filed against the County which is based on a dispute concerning changes to retiree health care coverage plans, which resulted in increased cost sharing for the retirees. On October 6, 2010, the action was certified as a class action lawsuit. The plaintiffs claim that the County's actions are a breach of certain contractual obligations that protect the plaintiffs from increases in cost sharing. A trial date has not been set and the County's exposure is not estimable at this time. The County intends to vigorously defend this action.

##### Component Units - Airport Authority

The Airport Authority is a defendant in a number of lawsuits and claims that have resulted from the ordinary course of providing services. The ultimate effect on the Authority's financial statements of the resolution of these matters is, in the opinion of the Authority's counsel, not expected to be material.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Environmental Matters

#### Wayne County - Governmental Activities

Environmental accruals are recorded when it is both probable that a liability has been incurred and the amount of the liability is reasonably estimable, based on current law and existing technologies. The County is a party to disputes and negotiations regarding potentially hazardous sites within Wayne County. At September 30, 2012, \$500,000 has been accrued for environmental matters.

#### Component Units - Airport Authority

Environmental accruals are calculated and recorded using an expected cash flow technique applied to probabilities, ranges, and assumptions developed in response to a potential remediation liability as based on current law and existing technologies. At September 30, 2012, the Airport Authority had accrued obligations of \$4.9 million for environmental remediation and restoration costs. This is management's best estimate of the costs with respect to environmental matters; however, these estimates contain inherent uncertainties primarily due to unknown conditions, changing regulations, and developing technologies. In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the liability has been recorded at the current value estimated using the expected cash flow technique, a probability-weighted approach. A significant portion (51%) of the recorded environmental liability is related to a consent decree and judgment issued during 1994 that identifies the Airport Authority as one of the 14 responsible parties to the improvements to the Wayne County Downriver Sewage Disposal System (the System). Most of the remaining liability is for asbestos remediation estimates. See additional discussion on both below.

#### *Downriver Sewage Disposal System*

In 1994, the Environmental Protection Agency (EPA) and Michigan Department of Natural Resources (MDNR), through a federal court ruling, issued a mandate for environmental remediation of the System noting in their Financing Plan and Final Judgment RE: 1994 Court-Ordered Improvements, "Whereas, it is immediately necessary and imperative for the public health and welfare of the present and future residents of Wayne and the Downriver Communities that the improvements for the System required by the Consent Decree be planned, designed, acquired, constructed and financed to service the Downriver Communities."

The "Downriver Communities" listed as responsible parties to this decree included 13 communities as well as Metro Airport, which utilize the plant for water and sewage disposal. Total project costs were initially estimated at \$230 million and financed by Wayne County (the County) through the issuance of bonds and additional State Revolving Fund (SRF) financing. Each responsible party is required to pay their allocated portion of principal and interest on the bonds and SRF bonds, as well as their portion of any subsequent debt issued to pay project costs. In August 2007, a series of completion bonds were issued to finance the estimated final costs of the project. The Airport Authority has paid \$6.3 million to the City of Romulus for prior year debt service as of September 30, 2012 and an additional \$400 thousand to fund a bond reserve. The amounts recorded by the Authority for future debt service payments are believed to materially encompass the remaining obligation.

#### *Asbestos Remediation*

It is known that certain Metro Airport and Willow Run Airport buildings hold asbestos-containing materials (ACMs) that will need to be disposed of upon demolition of affected structures. While the pollutant is currently contained due to prior remediation efforts during the late 1980s and early 1990s, the environmental assessments have indicated that remediation will be necessary during the demolition of the affected buildings to ensure containment of the pollutants and proper disposal.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Preliminary assessments of the nature and extent of the material were performed by WCAA Environmental and have provided information to help develop an estimate of remediation costs expected over time. As of September 30, 2012, the Authority recorded asbestos-related liabilities of \$1.5 million and \$771 thousand at Detroit Metro and Willow Run Airports, respectively.

### *National Pollutant Discharge Elimination System Permit Violation*

During 2006, the Authority entered into a plea agreement with the United States for a misdemeanor violation of a condition and limitation in a National Pollutant Discharge Elimination System (NPDES) Permit issued by the State of Michigan. This matter pertained to a 2001 failure to report a discharge of turbid and odorous storm water directly to the Frank and Poet Drain, a waterway that flows directly into the Detroit River, near Lake Erie. The sentence prescribed by the Federal Court includes a four-year probationary period ending in 2010 and the construction and use of a force main to connect Pond 3W at the Airport to sanitary sewer lines leading to the Detroit Water and Sewerage Department's (DWSD) treatment plant. In June 2010, the Federal Court sentenced a new probation term of three years ending in 2013. The estimated cost of the project is \$10 million and the Authority has incurred \$9.7 million to date. The project is deemed complete upon approval by DWSD that the main can and will be operated in a manner consistent with all state and federal regulatory requirements.

### *Additional Remediation Matters*

General Motors Corporation (GM) and the Authority (as successor in interest to the Board of County Road Commissioners and the County of Wayne) are parties to a Lease of Land, dated October 11, 1985 (the "Lease"). Under the Lease, GM leases certain land at Willow Run Airport (the "Airport") upon which GM constructed and operates a water treatment plant, which it uses as an integral part of its operations of the GM transmission facility next to the Airport (the "GM Plant").

On June 1, 2009, GM filed for protection under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and pursuant to the Bankruptcy Code, GM has the right to assume or reject the Lease. On July 5, 2009, the Bankruptcy Court authorized the sale of substantially all of GM's assets to NGMCO, Inc., a U.S. Treasury-sponsored purchaser (the "Purchaser"), and on July 10, 2009, the transfer of assets to the Purchaser occurred. GM's name now has been changed to "Motors Liquidation Company" and the Purchaser's name is now "General Motors Company."

In July 2009, GM assigned the Lease to the Purchaser. Pursuant to the Assignment and Assumption document between GM and the Purchaser, GM assigned all of its right, title, and interest in the Lease to the Purchaser, and the Purchaser accepted the assignment and assumed GM's obligations under the Lease, subject to the retention by GM of certain liabilities associated with the Lease. The liabilities to be retained by GM and not assumed by the Purchaser include, among other things, all liabilities for environmental contamination, at, under or emanating from the leased premises, all liabilities for cleanup of environmental contamination, and all liabilities for noncompliance with environmental laws. As such, once the property is returned to the Authority in the winter of 2011 and assuming GM is fully dissolved, to the extent there exists environmental remediation costs, these costs will be the responsibility of the Authority.

The Purchaser operated the facility through the expiration of the Lease agreement on February 28, 2011. On March 5, 2011, Motors Liquidation Company took over operation of the facility from the Purchaser. Motors Liquidation Company then operated the facility until March 31, 2011, at which time it transferred all of its assets to Racer Trust, which continues to occupy and operate the water treatment facility. The Authority and Racer Trust are in negotiations to establish a new agreement governing the occupancy of the facility.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Additional small environmental matters were identified during 2010, including site closure of several Willow Run fuel farms. The Authority recorded liabilities totaling \$54 thousand for these items as of September 30, 2012.

### 15. PENSION PLANS

#### *Wayne County Employees' Retirement System*

##### Plan Description

The County provides retirement benefits to its employees through the Wayne County Employees' Retirement System (WCERS), a single-employer public employee retirement system, which is governed by the Wayne County Retirement Ordinance, as amended. The Retirement System provides five defined-benefit retirement options, four of which are contributory (together, the Defined Benefit Plan) and a Defined Contribution Plan. The Retirement System provides retirement, survivor, and disability benefits to substantially all County, Airport Authority, and Court employees. In addition, the County's Retirement Board of Commissioners administers the Wayne County Circuit Court Commissioners Bailiffs' Retirement System, a defined-benefit plan. The Retirement Board issues separate financial statements annually. Copies of financial statements for each plan can be obtained at 28 W. Adams, Suite 1900, Detroit, Michigan 48226.

The Defined Benefit Plan (Plan Option 1, Plan Option 2, Plan Option 3, and a component of Plan Option 5 and Plan Option 6, or collectively "the Plan") and the Defined Contribution Plan (Plan Option 4 and a component of Plan Option 5 and Plan Option 6) have been combined for presentation in the financial statements. Participant statistics include the primary government as well as the Airport Authority and Courts.

In 1983, the County closed Plan Option 1 of the WCERS to new hires, and added two new options under the Defined Benefit Plan, which resulted in a lower final benefit to the participant. At September 30, 2011, the date of the most recent actuarial valuation, combined membership in the Plan consisted of 5,553 retirees and beneficiaries receiving benefits, 118 inactive (separated) employees entitled to benefits but not yet receiving them, and 2,296 current active employees.

Effective October 1, 2001, WCERS established the Wayne County Hybrid Retirement Plan #5 ("Plan Option 5"), which contains both a defined benefit component and a defined contribution component. Participants in the Defined Benefit Plan options previously in existence ("Plan Option 1," "Plan Option 2", and "Plan Option 3") could elect to transfer their account balances to Plan Option 5 if authorized during specific time periods noted within collective bargaining agreements. New employees could elect to participate in Plan Option 4 through September 30, 2001.

Effective October 1, 2008, WCERS established the Wayne County Hybrid Retirement Plan # 6 ("Plan Option 6"), which contains both a defined benefit component and a defined contribution component. A defined contribution provision of this plan is voluntary for the member and 0 percent for the employer. Plan Option 6 is available only upon transfer from Plan Option 5, if authorized during specific time periods noted within collective bargaining agreements.

Effective October 1, 2001, only Plan Option 5 is available to new employees, except for new executives who may continue to elect participation in Plan Option 4; Plan Options 1, 2, and 3 are closed to new hires. Because there is no legal requirement to segregate the assets relating to Plan Options 1, 2, 3, 5 or 6 in paying benefits, the accompanying financial statements include the net assets and changes in net assets relating to Plan Options 1, 2, and 3, as well as the defined benefit components in Plan Options 5 and 6. The defined contribution portion of Plan Options 5 and 6 are included in the financial statements of the WCERS Defined Contribution Plan (Plan Option 4).

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative expenses are financed through investment earnings.

The County's policy, in accordance with State statute, is to fund pension costs. Accrued unfunded actuarial liabilities, if any, are amortized over a 30-year closed period.

### Methods Used to Value Investments

The Retirement Board of Commissioners has authority to invest the Plan's assets in common and preferred stock; obligations of the United States, its agencies, or U.S. government sponsored enterprises; obligations of any state or political subdivision of a state having the power to levy taxes, banker's acceptances, certificates of deposits; commercial paper; repurchase agreements; reverse repurchase agreements; real and personal property; mortgages; and certain other investments.

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. Fixed debt quotations are provided by a national brokerage pricing service. Investments that do not have established market values are reported at estimated fair value. Mortgage values are determined on the basis of comparable yields available in the marketplace. Many of the Plan's investments in partnerships and real estate investment trusts are invested in assets which do not have exchange quotations that are readily available. Such assets are valued initially at cost, with subsequent adjustments to values that reflect meaningful third-party transactions, or to fair value determined by the general partners or management of the partnerships and trusts. Factors considered in valuing these individual securities may include, but are not limited to, the purchase price, changes in the financial condition and prospects of the issuer, calculations of the total enterprise value using discounted cash flow projections, trading comparables of securities of comparable companies engaged in similar businesses, estimates of liquidations value, the existence of restrictions on transferability, prices received in recent significant placements of securities of the same issuer, and other analytical data relating to the investment. There are inherent limitations in any estimation technique. Because of the inherent uncertainty of valuations, these estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

The Plan did not hold any individual investments, other than investments in registered investment companies or investments issued or guaranteed by the U.S. government that exceeded five percent of total assets as of September 30, 2012.

### Contributions

Participants in Plan Option 1 contribute 2 to 6.58 percent of annual compensation, depending on years of credited service. The Sheriff's Command Officers and Deputies contribute 5 percent of annual compensation. Participants in Plan Option 2 do not make plan contributions but receive a lower final benefit. Plan Option 3 participants make decreased contributions of 3 percent of covered compensation. Participants in Plan Option 5 contribute from zero percent to five percent of annual compensation, depending on the employee's coverage group. Participants in Plan Option 6 contribute four percent of annual compensation.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's collective bargaining units. The ability to amend the Plans rests with the Wayne County Board of Commissioners.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Annual Pension Cost

For the fiscal year ended September 30, 2012, the County's annual pension cost was \$52,046,084 of which \$47,676,230 was contributed. The annual required contribution was determined using an actuarial valuation of the Plan dated September 30, 2009, (using an entry age normal actuarial cost method) determined as a level percentage of payroll. The County has agreed to voluntarily contribute such additional amounts as necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The significant actuarial assumptions used to compute the contribution requirements include a rate of return on the investment of present and future assets of 8 percent compounded annually, inflation of 4 percent, and projected salary increases of 4 to 8.4 percent compounded annually. The following table shows the County's annual pension cost, the amount contributed to the plan, and changes in the County's net pension obligation.

	(in thousands)
Annual required contribution	\$ 51,662
Interest on net pension obligation	2,034
Adjustment to annual required contribution	<u>(1,650)</u>
Net pension cost (expense)	52,046
Contributions made (Note 17)	<u>(47,676)</u>
Increase in net pension obligation	4,370
Net pension obligation, beginning of year	<u>26,238</u>
Net pension obligation, end of year	<u><u>\$ 30,608</u></u>

Changes in the net pension obligation for the year ended September 30, 2012 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Primary Government</u>				
Governmental activities	\$ 24,545	\$ 4,035	\$ -	\$ 28,580
<u>Component Units</u>				
Circuit Court	1,318	230	-	1,548
Nonmajor component units	<u>375</u>	<u>105</u>	<u>-</u>	<u>480</u>
	<u><u>\$ 26,238</u></u>	<u><u>\$ 4,370</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,608</u></u>

None of the amounts are due within one year.

### Pension Benefits

Benefits are paid monthly over the member's or survivor's lifetime, after meeting normal retirement or duty disability retirement requirements, which vary by Plan option. Benefits are established and may be amended by changes in collective bargaining agreements, or modification to the Retirement Ordinance. Pension benefits paid are based on the following percentages of average final compensation, for each year of credited service:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

*Plan Option 1* - Depending on the applicable collective bargaining agreement, either (a) 2.65 percent for each year, (b) 2.5 percent for each year, or (c) 2.0 percent for each year up to 20 years and 2.5 percent for each year over 20 years. Maximum County-financed portion is 75 percent of average final compensation. Minimum monthly pension is \$5 per month, multiplied by the number of years of service.

*Plan Option 2* - 1 percent for each year up to 20 years, and 1.25 percent for each year over 20 years. Maximum County-financed portion is 75 percent of average final compensation.

*Plan Option 3* - Depending on the applicable collective bargaining agreement, either (a) 2.0 percent for each year up to 20 years, 2.5 percent for each year between 20 and 25 years, and 3.0 percent for each year over 25 years, or (b) 1.5 percent for each year up to 20 years, 2.0 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years, or (c) 2.5 percent for all years of credited service contingent upon payment of \$500 per year for each year up to 20 years. Maximum County-financed portion is 75 percent of average final compensation.

*Plan Option 5* - Depending on the applicable collective bargaining agreement, either (a) 2.0 percent per year for each year of credited service, or (b) 1.25 percent for each year up to 20 years, and 1.5 percent for each year over 20 years. Maximum County-financed portion is 75 percent of average final compensation.

*Plan Option 6* - 2.5 percent per year for each year of credited service. Maximum County-financed portion is 75 percent of average final compensation.

*Death and Disability Benefits* - The Plan also provides non-duty death and disability benefits to members after ten years of credited service for Plan Option 1, 2, 5, and 6 along with, non-duty death benefits for Plan Option 3. The ten-year service provision is waived for duty disability and death benefits.

The following represents the County's annual pension costs as of September 30, 2012:

Three-Year Trend Information (Dollar amount in thousands)					
Fiscal Year Ended September 30,	Annual Pension Cost	Annual Pension Cost Contributed	Transfers from the Inflation Equity Reserve (Note 17)	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2010	35,401	35,401	-	100%	-
2011	39,666	13,428	26,238	100%	26,238
2012	52,046	47,676	6,352	100%	30,608

As of September 30, 2012 the Plan's legally required reserves have been fully funded as follows (dollar amounts in thousands) except as noted below:

Reserve for Employee Contributions	\$ 132,064
Reserve for Employer Contributions (deficit)	(535,132)
Reserve for Pension Payments	1,126,900
Reserve for Pension Payments	<u>4,253</u>
Total reserve balances	<u>\$ 728,085</u>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The Plan's funded status as of September 30, 2011, the most recent actuarial valuation date is as follows (in thousands):

	(in millions)
Actuarial value of assets	\$ 794.6
Actuarial accrued liability - entry age	<u>1,594.8</u>
Unfunded actuarial accrued liability	<u>800.2</u>
Funded ratio	<u>49.8%</u>
Annual covered payroll	\$ 272.1
Unfunded actuarial accrued liability as a percentage of covered payroll	<u><u>294.1%</u></u>

The schedule of funding progress, which is presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of the Plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additional information as of the latest valuation is as follows:

Valuation date	September 30, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Remaining amortization period	28 - years closed
Assets valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75 percent (includes inflation at 3.5 percent)
Projected salary increases	3.5-9.05 percent (includes inflation at 3.5 percent)
Cost of living adjustments	Not applicable

Factors that significantly affect the identification of trends in the amounts reported include, for example, changes in benefit provisions, the size or composition of the population covered by the Plan, or the actuarial methods and assumptions used.

### *Wayne County Circuit Court Commissioners Bailiffs' Retirement System*

#### Plan Description

The Wayne County Circuit Court Commissioners Bailiffs' Retirement System (Bailiffs' Retirement System) is a single-employer defined benefit public employee retirement plan (the Plan) governed by the WCERS and created under the County of Wayne's Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Bailiffs' Retirement System is established by the County to provide retirement, survivor, and disability benefits to the County's Circuit Court Commissioners Bailiffs Unit employees. The ability to modify or amend the Plans rests with the Wayne County Board of Commissioners.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative expenses are financed through investment earnings.

### Methods Used to Value Investments

The Retirement Board of Commissioners has authority to invest the Plan's assets in common and preferred stock; obligations of the United States, its agencies, or U.S. government sponsored enterprises; obligations of any state or political subdivision of a state having the power to levy taxes; banker's acceptances; certificates of deposits; commercial paper, repurchase agreements; reverse repurchase agreements; real and personal property; mortgages; and certain other investments.

Market values for common stocks and money market funds are based on September 30, 2012, closing market quotations. Fixed debt quotations are provided by a national brokerage pricing service. Investments that do not have established market values are reported at estimated fair value.

The Plan did not hold any individual investments, other than those in registered investment companies or investments issued or guaranteed by the U.S. government that exceeded five percent of total assets as of September 30, 2012.

### Contributions

The Plan's basic benefits are funded by contributions from the State of Michigan through prior agreement, by active members, process service fees and by investment income earned on Plan assets. The Plan members contribute 3.0 percent of the first \$4,200 of annual compensation plus 5.0 percent of annual compensation in excess of \$4,200. On behalf payments of fringe benefits and salaries for County employees were recognized as revenue and expense during the fiscal year.

The funding policy provides for periodic contributions based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation. To determine the employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, the Plan has actuarial valuations prepared annually. In preparing those valuations, the entry age actuarial cost method is used to determine normal cost and actuarial accrued liabilities.

### Annual Pension Cost

For the fiscal year ended September 30, 2012, there were no required contributions or actual contributions made by the County. The annual pension cost of \$36,820 was equal to the actual contributions provided by the State of Michigan. The annual required contribution was determined using an actuarial valuation of the Plan as of September 30, 2011. Contributions were determined using an entry age actuarial cost method. The Plan is fully funded.

### Pension Benefits

Employees with 25 years of service and having attained age 50, as well as employees with five years of service and having attained age 60, are entitled to annual pension benefits upon reaching the applicable retirement age. There is no mandatory retirement age. Pension benefits are calculated as total years of service multiplied by 2.0 percent of average final compensation. The maximum portion financed by the WCERS is 75 percent of average final compensation.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

There were three active participants in the Plan for 2012 (all of whom were vested), and six retirees and beneficiaries receiving benefits.

Three-Year Trend Information (Dollar amount in thousands)			
Fiscal Year Ended September 30,	Annual Pension Cost	Annual Pension Cost Contributed	Percentage of Annual Pension Cost Contributed
2010	\$ -	\$ 37,926	-
2011	-	28,905	-
2012	-	36,820	-

### Reserves - Circuit Court (in thousands)

As of September 30, 2012, the Plan's reserve balances are as follows:

Reserve for employee contributions	\$ 1,258
Reserve for employer contributions (deficit)	1,792
Reserve for pension payments	903
Reserve for Inflation equity	78
Unallocated Net assets	967
Total reserve balances	\$ 4,998

The Plan's funded status as of September 30, 2011, the most recent actuarial valuation date, is as follows (in thousands):

Actuarial value of assets	\$ 4,843
Actuarial accrued liability - entry age	2,454
Unfunded actuarial accrued liability	(2,389)
Funded ratio	197.4%
Annual covered payroll	\$ 319
Overfunded actuarial accrued liability as a percentage of covered payroll	748.9%

The schedule of funding progress, which is presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of the Plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additional information as of the latest valuation is as follows:

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Valuation date	September 30, 2011
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Remaining amortization period	Fully funded
Assets valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0 percent
Projected salary increases	0.0 percent (and 0.0 percent for inflation)
Cost of living adjustments	Inflation Equity Reserve Distribution

Factors that significantly affect the identification of trends in the amounts reported include, for example, changes in benefit provisions, the size or composition of the population covered by the Plan, or the actuarial methods and assumptions used.

### *Wayne County Employees' Retirement System Defined Contribution Plan*

The Wayne County Employees' Retirement System instituted a Defined Contribution Plan, a single employer plan (Plan Option 4 and a component of Plan Option 5 and Plan Option 6) under the County's Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Plan was established to provide retirement, survivor and disability benefits to County employees. The administration, management and responsibility for the proper operation of the Plan are vested in the trustees of the Wayne County Retirement Board of Commissioners. The ability to modify or amend the Plans rests with the Wayne County Board of Commissioners.

Under Plan Option 4, the County contributes \$4.00 for every \$1.00 contributed by each member, or for eligible executives, \$5.00 for every \$1.00 contributed by each member, with the member contributions ranging from 1.0 percent to 2.5 percent of base compensation. At September 30, 2012, there were 2,250 active employees in the Plan, and 1,190 participants entitled to receive future benefits. Classified employees are vested as to employer contributions after three years of service, and executive members are vested after two years of service.

Participants in Plan Option 5 contribute two to three percent of gross pay depending upon employee coverage group. The County makes matching contributions at a rate equal to the amount contributed by each employee. Under certain employee coverage groups, employees contribute on a voluntary basis with no employer match, subject to applicable Internal Revenue Service rules and regulations. At September 30, 2012, there were 1,400 active employees in the Plan, three retirees currently receiving benefits, and 392 individuals entitled to future benefits. Employees are vested at 50 percent after one year of service, 75 percent after two years of service, and 100 percent after three years of service. All full-time permanent County employees are eligible to join the Plan.

Employees contribute to Plan Option 6 on a voluntary basis, subject to all IRS rules and regulations. The County makes no matching contributions. At September 30, 2012, there were 719 active employees in the Plan and 100 individuals entitled to future benefits. Employees are vested as to employer contributions at 50 percent after one year of service, 75 percent after two years of service, and 100 percent after three years of service if they were not previously vested in Plan Option 5 at the time of transfer. Plan Option 6 is only available upon transfer from Plan Option 5, if authorized, during specific time periods noted within collective bargaining agreements.

Total employer and employee contributions for Plan Option 4, 5 and 6, during 2012, were \$16.2 million and \$5.4 million, respectively.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

In Plan Option 4, members are able to receive loans from the Defined Contribution Plan. No loans may be issued under Plan Options 5 and 6, except for executives and sheriff deputies and command officers employed by Wayne County. Only active employees with a vested account balance of \$2,000 or more are eligible. Interest on Plan Option 4 loans are at the rate of five-year Treasury notes plus 300 basis points (3 percent) rounded to the nearest quarter of one percent. Interest on loans for Plan Options 5 and 6 are at the rate of 10-year U.S. Treasury notes, rounded to the nearest quarter of one percent.

The Plan uses the accrual basis of accounting, which recognizes revenues as earned and expenses as incurred. Market values for common stock, money market funds and mutual funds are based on September 30, 2012, closing market quotations.

The Plan did not hold any individual investments, other than investments in registered investment companies or investments issued or guaranteed by the U.S. government that exceeded five percent of total assets as of September 30, 2012.

### *Deferred Compensation Plan*

The County has made available to all permanent employees a deferred compensation plan (the Plan) established in accordance with Internal Revenue Code Section 457. The Plan permits participating employees to defer a portion of their salary until future years. Accumulated deferred compensation amounts are not available to employees or their estates until retirement, death, termination of employment or unforeseeable emergency.

All assets of the Plan are (until paid or made available to the participant or beneficiary) held in trust by a third party administrator for the exclusive benefit of the participants and their beneficiaries. The assets are invested in annuity contracts and mutual funds. It is the opinion of the County's Corporation Counsel that the County has no liability for losses under the Plan but does have the fiduciary duty of due care that would be required of an ordinary prudent investor.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*, the assets and liabilities of the deferred compensation plan are not included in the County's financial statements.

## 16. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

*Plan Description.* The County provides other post retirement benefits under a single-employer defined benefit plan. The plan provides hospitalization and other health insurance for Wayne County retirees under the age of 65 and their dependents, pursuant to agreements with various collective bargaining units or other actions of the Wayne County Commission or Wayne County Retirement Board. In addition, the County covers the cost of federal Medicare premiums and supplemental hospitalization for retirees over 65 and their eligible dependents. The County also pays the cost of basic retiree life insurance, up to \$5,000 per employee, on a pay as you go basis. Substantially all County employees may become eligible for benefits if they reach normal retirement age while employed by the County. This plan covers all retirees of Wayne County and Wayne County Airport Authority's pre-2002 retirees. The Plan has 3,749 employees in active service and 5,017 retired employees and beneficiaries currently receiving benefits as of September 30, 2012 with the results actuarially rolled back to October 1, 2011 on a "no gain/loss" basis. The plan does not issue separate financial statements.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

In addition, the County pays for health care and insurance benefits for Airport Authority post-2002 retirees. The cost of these benefits is fully reimbursed by the Airport Authority and the County bears no responsibility for these costs. The Airport Authority funds these costs through a separate plan. The plan has 633 members (including 485 Airport Authority employees in active service and 148 retired Airport Authority employees and beneficiaries currently receiving benefits who retired after September 1, 2002).

*Funding Policy.* These benefits are funded on a pay-as-you-go basis. The County, including the Airport Authority, paid a total of approximately \$45.2 million for health care and retirees' life insurance benefits for the fiscal year ended September 30, 2012. There is no required contribution for the plan members.

In September 2008, the Airport Authority created an Act 149 Health Care Trust. This trust provides a funding mechanism for post-2002 retiree health, dental and life insurance coverage and other post employment benefits other than pensions. The Airport Authority began funding the trust and fully implemented GASB Statements No. 43 and No. 45 in September 2008. In September 2012 the Authority transferred these funds into a Municipal Employees Retirement System (MERS) Retiree Health Funding Vehicle, which is held in a separate reserve, but invested on a pooled basis by MERS with other governmental units. The balance as of September 30, 2012 in this restricted plan is \$16,616,007. Employees in Executive Service, GAA Executive, Local 502 and Local 3317 bargaining units are required to contribute 10 percent of the Blue Cross Blue Shield illustrative rate or 10 percent of the HAP premium. The Airport Authority has no obligation to make contributions in advance of when the costs are incurred; however, the Airport Authority's financial plan is to fund these obligations annually based upon the actuarial recommended contribution. Administrative costs of the trust are paid with employer contributions to the trust. The schedule of employer contributions for the Airport Authority as of October 1, 2010, which is the date of the most recent actuarial valuation, is presented following the notes to the basic financial statements.

*Annual OPEB Costs and Net OPEB Obligation.* The County's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the *annual required contribution* (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standard's Board (GASB) Statement No. 45, "Accounting and financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the component of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

	Wayne County Pre and Post 2002 Retirees *	Airport Authority Post 2002 Retirees
Annual required contribution	\$ 86,676	\$ 5,533
Interest on net OPEB obligation (asset)	5,580	(141)
Adjustment to annual required contribution	(5,544)	123
Net OPEB cost (expense)	86,712	5,515
Contributions made		
Payments of current premiums	(45,220)	(2,248)
Advance funding	-	(4,744)
Increase (decrease) in net OPEB obligation (asset)	41,492	(1,477)
Net OPEB obligation (asset), beginning of year	139,501	(1,768)
Net OPEB obligation (asset), end of year	\$ 180,993	\$ (3,245)

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Changes in the OPEB obligation for the year ended September 30, 2012 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<b><u>Primary Government</u></b>				
Governmental activities	\$ 117,807	\$ 34,733	\$ -	\$ 152,540
Business-type activities				
Downriver Sewage Disposal System	1,446	430	-	1,876
Nonmajor business-type activities	155	-	-	155
<b><u>Component Units</u></b>				
Circuit Court	16,749	5,302	-	22,051
Nonmajor component units	2,713	802	-	3,515
<b><u>Fiduciary Funds</u></b>				
	630	226	-	856
	\$ 139,500	\$ 41,493	\$ -	\$ 180,993

None of the amounts are due within one year.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and prior years were as follows:

Three-Year Trend Information (Dollar amount in thousands)			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 87,856	44.6%	\$ 78,284
2011 <sup>(1)</sup>	90,504	32.4%	139,501
2012 <sup>(2)</sup>	86,712	52.1%	180,993

(1) Excludes Airport Authority pre-2002 retirees

(2) Includes pre-2002 Airport Authority retirees

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Notes to Financial Statements For the Year Ended September 30, 2012

The Airport Authority's OPEB cost for its post-2002 retirees, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation/(asset) for 2012 and prior years were as follows:

Three-Year Trend Information (Dollar amount in thousands)			
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2010	\$ 4,804	119.1%	\$ (1,921)
2011	5,572	97.2%	(1,768)
2012	5,515	126.8%	(3,245)

Annual required contributions made in fiscal year 2012 include \$141 thousand in interest earned on the prior year OPEB asset and \$154 thousand and \$80 thousand, respectively, for interest earned in 2011 and 2010.

#### Funding Status and Funding Progress

The funded status as of October 1, 2011 for the Wayne County plan, the date of the most recent actuarial valuation, was as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c)	UAAL as a Percentage of Covered Payroll
10/1/2007	-	\$ 855,888	\$ 855,888	0.0%	N/A	N/A
10/1/2009	-	1,513,956	1,513,956	0.0%	N/A	N/A
10/1/2011	-	1,531,491	1,531,491	0.0%	N/A	N/A

\* Wayne County and the Airport Authority have a contractual agreement whereby the Airport Authority is responsible for 11.25 percent of the unfunded actuarial accrued liability in this plan. This percentage is for the coverage of the pre-2002 Airport Authority retirees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

The funded status as of October 1, 2010 for the Wayne County Airport Authority Act 149 Health Care Fund, the date of the most recent actuarial valuation, was as follows (in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c)	UAAL as a Percentage of Covered Payroll
10/1/2008	\$ 3.1	\$ 52.9	\$ 49.8	5.9%	N/A	N/A
10/1/2009	6.6	65.7	59.1	10.0%	N/A	N/A
10/1/2010	10.1	68.2	58.1	14.8%	N/A	N/A

*Actuarial Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2011 actuarial valuations for the Wayne County plan, the actuarial cost method used was the projected unit credit method with linear proration to decrement. The actuarial assumptions included a 4 percent investment rate of return, which is the rate of the expected long-term investment returns on the plans and a projected 3 percent salary increase. The plan used an annual healthcare cost trend rate of 9 percent initially, reduced to an ultimate rate of 5 percent after eight years, and a general inflation rate of 3 percent. The UAAL for the plan is being amortized on an open basis using the straight-line method (level percent of pay amortized annually) over thirty years.

In the October 1, 2010 actuarial valuation for the Airport Authority's post-2002 plan, the actuarial cost method used was the projected unit credit method. The actuarial assumptions included an 8 percent investment rate of return, which is the rate of the expected long-term investment returns on the plans and a projected 3 percent salary increase. The plan used an annual healthcare cost trend rate of 8.5 percent initially, reduced to an ultimate rate of 5 percent after seven years. The UAAL for the plan is being amortized on an open basis using the straight-line method (level percent of pay amortized annually) over thirty years.

### 17. EMPLOYER CONTRIBUTIONS

On September 20, 2010, Wayne County Commission introduced an amendment to Chapter 141 of the Wayne County Code of Ordinances, Sections 141-32 and 141-36, Inflation Equity Programs and Financial Objective, respectively. The amendment provided new guidelines for the distribution of excess funds from the Wayne County Retirement Systems' Inflation Equity Reserve (IEF) and to provide that the County's annual contribution requirement (ARC) may be reduced or eliminated for a fiscal year. The Wayne County Retirement System filed a lawsuit against the County stating that the amendment to the ordinance violated State of Michigan Constitution MCL 38.1140m.

On September 20, 2011, the State of Michigan Circuit Court for the County of Wayne, ruled in favor of the County that MCL 38.1140m does not address or prohibit the transfer of funds from the IEF reserve to meet the ARC and the amendment to the ordinance is legal as written.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

For the fiscal year ended September 30, 2011, the County's required ARC obligation was \$39.7 million. As a result of the favorable ruling, the County's actual ARC payment was \$13.2 million and the remaining \$26.2 million was funded by the IEF. For the fiscal year ended September 30, 2012, the County's required ARC obligation was \$53.6 million. The County's actual ARC payment was \$47.7 million, and the remaining \$6.0 million was funded by the IEF.

### 18. SPECIAL ITEM - REPORTING CHANGE

During the year, the County transferred the Equipment Leasing Fund, an internal service fund to the General Fund. The transfer included a \$30.4 million transfer from the General Fund cash and a \$35.5 million transfer of capital assets to governmental activities, net respectively. The transfer is reflected as a reduction of the General Fund's equity in pooled cash and investments. The capital assets are reflected in the governmental activities since they are recognized on an accrual basis.

### 19. FUND BALANCES

Following is a summary of the composition of fund balances as of September 30, 2012:

	General Fund	Roads	Mental Health	Health	Juvenile Justice and Abuse / Neglect	Building Authority Construction Capital Projects	Nonmajor Governmental Funds	Total
<b>Fund balances</b>								
Nonspendable	\$ 1,732	\$ 9,803	\$23,036	\$ 108	\$ 1,173	\$ -	\$ 763	\$ 36,615
Restricted for:								
Inpatient hospitalization	9,160	-	-	-	-	-	-	9,160
Risk financing	-	-	35,146	-	-	-	-	35,146
Debt service	-	-	-	-	-	15,900	-	15,900
Capital projects	-	1,405	-	-	-	105,409	20,234	127,048
Highways and streets	-	19,854	-	-	-	-	-	19,854
Community and economic development	-	-	-	-	-	-	1,080	1,080
Public safety	-	-	-	-	-	-	6,337	6,337
Health and welfare	-	-	-	-	-	-	14,927	14,927
Committed for:								
Budget stabilization	3,000	-	-	-	-	-	-	3,000
Assigned for:								
Highways and streets	-	17,172	-	-	-	-	-	17,172
Mental health services	-	-	4,482	-	-	-	-	4,482
Parks and recreation	-	-	-	-	-	-	18,139	18,139
Community and economic development	-	-	-	-	-	-	213	213
Public safety	-	-	-	-	-	-	1,880	1,880
Debt service	-	-	-	-	-	-	2,844	2,844
Capital improvements	-	-	-	-	-	-	6,280	6,280
Unassigned (deficit)	(148,925)	-	-	(1,289)	(8,685)	-	(6,642)	(165,541)
<b>Total fund balances</b>	<b>\$ (135,033)</b>	<b>\$ 48,234</b>	<b>\$ 62,664</b>	<b>\$ (1,181)</b>	<b>\$ (7,512)</b>	<b>\$ 121,309</b>	<b>\$ 66,055</b>	<b>\$ 154,536</b>

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### 20. SUBSEQUENT EVENTS

On December 14, 2012, the Michigan Legislature approved and the Governor signed Public Acts 375 and 376 of 2012, a Mental Health Authority bill. Effective October 1, 2013, the new law would transfer management and control of the Detroit Wayne County Mental Health Agency (Mental Health Fund) to the new Authority. The new Authority will comprise twelve board members; six Wayne county and six City of Detroit residents. The County Executive and the Mayor of the City of Detroit will recommend six members. The appointments of the twelve board members are subject to confirmation by the County Commission. As of September 30, 2012, the County reports the Mental Health fund as a major special revenue fund and it represents approximately 35% of the primary government's total revenue. The County is evaluating the impact this change will have to the financial reporting entity.

#### Component Units

The Executive Director of the Wayne County Regional Jobs & Economic Growth Foundation (the "Foundation") and the Chief Development Officer for Wayne County made the decision to dissolve the Foundation. The Foundation's programs will be handled by either the Greater Wayne County Economic Development Corporation (GWEDC), a component unit of Wayne County, or another entity separate from Wayne County. As of September 30, 2012, the assignment of assets and liabilities had not occurred and were still held by the Foundation.

As disclosed in the Airport Authority's financial statements at September 30, 2012, effective October 1, 2012, the Airport Authority started providing retirement benefits to its employees under Plan 4A for all new hires. Participants and the Authority contribute four and eight percent of annual compensation, respectively and the participant may contribute an additional seven-and-one-half percent of compensation with no matching Authority contribution. Employee contributions are one hundred percent vested and the Authority contributions are subject to a three year vesting schedule. All other retirement plans were closed to new hires at that time.

### 21. UPCOMING REPORTING CHANGES

#### Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses financial reporting related to service concession arrangements (SCA) which are types of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernmental entity) in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The provisions of Statement No. 60 are effective for fiscal years beginning after December 15, 2011. The County is currently evaluating the impact this standard.

#### Statement No. 61, The Financial Reporting Entity: Omnibus

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria, this Statement details the manner in which that determination should be made. This Statement also amends the criteria for reporting component units as if they were part of the primary government (i.e. blending) in certain circumstances. In addition, it clarifies the reporting of equity interests in legally separate organizations - by requiring a primary government to report its equity interest in a component unit as an asset. The provisions of Statement No. 61 are effective for fiscal years beginning after June 15, 2012. The County is currently evaluating the impact of this standard.

### Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretation, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The provisions of Statement No. 62 are effective for fiscal years beginning after December 15, 2011. The County is currently evaluating the impact of this standard.

### Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, Deferred Inflows of Resources, and Net Position

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This Statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows or resources and net position. Once implemented, this Statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level. The provisions of Statement No. 63 are effective for fiscal years beginning after December 15, 2011. The County is currently evaluating the impact of this standard.

### Statement No. 65, Items Previously Reported as Assets and Liabilities

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the County beginning October 1, 2013.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Notes to Financial Statements For the Year Ended September 30, 2012

### Statement No. 67, Financial Reporting for Pension Plans

In June 2012, GASB Statement No. 67, Financial Reporting for Pension Plans, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures, establishes standards for financial reporting that outline the basic framework for separately-issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain nonemployer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For County, this standard will be adopted for the year ended June 30, 2012.

### Statement No. 68, Accounting and Financial Reporting for Pensions

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ended September 30, 2015.



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2012

### REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedules  
 Major Governmental Funds  
 General Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance Over Under
Revenue				
Taxes:				
Property	\$ 299,639	\$ 299,639	\$ 286,214	\$ (13,425)
Sales	43,749	43,749	42,877	(872)
Excise	-	-	-	-
Licenses and permits	589	589	557	(32)
Federal grants	5,191	6,670	6,560	(110)
State grants and contracts	60,388	47,591	40,040	(7,551)
Local grants and contracts	2,090	2,540	2,503	(37)
Charges for services	117,201	128,790	134,584	5,794
Interest and rents	347	2,457	2,360	(97)
Other	13,033	13,370	17,224	3,854
<b>Total revenue</b>	<b>542,227</b>	<b>545,395</b>	<b>532,919</b>	<b>(12,476)</b>
Expenditures				
Current operations:				
Legislative	9,167	9,166	8,792	(374)
Judicial	86,636	98,643	97,309	(1,334)
General government	145,448	135,844	130,695	(5,149)
Public safety	113,180	119,348	144,773	25,425
Public works	1,140	1,140	631	(509)
Highways, streets, and bridges	-	-	-	-
Health and welfare	72,594	62,283	70,818	8,535
Recreational and cultural	612	3,806	3,556	(250)
Community and economic development	2,540	2,425	1,736	(689)
Capital outlay	98	523	1,369	846
Debt service	2,882	2,882	82	(2,800)
<b>Total expenditures</b>	<b>434,297</b>	<b>436,060</b>	<b>459,761</b>	<b>23,701</b>
Excess (deficiency) of revenues over (under) expenditures	107,930	109,335	73,158	(36,177)
Other financing sources (uses)				
Transfers in	1,122	130	17,281	17,151
Transfers out	(109,066)	(109,479)	(113,158)	3,679
Bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	11	11
<b>Total other financing sources (uses)</b>	<b>(107,944)</b>	<b>(109,349)</b>	<b>(95,866)</b>	<b>13,483</b>
Net change before special item	(14)	(14)	(22,708)	(22,694)
Special item (Note 18)	-	-	(30,444)	(30,444)
Net change in fund balance	(14)	(14)	(53,152)	(53,138)
Fund balances at October 1, 2011	(81,881)	(81,881)	(81,881)	-
<b>Fund balance at September 30, 2012</b>	<b>\$ (81,895)</b>	<b>\$ (81,895)</b>	<b>\$ (135,033)</b>	<b>\$ (53,138)</b>

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedules  
 Major Governmental Funds  
 Roads Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Excise	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	16,250	15,035	1,842	(13,193)
State grants and contracts	77,910	77,910	77,934	24
Local grants and contracts	2,087	1,472	3,039	1,567
Charges for services	3,770	3,770	3,071	(699)
Interest and rents	365	365	309	(56)
Other	6	6	85	79
<b>Total revenue</b>	<b>100,388</b>	<b>98,558</b>	<b>86,280</b>	<b>(12,278)</b>
Expenditures				
Current operations:				
Personnel	27,974	28,355	22,440	(5,915)
Fringe benefits	8,366	8,407	11,184	2,777
Pension	7,003	7,003	6,259	(744)
Materials and supplies	10,656	10,623	10,568	(55)
Contractual services	32,748	33,291	11,141	(22,150)
Travel	149	149	87	(62)
Operating	6,533	6,533	6,398	(135)
Rentals	529	529	775	246
Other charges	310	310	(277)	(587)
Capital outlay	3,174	6,670	8,949	2,279
Debt service	876	876	1,829	953
<b>Total expenditures</b>	<b>98,318</b>	<b>102,746</b>	<b>79,353</b>	<b>(23,393)</b>
Excess (deficiency) of revenues over (under) expenditures	2,070	(4,188)	6,927	11,115
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(7,845)	(7,845)	(7,252)	(593)
Bond issuance	2,200	2,200	2,186	(14)
Proceeds from sale of capital assets	75	75	32	(43)
<b>Total other financing sources (uses)</b>	<b>(5,570)</b>	<b>(5,570)</b>	<b>(5,034)</b>	<b>536</b>
Net change in fund balance	(3,500)	(9,758)	1,893	11,651
Fund balance at October 1, 2011	46,341	46,341	46,341	-
Fund balance at September 30, 2012	\$ 42,841	\$ 36,583	\$ 48,234	\$ 11,651

See accompanying notes to required supplementary information.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Budgetary Comparison Schedules Major Governmental Funds Mental Health Fund For the Year Ended September 30, 2012 (in thousands)

	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance Over (Under)
<b>Revenue</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Excise	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	11,221	11,380	10,505	(875)
State grants and contracts	606,623	611,368	609,714	(1,654)
Local grants and contracts	-	48	30	(18)
Charges for services	-	-	115	115
Interest and rents	360	360	398	38
Other	-	-	-	-
<b>Total revenue</b>	<b>618,204</b>	<b>623,156</b>	<b>620,762</b>	<b>(2,394)</b>
<b>Expenditures</b>				
Current operations:				
Personnel	9,417	9,257	6,651	(2,606)
Fringe benefits	2,620	2,539	2,775	236
Pension	2,270	2,211	1,333	(878)
Materials and supplies	210	210	167	(43)
Contractual services	620,741	625,538	621,278	(4,260)
Travel	220	220	198	(22)
Operating	193	150	117	(33)
Rentals	960	1,458	1,412	(46)
Other charges	5	5	-	(5)
Capital outlay	15	15	-	(15)
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>636,651</b>	<b>641,603</b>	<b>633,931</b>	<b>(7,672)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(18,447)</b>	<b>(18,447)</b>	<b>(13,169)</b>	<b>5,278</b>
<b>Other financing sources (uses):</b>				
Transfers in	16,500	16,500	16,500	-
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(1,947)</b>	<b>(1,947)</b>	<b>3,331</b>	<b>5,278</b>
<b>Fund balance at October 1, 2011</b>	<b>59,334</b>	<b>59,334</b>	<b>59,334</b>	<b>-</b>
<b>Fund balance at September 30, 2012</b>	<b>\$ 57,387</b>	<b>\$ 57,387</b>	<b>\$ 62,665</b>	<b>\$ 5,278</b>

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedules  
 Major Governmental Funds  
 Health Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance Over Under
Revenue				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Excise	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	145	428	6,079	5,651
State grants and contracts	8,979	9,543	3,924	(5,619)
Local grants and contracts	180	187	-	(187)
Charges for services	14,648	15,408	5,392	(10,016)
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>23,952</b>	<b>25,566</b>	<b>15,395</b>	<b>(10,171)</b>
Expenditures				
Current operations:				
Personnel	5,374	5,702	4,974	(728)
Fringe benefits	1,744	1,809	2,341	532
Pension	1,529	1,564	1,145	(419)
Materials and supplies	513	460	1,215	755
Contractual services	14,217	17,319	6,201	(11,118)
Travel	248	251	253	2
Operating	334	334	298	(36)
Rentals	444	434	400	(34)
Other charges	42	85	38	(47)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>24,445</b>	<b>27,958</b>	<b>16,865</b>	<b>(11,093)</b>
Excess (deficiency) of revenues over (under) expenditures	(493)	(2,392)	(1,470)	922
Other financing sources (uses)				
Transfers in	-	2,392	2,075	(317)
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,392</b>	<b>2,075</b>	<b>(317)</b>
Net change in fund balance	(493)	-	605	605
Fund balance at October 1, 2011	(1,786)	(1,786)	(1,786)	-
Fund balance at September 30, 2012	\$ (2,279)	\$ (1,786)	\$ (1,181)	\$ 605

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedules  
 Major Governmental Funds  
 Juvenile Justice / Abuse and Neglect  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (Unaudited)	Final Amended Budget (Unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Excise	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	4,045	4,666	3,540	(1,126)
State grants and contracts	86,757	94,881	80,881	(14,000)
Local grants and contracts	15,484	19,356	14,180	(5,176)
Charges for services	6,763	10,405	10,595	190
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>113,049</b>	<b>129,308</b>	<b>109,196</b>	<b>(20,112)</b>
Expenditures				
Current operations:				
Personnel	18,150	18,039	16,693	(1,346)
Fringe benefits	5,967	6,069	7,101	1,032
Pension	5,118	5,139	4,000	(1,139)
Materials and supplies	414	407	330	(77)
Contractual services	159,685	174,812	152,590	(22,222)
Travel	83	68	33	(35)
Operating	303	296	238	(58)
Rentals	3,413	3,427	3,537	110
Other charges	52	47	19	(28)
Capital outlay	-	40	34	(6)
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>193,185</b>	<b>208,344</b>	<b>184,575</b>	<b>(23,769)</b>
Excess (deficiency) of revenues over (under) expenditures	(80,136)	(79,036)	(75,379)	3,657
Other financing sources (uses)				
Transfers in	80,136	79,036	77,926	(1,110)
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>80,136</b>	<b>79,036</b>	<b>77,926</b>	<b>(1,110)</b>
Net change in fund balance	-	-	2,547	2,547
Fund balance at October 1, 2011	(10,059)	(10,059)	(10,059)	-
Fund balance at September 30, 2012	\$ (10,059)	\$ (10,059)	\$ (7,512)	\$ 2,547

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Required Supplementary Information  
For the Year Ended September 30, 2012

Wayne County Employees' Retirement System Defined Benefit Plan  
Schedule of Funding Progress  
(amounts in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
9/30/2006 #	894.5	1,000.2	105.7	89.4%	319.6	33.1%
9/30/2007 #	947.8	1,169.5	221.7	81.0%	325.4	68.1%
9/30/2008 #	985.0	1,338.8	353.8	73.6%	330.0	107.2%
9/30/2009 #	970.9	1,444.3	473.4	67.2%	297.5	159.1%
9/30/2010 #	900.8	1,502.1	601.3	60.0%	277.4	216.8%
9/30/2011 #	794.6	1,594.8	800.2	49.8%	272.1	294.1%

# After changes in benefit provisions or revised actuarial assumptions.

Note: The schedule includes Hybrid Plan 6, which was created October 1, 2008

Wayne County Employees' Retirement System Defined Benefit Plan  
Schedule of Employer Contributions  
(amounts in thousands)

Fiscal Year Ended September 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2007	15,398	15,398	100.0%
2008	18,420	18,420	100.0%
2009	32,559	32,559	100.0%
2010	35,401	35,401	100.0%
2011	39,666	39,666 *	100.0%
2012	51,662	51,662 *	100.0%

Note: The schedule includes Hybrid Plan 6, which was created October 1, 2008

\* See footnote 17.

CHARTER COUNTY OF WAYNE, MICHIGAN

Required Supplementary Information  
For the Year Ended September 30, 2012

Wayne County Circuit Court Commissioners Bailiffs' Retirement System  
Schedule of Funding Progress  
*(amounts in thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
9/30/2006	5,056	3,278	(1,778)	154.2%	600	-
9/30/2007	5,626	3,614	(2,012)	155.7%	700	-
9/30/2008	5,859	3,367	(2,492)	174.0%	651	-
9/30/2009	5,795	3,287	(2,508)	176.3%	547	-
9/30/2010	5,569	2,499	(3,070)	222.8%	312	-
9/30/2011	4,843	2,454	(2,389)	197.4%	319	-

Wayne County Circuit Court Commissioners Bailiffs' Retirement System  
Schedule of Employer Contributions

Fiscal Year Ended September 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2007	-	38,117	-
2008	-	36,135	-
2009	-	38,339	-
2010	-	37,926	-
2011	-	28,906	-
2012	-	36,820	-

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Note to the Required Supplementary Information For the Year Ended September 30, 2012

### 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for the General Fund, special revenue funds, debt service funds and for certain other governmental and proprietary activities. The budgetary comparison schedules included as required supplementary information and as other supplementary information were prepared on the same modified accrual basis used to reflect actual results.

The County Executive prepares and submits a proposed operating budget during June of each year to the Wayne County Commission (the Commission) for the year beginning October 1. After public hearings to obtain taxpayers' comments, the budget is legally enacted through passage of an ordinance by the Commission (the Appropriations Ordinance). The appropriated budget for the General Fund is adopted by function (general government, public safety, public works, etc.) and by activity, generally. The legal level of budgetary control for the special revenue funds and the debt service funds is at the fund level. For the Roads Fund, the budget is prepared in accordance with the State of Michigan Uniform Accounting Procedures Manual for County Road Commissions. The Uniform Accounting Procedures Manual requires that federal grant revenue be included in the accounts and budgets for the Roads Fund.

Amendments that change the County's annual appropriations ordinance require the approval of the Commission. Budget amendments were made after year-end. Certain transfers within line items that do not affect aggregate departmental appropriations may be made without the Commission's approval. Expenditures are required to remain within appropriated amounts. All appropriations lapse at the end of the fiscal year.

For budgetary purposes at year end, encumbrances of the budgeted governmental funds, representing purchase orders, contracts and other commitments, lapse and must be re-appropriated in the following year. All unencumbered appropriations lapse at the end of the year, except for capital projects fund appropriations, which are carried forward until such time as the project is completed or terminated.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2012**

**OTHER SUPPLEMENTARY INFORMATION -  
COMBINING AND INDIVIDUAL FUND  
STATEMENTS/SCHEDULES**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2012**

# **NON-MAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS** ARE USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE RESTRICTED OR COMMITTED TO EXPENDITURE FOR SPECIFIED PURPOSES OTHER THAN DEBT SERVICE OR CAPITAL PROJECTS.

**DEBT SERVICE FUNDS** ARE USED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES AND THE PAYMENT OF GENERAL OBLIGATION BOND PRINCIPAL AND INTEREST FROM GOVERNMENTAL RESOURCES AND FOR SPECIAL ASSESSMENT BOND PRINCIPAL AND INTEREST FROM SPECIAL ASSESSMENT LEVIES WHEN THE COUNTY IS OBLIGATED IN SOME MANNER FOR THE PAYMENT.

**CAPITAL PROJECTS FUNDS** ARE USED TO ACCOUNT FOR THE ACQUISITION AND CONSTRUCTION OF MAJOR CAPITAL FACILITIES OTHER THAN THOSE FINANCED BY PROPRIETARY FUNDS AND TRUST FUNDS.

### **SPECIAL REVENUE FUNDS**

**PARKS** – This fund is used to account for the operation and maintenance of the Warren Valley and Inkster Valley Golf Courses and the preservation, protection, maintenance and management of Wayne County park grounds and facilities. The fund also includes all marina-related activities, including transient slip, launching, and fishing at Elizabeth Park.

**ROUGE DEMONSTRATION PROJECT** – This fund accounts for the activities of the Rouge River National Wet Weather Demonstration Project. This project is funded by federal grants and related local municipalities.

**LAW ENFORCEMENT** – This fund accounts for several law enforcement grant activities, such as safety belt enforcement and criminal law review.

**COMMUNITY DEVELOPMENT BLOCK GRANTS** – This fund is used to account for the County's community development activities with participating communities to create economic and community development projects. The projects are funded by federal block grant money.

**DRUG ENFORCEMENT** – This fund accounts for operations of the Drug Enforcement Unit which, through covert operations, enforces State of Michigan drug laws throughout the County and acts in concert with federal law enforcement agencies.

**NUTRITION** – This fund is used to account for nutritional services provided to home bound senior citizens in western Wayne County and downriver areas.

**VETERAN'S TRUST** – This fund accounts for emergency funding for indigent veterans provided by the State of Michigan.

**COMMUNITY CORRECTIONS** – This fund accounts for activities of grant funded alternative programs for offenders.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**NON-MAJOR  
GOVERNMENTAL FUNDS  
(CONTINUED)**

**SPECIAL REVENUE FUNDS** ARE USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE RESTRICTED OR COMMITTED TO EXPENDITURE FOR SPECIFIED PURPOSES OTHER THAN DEBT SERVICE OR CAPITAL PROJECTS.

**DEBT SERVICE FUNDS** ARE USED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES AND THE PAYMENT OF GENERAL OBLIGATION BOND PRINCIPAL AND INTEREST FROM GOVERNMENTAL RESOURCES AND FOR SPECIAL ASSESSMENT BOND PRINCIPAL AND INTEREST FROM SPECIAL ASSESSMENT LEVIES WHEN THE COUNTY IS OBLIGATED IN SOME MANNER FOR THE PAYMENT.

**CAPITAL PROJECTS FUNDS** ARE USED TO ACCOUNT FOR THE ACQUISITION AND CONSTRUCTION OF MAJOR CAPITAL FACILITIES OTHER THAN THOSE FINANCED BY PROPRIETARY FUNDS AND TRUST FUNDS.

**SPECIAL REVENUE FUNDS, continued**

**VICTIM WITNESS** – This fund accounts for counseling services, community referrals, public information and prevention, notification of court date, and court support offered to victims of crime.

**SOLDIERS' RELIEF** – This fund accounts for emergency funding for indigent veterans and their families, and for burial relief for eligible veterans.

**YOUTH SERVICES** – This fund accounts for deterrent programs and other youth services.

**COMMUNITY AND ECONOMIC DEVELOPMENT** – These funds are used to account for the activities of the County's Economic Development Growth Engine.

**BUILDING AUTHORITY** – This fund accounts for the operation and maintenance activities of the Building Authority.

**STADIUM AND LAND DEVELOPMENT** – This fund is used to account for the collection of excise taxes on hotel accommodations and car rentals used for stadium and land development.

**ENVIRONMENTAL PROGRAMS** – This fund accounts for the activities of the air quality management and land resource management programs.

**HEALTH AND FAMILY SERVICES** – This fund accounts for Head Start program services.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**NON-MAJOR  
GOVERNMENTAL FUNDS  
(CONTINUED)**

**SPECIAL REVENUE FUNDS** ARE USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE RESTRICTED OR COMMITTED TO EXPENDITURE FOR SPECIFIED PURPOSES OTHER THAN DEBT SERVICE OR CAPITAL PROJECTS.

**DEBT SERVICE FUNDS** ARE USED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES AND THE PAYMENT OF GENERAL OBLIGATION BOND PRINCIPAL AND INTEREST FROM GOVERNMENTAL RESOURCES AND FOR SPECIAL ASSESSMENT BOND PRINCIPAL AND INTEREST FROM SPECIAL ASSESSMENT LEVIES WHEN THE COUNTY IS OBLIGATED IN SOME MANNER FOR THE PAYMENT.

**CAPITAL PROJECTS FUNDS** ARE USED TO ACCOUNT FOR THE ACQUISITION AND CONSTRUCTION OF MAJOR CAPITAL FACILITIES OTHER THAN THOSE FINANCED BY PROPRIETARY FUNDS AND TRUST FUNDS.

**DEBT SERVICE FUNDS**

**GENERAL DEBT SERVICE** – This fund is used to account for the payment of interest and principal on the County’s long-term debt other than that payable from special assessments and debt issued for and serviced primarily by an enterprise fund.

**ROADS** – This fund is used to account for the debt service associated with the various County Road operations.

**WAYNE COUNTY BUILDING AUTHORITY** – This fund is used to account for the debt associated with the County’s refunding Bonds for the jails and its capital improvement bonds for various County facilities.

**CAPITAL PROJECTS FUNDS**

**WAYNE COUNTY CONSTRUCTION** – This fund is used to account for costs associated with structural repairs of various County facilities and renovations to the Wayne County Prosecutor’s offices.

**COUNTY ROADS PROJECTS** – This fund is used to account for construction associated with various County road projects.

**OTHER CAPITAL PROJECTS** – This fund is used to account for miscellaneous capital projects for which a separate fund has not been specifically designated.

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2012  
 (in thousands)

	Special Revenue Funds			
	Parks	Rouge Demonstration Project	Law Enforcement	Community Development Block Grants
<b>Assets</b>				
Equity in pooled cash and investments	\$ -	\$ -	\$ 9,220	\$ 1,594
Other cash and investments	3	1	-	-
Receivables:				
Accounts receivable	-	253	232	-
Due from other funds	18,727	-	-	-
Due from component units	44	-	-	-
Due from other governmental units	-	361	312	2,577
Less allowance for uncollectible accounts	-	-	-	-
Prepayments and deposits	-	-	-	-
Long-term receivables	-	-	-	-
Less allowance for uncollectible accounts	-	-	-	-
<b>Total assets</b>	<b>\$ 18,774</b>	<b>\$ 615</b>	<b>\$ 9,764</b>	<b>\$ 4,171</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 434	\$ 150	\$ 136	\$ 647
Due to other funds	-	118	-	-
Due to component units	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	153	43	79	13
Other liabilities	48	160	1,254	1,151
Deferred revenue	-	-	260	1,297
<b>Total liabilities</b>	<b>635</b>	<b>471</b>	<b>1,729</b>	<b>3,108</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted	-	144	6,155	1,063
Restricted for debt service	-	-	-	-
Restricted for capital projects	-	-	-	-
Committed	-	-	-	-
Assigned	18,139	-	1,880	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>18,139</b>	<b>144</b>	<b>8,035</b>	<b>1,063</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,774</b>	<b>\$ 615</b>	<b>\$ 9,764</b>	<b>\$ 4,171</b>

Special Revenue Funds

Drug Enforcement	Nutrition	Veteran's Trust	Community Corrections	Victim Witness	Soldiers' Relief	Youth Services
\$ -	\$ -	\$ 116	\$ -	\$ -	\$ 4,723	\$ 3,490
50	-	-	1	-	-	-
17	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
100	610	-	422	388	-	-
(1)	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 166</u>	<u>\$ 610</u>	<u>\$ 116</u>	<u>\$ 423</u>	<u>\$ 388</u>	<u>\$ 4,723</u>	<u>\$ 3,490</u>
\$ 55	\$ 280	\$ 11	\$ 151	\$ -	\$ 43	\$ 189
2,269	2,428	-	229	507	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
86	44	-	5	63	13	-
22	14	-	-	-	-	-
146	150	-	-	61	-	-
<u>2,578</u>	<u>2,916</u>	<u>11</u>	<u>385</u>	<u>631</u>	<u>56</u>	<u>189</u>
-	-	-	-	-	-	-
-	-	105	38	-	4,667	3,301
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,412)	(2,306)	-	-	(243)	-	-
<u>(2,412)</u>	<u>(2,306)</u>	<u>105</u>	<u>38</u>	<u>(243)</u>	<u>4,667</u>	<u>3,301</u>
<u>\$ 166</u>	<u>\$ 610</u>	<u>\$ 116</u>	<u>\$ 423</u>	<u>\$ 388</u>	<u>\$ 4,723</u>	<u>\$ 3,490</u>

continued...

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2012  
 (in thousands)

	Special Revenue Funds				
	Community & Economic Development	Building Authority	Stadium and Land Development	Environmental Programs	Health and Family Services
<b>Assets</b>					
Equity in pooled cash and investments	\$ -	\$ 258	\$ 14	\$ 4,981	\$ 582
Other cash and investments	333	1,080	-	-	-
Receivables:					
Accounts receivable	225	15	655	428	-
Due from other funds	593	-	-	-	-
Due from component units	-	-	-	-	-
Due from other governmental units	4,891	-	-	-	424
Less allowance for uncollectible accounts	-	-	-	-	-
Prepayments and deposits	59	-	-	-	704
Long-term receivables	850	-	-	-	-
Less allowance for uncollectible accounts	(478)	-	-	-	-
<b>Total assets</b>	<b>\$ 6,473</b>	<b>\$ 1,353</b>	<b>\$ 669</b>	<b>\$ 5,409</b>	<b>\$ 1,710</b>
<b>Liabilities</b>					
Accounts and contracts payable	\$ 70	\$ -	\$ -	\$ 5	\$ 73
Due to other funds	2,645	-	8	19	-
Due to component units	-	-	655	-	-
Due to other governmental units	656	-	-	-	-
Accrued wages and benefits	61	-	-	32	26
Other liabilities	4,263	60	-	13	130
Deferred revenue	28	-	-	-	704
<b>Total liabilities</b>	<b>7,723</b>	<b>60</b>	<b>663</b>	<b>69</b>	<b>933</b>
<b>Fund balances</b>					
Nonspendable	59	-	-	-	704
Restricted	372	1,080	6	5,340	73
Restricted for debt service	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	213	-	-	-
Unassigned	(1,681)	-	-	-	-
<b>Total fund balances</b>	<b>(1,250)</b>	<b>1,293</b>	<b>6</b>	<b>5,340</b>	<b>777</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,473</b>	<b>\$ 1,353</b>	<b>\$ 669</b>	<b>\$ 5,409</b>	<b>\$ 1,710</b>

Debt Service Funds			Capital Projects Funds				
General Debt Service	Roads	Wayne County Building Authority	Wayne County Construction	County Roads Projects	Other Capital Projects	Totals	
\$ 2,844	\$ 16	\$ 5,975	\$ 686	\$ -	\$ 17,984	\$ 52,483	
-	-	-	-	-	-	1,468	
-	-	289	-	-	-	2,114	
-	-	-	-	-	-	19,320	
-	-	-	-	-	1,720	1,764	
-	-	-	-	-	-	10,085	
-	-	-	-	-	-	(1)	
-	-	-	-	-	-	763	
-	-	-	-	-	-	850	
-	-	-	-	-	-	(478)	
<u>\$ 2,844</u>	<u>\$ 16</u>	<u>\$ 6,264</u>	<u>\$ 686</u>	<u>\$ -</u>	<u>\$ 19,704</u>	<u>\$ 88,368</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143	\$ 2,387	
-	-	-	-	-	5	8,228	
-	-	-	-	-	-	655	
-	-	-	-	-	-	656	
-	-	-	-	-	-	618	
-	-	-	-	-	8	7,123	
-	-	-	-	-	-	2,646	
-	-	-	-	-	156	22,313	
-	-	-	-	-	-	763	
-	-	-	-	-	-	22,344	
-	16	6,264	-	-	-	6,280	
-	-	-	686	-	19,548	20,234	
-	-	-	-	-	-	-	
2,844	-	-	-	-	-	23,076	
-	-	-	-	-	-	(6,642)	
<u>2,844</u>	<u>16</u>	<u>6,264</u>	<u>686</u>	<u>-</u>	<u>19,548</u>	<u>66,055</u>	
<u>\$ 2,844</u>	<u>\$ 16</u>	<u>\$ 6,264</u>	<u>\$ 686</u>	<u>\$ -</u>	<u>\$ 19,704</u>	<u>\$ 88,368</u>	

concluded.

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2012  
 (in thousands)

	Parks	Rouge Demonstration Project	Law Enforcement	Community Development Block Grant
Revenue				
Taxes:				
Property taxes	\$ 9,538	\$ -	\$ -	\$ -
Excise taxes	-	-	-	-
Licenses and permits	100	-	-	-
Federal grants	-	2,388	2,611	17,149
State grants and contracts	-	-	505	-
Local grants and contracts	-	1,534	-	-
Charges for services	1,375	1,456	2,959	82
Interest and rents	59	-	-	2
Other	142	-	-	-
Total revenue	11,214	5,378	6,075	17,233
Expenditures				
Current operations:				
Personnel	2,853	734	1,562	254
Fringe benefits	1,344	381	702	134
Pension	687	231	383	39
Materials and supplies	451	47	55	4
Contractual services	5,159	3,995	3,396	3,239
Travel	8	22	65	3
Operating	394	26	973	97
Rentals	4,093	68	1	56
Other charges	-	-	878	13,474
Capital outlay	1,245	-	17	-
Debt service	-	-	-	-
Total expenditures	16,234	5,504	8,032	17,300
Excess (deficiency) of revenues over (under) expenditures	(5,020)	(126)	(1,957)	(67)
Other financing sources (uses)				
Transfers in	2,169	-	1,055	49
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Proceeds from sale of capital assets	37	-	-	-
Total other financing sources (uses)	2,206	-	1,055	49
Net change in fund balances	(2,814)	(126)	(902)	(18)
Fund balances at October 1, 2011	20,953	270	8,937	1,081
Fund balances at September 30, 2012	\$ 18,139	\$ 144	\$ 8,035	\$ 1,063

Special Revenue Funds

Drug Enforcement	Nutrition	Veteran's Trust	Community Corrections	Victim Witness	Soldiers' Relief	Youth Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,456	\$ 3,671
-	-	-	-	-	-	-
-	-	-	-	-	-	-
372	2,380	-	-	772	-	-
-	789	224	2,474	708	-	-
-	-	-	-	-	-	-
1,701	513	-	131	-	-	-
-	-	-	-	-	4	-
-	17	-	-	-	-	-
<u>2,073</u>	<u>3,699</u>	<u>224</u>	<u>2,605</u>	<u>1,480</u>	<u>1,460</u>	<u>3,671</u>
1,495	869	-	177	1,140	233	-
580	227	-	84	560	119	-
495	116	-	33	203	41	-
138	417	-	3	1	2	-
442	3,451	229	2,239	261	915	1,442
1	178	-	1	26	1	-
49	10	-	4	22	5	-
100	-	-	48	-	19	-
83	5	-	1	-	-	3
14	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,397</u>	<u>5,273</u>	<u>229</u>	<u>2,590</u>	<u>2,213</u>	<u>1,335</u>	<u>1,445</u>
<u>(1,324)</u>	<u>(1,574)</u>	<u>(5)</u>	<u>15</u>	<u>(733)</u>	<u>125</u>	<u>2,226</u>
-	100	-	-	469	-	1,200
-	-	-	-	-	-	(1,406)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>469</u>	<u>-</u>	<u>(206)</u>
<u>(1,324)</u>	<u>(1,474)</u>	<u>(5)</u>	<u>15</u>	<u>(264)</u>	<u>125</u>	<u>2,020</u>
<u>(1,088)</u>	<u>(832)</u>	<u>110</u>	<u>23</u>	<u>21</u>	<u>4,542</u>	<u>1,281</u>
<u>\$ (2,412)</u>	<u>\$ (2,306)</u>	<u>\$ 105</u>	<u>\$ 38</u>	<u>\$ (243)</u>	<u>\$ 4,667</u>	<u>\$ 3,301</u>

continued...

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2012  
 (in thousands)

	Special Revenue Funds				
	Community & Economic Development	Building Authority	Stadium and Land Development	Environmental Programs	Health and Family Services
Revenue					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Excise taxes	-	-	7,449	-	-
Licenses and permits	-	-	-	-	-
Federal grants	6,866	-	-	83	24,402
State grants and contracts	-	-	-	27	-
Local grants and contracts	55	-	-	81	-
Charges for services	225	-	-	1,909	-
Interest and rents	-	1,178	-	7	-
Other	-	334	-	-	-
Total revenue	7,146	1,512	7,449	2,107	24,402
Expenditures					
Current operations:					
Personnel	1,270	-	-	538	508
Fringe benefits	468	-	-	277	261
Pension	147	-	-	165	101
Materials and supplies	70	2	-	18	12
Contractual services	6,064	245	208	891	23,663
Travel	28	-	-	35	1
Operating	215	-	-	16	9
Rentals	158	-	7,241	58	5
Other charges	1,866	297	-	2	29
Capital outlay	-	14,126	-	-	-
Debt service	-	323	-	-	-
Total expenditures	10,286	14,993	7,449	2,000	24,589
Excess (deficiency) of revenues over (under) expenditures	(3,140)	(13,481)	-	107	(187)
Other financing sources (uses)					
Transfers in	3,140	-	-	-	-
Transfers out	-	(350)	-	-	-
Bond issuance	-	14,960	-	-	-
Bond premium	-	55	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	3,140	14,665	-	-	-
Net change in fund balances	-	1,184	-	107	(187)
Fund balances at October 1, 2011	(1,250)	109	6	5,233	964
Fund balances at September 30, 2012	\$ (1,250)	\$ 1,293	\$ 6	\$ 5,340	\$ 777

Debt Service Funds			Capital Projects Funds			Totals
General Debt Service	Roads	Wayne County Building Authority	Wayne County Construction	County Roads Projects	Other Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,665
-	-	-	-	-	-	7,449
-	-	-	-	-	-	100
-	-	-	-	-	-	57,023
-	-	-	-	-	-	4,727
-	-	-	-	-	-	1,670
-	-	-	-	-	-	10,351
5,263	-	15,998	1	-	23	22,535
852	-	-	-	-	269	1,614
6,115	-	15,998	1	-	292	120,134
-	-	-	-	-	-	11,633
-	-	-	-	-	-	5,137
-	-	-	-	-	-	2,641
-	-	-	-	-	-	1,220
-	-	-	-	-	37	55,876
-	-	-	-	-	-	369
-	-	-	-	-	-	1,820
-	-	-	-	-	-	11,847
-	-	-	-	-	(6)	16,632
-	-	-	77	-	552	16,031
17,719	5,919	26,956	-	-	-	50,917
17,719	5,919	26,956	77	-	583	174,123
(11,604)	(5,919)	(10,958)	(76)	-	(291)	(53,989)
11,872	5,919	10,963	-	-	-	36,936
-	-	-	-	-	-	(1,756)
-	-	-	-	-	(1,110)	13,850
-	-	-	-	-	-	55
-	-	-	-	-	-	37
11,872	5,919	10,963	-	-	(1,110)	49,122
268	-	5	(76)	-	(1,401)	(4,867)
2,576	16	6,259	762	-	20,949	70,922
\$ 2,844	\$ 16	\$ 6,264	\$ 686	\$ -	\$ 19,548	\$ 66,055

concluded.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Parks Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ 10,265	\$ 10,265	\$ 9,538	\$ (727)
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	93	93	100	7
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	1,452	1,652	1,375	(277)
Interest and rents	99	99	59	(40)
Other	290	290	142	(148)
Total revenue	12,199	12,399	11,214	(1,185)
Expenditures				
Current operations:				
Personnel	3,805	3,805	2,853	(952)
Fringe benefits	1,235	1,235	1,344	109
Pension	1,101	1,101	687	(414)
Materials and supplies	524	524	451	(73)
Contractual services	5,198	11,528	5,159	(6,369)
Travel	8	8	8	-
Operating	531	531	394	(137)
Rentals	1,176	1,176	4,093	2,917
Other charges	2	2	-	(2)
Capital outlay	1,841	7,168	1,245	(5,923)
Debt service	-	-	-	-
Total expenditures	15,421	27,078	16,234	(10,844)
Excess (deficiency) of revenues over (under) expenditures	(3,222)	(14,679)	(5,020)	9,659
Other financing sources (uses)				
Transfers in	2,169	2,169	2,169	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	37	37
Total other financing sources (uses)	2,169	2,169	2,206	37
Net change in fund balances	(1,053)	(12,510)	(2,814)	9,696
Fund balances at October 1, 2011	20,953	20,953	20,953	-
Fund balances at September 30, 2012	\$ 19,900	\$ 8,443	\$ 18,139	\$ 9,696

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Rouge Demonstration Project Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	3,924	4,174	2,388	(1,786)
State grants and contracts	-	-	-	-
Local grants and contracts	2,936	2,936	1,534	(1,402)
Charges for services	1,883	1,883	1,456	(427)
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>8,743</b>	<b>8,993</b>	<b>5,378</b>	<b>(3,615)</b>
Expenditures				
Current operations:				
Personnel	800	800	734	(66)
Fringe benefits	285	285	381	96
Pension	233	233	231	(2)
Materials and supplies	129	129	47	(82)
Contractual services	7,152	7,402	3,995	(3,407)
Travel	28	28	22	(6)
Operating	37	37	26	(11)
Rentals	69	69	68	(1)
Other charges	10	10	-	(10)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>8,743</b>	<b>8,993</b>	<b>5,504</b>	<b>(3,489)</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	(126)	(126)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(126)</b>	<b>(126)</b>
Fund balances at October 1, 2011	270	270	270	-
<b>Fund balances at September 30, 2012</b>	<b>\$ 270</b>	<b>\$ 270</b>	<b>\$ 144</b>	<b>\$ (126)</b>

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Law Enforcement Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	11,698	15,291	2,611	(12,680)
State grants and contracts	550	936	505	(431)
Local grants and contracts	(831)	(831)	-	831
Charges for services	2,407	2,407	2,959	552
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	13,824	17,803	6,075	(11,728)
Expenditures				
Current operations:				
Personnel	1,544	1,657	1,562	(95)
Fringe benefits	515	548	702	154
Pension	450	398	383	(15)
Materials and supplies	83	118	55	(63)
Contractual services	10,929	12,603	3,396	(9,207)
Travel	-	135	65	(70)
Operating	1,010	803	973	170
Rentals	16	16	1	(15)
Other charges	207	2,407	878	(1,529)
Capital outlay	-	50	17	(33)
Debt service	-	-	-	-
Total expenditures	14,754	18,735	8,032	(10,703)
Excess (deficiency) of revenues over (under) expenditures	(930)	(932)	(1,957)	(1,025)
Other financing sources (uses)				
Transfers in	831	831	1,055	224
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	831	831	1,055	224
Net change in fund balances	(99)	(101)	(902)	(801)
Fund balances at October 1, 2011	8,937	8,937	8,937	-
Fund balances at September 30, 2012	\$ 8,838	\$ 8,836	\$ 8,035	\$ (801)

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Community Development Block Grant Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	20,799	17,572	17,149	(423)
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	82	82	-
Interest and rents	-	-	2	2
Other	-	-	-	-
Total revenue	20,799	17,654	17,233	(421)
Expenditures				
Current operations:				
Personnel	338	338	254	(84)
Fringe benefits	106	106	134	28
Pension	98	98	39	(59)
Materials and supplies	6	6	4	(2)
Contractual services	8,300	4,029	3,239	(790)
Travel	6	6	3	(3)
Operating	3	6	97	91
Rentals	56	56	56	-
Other charges	11,935	13,059	13,474	415
Capital outlay	-	-	-	-
Debt service	-	(1)	-	1
Total expenditures	20,848	17,703	17,300	(403)
Excess (deficiency) of revenues over (under) expenditures	(49)	(49)	(67)	(18)
Other financing sources (uses)				
Transfers in	49	49	49	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	49	49	49	-
Net change in fund balances	-	-	(18)	(18)
Fund balances at October 1, 2011	1,081	1,081	1,081	-
Fund balances at September 30, 2012	\$ 1,081	\$ 1,081	\$ 1,063	\$ (18)

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Drug Enforcement Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	372	372
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	2,740	2,800	1,701	(1,099)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	2,740	2,800	2,073	(727)
Expenditures				
Current operations:				
Personnel	1,134	1,134	1,495	361
Fringe benefits	352	352	580	228
Pension	330	330	495	165
Materials and supplies	96	102	138	36
Contractual services	359	419	442	23
Travel	-	-	1	1
Operating	9	9	49	40
Rentals	67	67	100	33
Other charges	391	385	83	(302)
Capital outlay	-	-	14	14
Debt service	-	-	-	-
Total expenditures	2,738	2,798	3,397	599
Excess (deficiency) of revenues over (under) expenditures	2	2	(1,324)	(1,326)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	2	2	(1,324)	(1,326)
Fund balances at October 1, 2011	(1,088)	(1,088)	(1,088)	-
Fund balances at September 30, 2012	\$ (1,086)	\$ (1,086)	\$ (2,412)	\$ (1,326)

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Nutrition Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	2,406	2,585	2,380	(205)
State grants and contracts	789	788	789	1
Local grants and contracts	-	2	-	(2)
Charges for services	1,229	1,229	513	(716)
Interest and rents	-	-	-	-
Other	30	30	17	(13)
Total revenue	4,454	4,634	3,699	(935)
Expenditures				
Current operations:				
Personnel	69	69	869	800
Fringe benefits	19	19	227	208
Pension	14	14	116	102
Materials and supplies	2,150	966	417	(549)
Contractual services	2,031	3,393	3,451	58
Travel	-	-	178	178
Operating	2	5	10	5
Rentals	-	-	-	-
Other charges	-	-	5	5
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	4,285	4,466	5,273	807
Excess (deficiency) of revenues over (under) expenditures	169	168	(1,574)	(1,742)
Other financing sources (uses)				
Transfers in	-	-	100	100
Transfers out	(288)	(288)	-	288
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(288)	(288)	100	388
Net change in fund balances	(119)	(120)	(1,474)	(1,354)
Fund balances at October 1, 2011	(832)	(832)	(832)	-
Fund balances at September 30, 2012	\$ (951)	\$ (952)	\$ (2,306)	\$ (1,354)

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Veteran's Trust Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	250	250	224	(26)
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	250	250	224	(26)
Expenditures				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	250	250	229	(21)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	250	250	229	(21)
Excess (deficiency) of revenues over (under) expenditures	-	-	(5)	(5)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(5)	(5)
Fund balances at October 1, 2011	110	110	110	-
Fund balances at September 30, 2012	\$ 110	\$ 110	\$ 105	\$ (5)

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Community Corrections Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	2,913	2,883	2,474	(409)
Local grants and contracts	-	-	-	-
Charges for services	1,450	131	131	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	<u>4,363</u>	<u>3,014</u>	<u>2,605</u>	<u>(409)</u>
Expenditures				
Current operations:				
Personnel	902	267	177	(90)
Fringe benefits	307	78	84	6
Pension	232	55	33	(22)
Materials and supplies	82	11	3	(8)
Contractual services	2,506	2,547	2,239	(308)
Travel	9	6	1	(5)
Operating	32	4	4	-
Rentals	279	32	48	16
Other charges	10	10	1	(9)
Capital outlay	5	5	-	(5)
Debt service	-	-	-	-
Total expenditures	<u>4,364</u>	<u>3,015</u>	<u>2,590</u>	<u>(425)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>(1)</u>	<u>15</u>	<u>16</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1)	(1)	15	16
Fund balances at October 1, 2011	<u>23</u>	<u>23</u>	<u>23</u>	<u>-</u>
Fund balances at September 30, 2012	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ 38</u>	<u>\$ 16</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Victim Witness Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	772	772
State grants and contracts	1,613	1,613	708	(905)
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	1,613	1,613	1,480	(133)
Expenditures				
Current operations:				
Personnel	1,217	1,217	1,140	(77)
Fringe benefits	372	372	560	188
Pension	354	354	203	(151)
Materials and supplies	13	13	1	(12)
Contractual services	261	251	261	10
Travel	15	25	26	1
Operating	16	16	22	6
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,248	2,248	2,213	(35)
Excess (deficiency) of revenues over (under) expenditures	(635)	(635)	(733)	(98)
Other financing sources (uses)				
Transfers in	469	469	469	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	469	469	469	-
Net change in fund balances	(166)	(166)	(264)	(98)
Fund balances at October 1, 2011	21	21	21	-
Fund balances at September 30, 2012	\$ (145)	\$ (145)	\$ (243)	\$ (98)

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Soldiers' Relief Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ 1,504	\$ 1,504	\$ 1,456	\$ (48)
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	4	4
Other	-	-	-	-
Total revenue	1,504	1,504	1,460	(44)
Expenditures				
Current operations:				
Personnel	249	304	233	(71)
Fringe benefits	81	105	119	14
Pension	72	86	41	(45)
Materials and supplies	11	11	2	(9)
Contractual services	1,030	1,021	915	(106)
Travel	10	10	1	(9)
Operating	12	14	5	(9)
Rentals	27	27	19	(8)
Other charges	5	5	-	(5)
Capital outlay	5	5	-	(5)
Debt service	-	-	-	-
Total expenditures	1,502	1,588	1,335	(253)
Excess (deficiency) of revenues over (under) expenditures	2	(84)	125	209
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	2	(84)	125	209
Fund balances at October 1, 2011	4,542	4,542	4,542	-
Fund balances at September 30, 2012	\$ 4,544	\$ 4,458	\$ 4,667	\$ 209

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Youth Services Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ 3,730	\$ 3,730	\$ 3,671	\$ (59)
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenue	<u>3,730</u>	<u>3,730</u>	<u>3,671</u>	<u>(59)</u>
Expenditures				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	1,557	1,557	1,442	(115)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	3	3
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>1,557</u>	<u>1,557</u>	<u>1,445</u>	<u>(112)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,173</u>	<u>2,173</u>	<u>2,226</u>	<u>53</u>
Other financing sources (uses)				
Transfers in	1,200	1,200	1,200	-
Transfers out	(3,372)	(3,372)	(1,406)	1,966
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(2,172)</u>	<u>(2,172)</u>	<u>(206)</u>	<u>1,966</u>
Net change in fund balances	1	1	2,020	2,019
Fund balances at October 1, 2011	<u>1,281</u>	<u>1,281</u>	<u>1,281</u>	<u>-</u>
Fund balances at September 30, 2012	<u>\$ 1,282</u>	<u>\$ 1,282</u>	<u>\$ 3,301</u>	<u>\$ 2,019</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Community & Economic Development  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	3,561	3,223	6,866	3,643
State grants and contracts	-	-	-	-
Local grants and contracts	50	50	55	5
Charges for services	-	-	225	225
Interest and rents	50	52	-	(52)
Other	-	-	-	-
<b>Total revenue</b>	<b>3,661</b>	<b>3,325</b>	<b>7,146</b>	<b>3,821</b>
Expenditures				
Current operations:				
Personnel	818	1,003	1,270	267
Fringe benefits	288	288	468	180
Pension	238	238	147	(91)
Materials and supplies	50	48	70	22
Contractual services	1,606	2,876	6,064	3,188
Travel	1	1	28	27
Operating	43	43	215	172
Rentals	158	158	158	-
Other charges	3,000	1,211	1,866	655
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>6,202</b>	<b>5,866</b>	<b>10,286</b>	<b>4,420</b>
Excess (deficiency) of revenues over (under) expenditures	(2,541)	(2,541)	(3,140)	(599)
Other financing sources (uses)				
Transfers in	2,540	2,540	3,140	600
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,540</b>	<b>2,540</b>	<b>3,140</b>	<b>600</b>
Net change in fund balances	(1)	(1)	-	1
Fund balances at October 1, 2011	(1,250)	(1,250)	(1,250)	-
Fund balances at September 30, 2012	\$ (1,251)	\$ (1,251)	\$ (1,250)	\$ 1

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Building Authority Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	1,178	1,178
Other	-	-	334	334
Total revenue	-	-	1,512	1,512
Expenditures				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	2	2
Contractual services	-	-	245	245
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	297	297
Capital outlay	-	-	14,126	14,126
Debt service	-	-	323	323
Total expenditures	-	-	14,993	14,993
Excess (deficiency) of revenues over (under) expenditures	-	-	(13,481)	(13,481)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(350)	(350)
Proceeds from bond issuance	-	-	15,015	15,015
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	14,665	14,665
Net change in fund balances	-	-	1,184	1,184
Fund balances at October 1, 2011	109	109	109	-
Fund balances at September 30, 2012	\$ 109	\$ 109	\$ 1,293	\$ 1,184

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Stadium and Land Development Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	6,400	6,400	7,449	1,049
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	1	1	-	(1)
Other	-	-	-	-
Total revenue	6,401	6,401	7,449	1,048
Expenditures				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	89	89	208	119
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	6,312	6,312	7,241	929
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	6,401	6,401	7,449	1,048
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at October 1, 2011	6	6	6	-
Fund balances at September 30, 2012	\$ 6	\$ 6	\$ 6	\$ -

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Environmental Programs Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	83	83
State grants and contracts	81	81	27	(54)
Local grants and contracts	62	62	81	19
Charges for services	2,238	2,238	1,909	(329)
Interest and rents	27	27	7	(20)
Other	-	-	-	-
Total revenue	<u>2,408</u>	<u>2,408</u>	<u>2,107</u>	<u>(301)</u>
Expenditures				
Current operations:				
Personnel	779	779	538	(241)
Fringe benefits	259	259	277	18
Pension	227	227	165	(62)
Materials and supplies	30	30	18	(12)
Contractual services	1,134	1,134	891	(243)
Travel	47	47	35	(12)
Operating	35	35	16	(19)
Rentals	60	60	58	(2)
Other charges	7	7	2	(5)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>2,578</u>	<u>2,578</u>	<u>2,000</u>	<u>(578)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(170)</u>	<u>(170)</u>	<u>107</u>	<u>277</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(170)	(170)	107	277
Fund balances at October 1, 2011	<u>5,233</u>	<u>5,233</u>	<u>5,233</u>	<u>-</u>
Fund balances at September 30, 2012	<u>\$ 5,063</u>	<u>\$ 5,063</u>	<u>\$ 5,340</u>	<u>\$ 277</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Health and Family Services Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	24,346	25,409	24,402	(1,007)
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>24,346</b>	<b>25,409</b>	<b>24,402</b>	<b>(1,007)</b>
Expenditures				
Current operations:				
Personnel	524	544	508	(36)
Fringe benefits	175	184	261	77
Pension	153	157	101	(56)
Materials and supplies	15	15	12	(3)
Contractual services	23,420	24,446	23,663	(783)
Travel	3	3	1	(2)
Operating	16	17	9	(8)
Rentals	10	10	5	(5)
Other charges	30	34	29	(5)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>24,346</b>	<b>25,410</b>	<b>24,589</b>	<b>(821)</b>
Excess (deficiency) of revenues over (under) expenditures	-	(1)	(187)	(186)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(1)</b>	<b>(187)</b>	<b>(186)</b>
Fund balance at October 1, 2011	964	964	964	-
<b>Fund balance at September 30, 2012</b>	<b>\$ 964</b>	<b>\$ 963</b>	<b>\$ 777</b>	<b>\$ (186)</b>

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 General Debt Service Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	83	83	5,263	5,180
Other	852	852	852	-
<b>Total revenue</b>	<b>935</b>	<b>935</b>	<b>6,115</b>	<b>5,180</b>
Expenditures				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	18,780	18,780	17,719	(1,061)
<b>Total expenditures</b>	<b>18,780</b>	<b>18,780</b>	<b>17,719</b>	<b>(1,061)</b>
Excess (deficiency) of revenues over (under) expenditures	(17,845)	(17,845)	(11,604)	6,241
Other financing sources (uses)				
Transfers in	17,845	17,845	11,872	(5,973)
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>17,845</b>	<b>17,845</b>	<b>11,872</b>	<b>(5,973)</b>
Net change in fund balances	-	-	268	268
Fund balance at October 1, 2011	2,576	2,576	2,576	-
Fund balance at September 30, 2012	\$ 2,576	\$ 2,576	\$ 2,844	\$ 268

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule  
 Nonmajor Governmental Funds  
 Roads Debt Service Fund  
 For the Year Ended September 30, 2012  
 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
Revenue				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	5,983	5,983	5,919	(64)
<b>Total expenditures</b>	<b>5,983</b>	<b>5,983</b>	<b>5,919</b>	<b>(64)</b>
Excess (deficiency) of revenues over (under) expenditures	(5,983)	(5,983)	(5,919)	64
Other financing sources (uses)				
Transfers in	5,983	5,983	5,919	(64)
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,983</b>	<b>5,983</b>	<b>5,919</b>	<b>(64)</b>
Net change in fund balances	-	-	-	-
Fund balance at October 1, 2011	16	16	16	-
<b>Fund balance at September 30, 2012</b>	<b>\$ 16</b>	<b>\$ 16</b>	<b>\$ 16</b>	<b>\$ -</b>

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Budgetary Comparison Schedule Nonmajor Governmental Funds Wayne County Building Authority Debt Service Fund For the Year Ended September 30, 2012 (in thousands)

	Original Budget (unaudited)	Final Amended Budget (unaudited)	Actual	Variance Over (Under)
<b>Revenue</b>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Excise taxes	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	7,310	7,310	15,998	8,688
Other	8,683	8,683	-	(8,683)
<b>Total revenue</b>	<b>15,993</b>	<b>15,993</b>	<b>15,998</b>	<b>5</b>
<b>Expenditures</b>				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	26,606	26,606	26,956	350
<b>Total expenditures</b>	<b>26,606</b>	<b>26,606</b>	<b>26,956</b>	<b>350</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(10,613)</b>	<b>(10,613)</b>	<b>(10,958)</b>	<b>(345)</b>
<b>Other financing sources (uses)</b>				
Transfers in	10,613	10,613	10,963	350
Transfers out	-	-	-	-
Bond issuance	-	-	-	-
Bond premium	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>10,613</b>	<b>10,613</b>	<b>10,963</b>	<b>350</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>
Fund balance at October 1, 2011	6,259	6,259	6,259	-
<b>Fund balance at September 30, 2012</b>	<b>\$ 6,259</b>	<b>\$ 6,259</b>	<b>\$ 6,264</b>	<b>\$ 5</b>



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2012**

### **NON-MAJOR ENTERPRISE FUNDS**

**ENTERPRISE FUNDS** ARE USED TO ACCOUNT FOR OPERATIONS THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO PRIVATE BUSINESS ENTERPRISES - WHERE THE COSTS OF PROVIDING GOODS OR SERVICES TO THE GENERAL PUBLIC ON A CONTINUING BASIS ARE FINANCED OR RECOVERED PRIMARILY THROUGH USER CHARGES OR WHERE PERIODIC DETERMINATION OF NET INCOME IS APPROPRIATE FOR ACCOUNTABILITY PURPOSES.

**NORTHEAST SEWAGE DISPOSAL SYSTEMS** – This fund records the fiscal activities associated with operation and maintenance of the sewage treatment facilities. Costs are recovered through development of usage rates which are billed to the local communities served.

**CSO BASINS** – This fund is used to account for activities related to the construction of combined sewer overflow (CSO) basins in the cities of River Rouge, Inkster, Redford and Dearborn Heights to reduce wet weather overflow to the rivers and increase the flow to the sewage treatment plants.

**JAIL COMMISSARY** – This fund is used to account for the revenues and expenditures associated with the operation of the commissary at the County's jails.

**PARKING LOTS** – This fund is used to account for activities related to County employee subsidized parking.

**WETLAND MITIGATION** – This fund is used to account for the marketing of environmental credits earned by the conversion of County owned land.

**COPY CENTER** – This fund accounts for printing and copying services provided by the Office of the County Clerk to various County departments, other governmental and private establishments, and for the reproduction of certain court records for the general public.

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Net Assets  
 Nonmajor Enterprise Funds  
 September 30, 2012  
 (in thousands)

	Northeast Sewage Disposal System	CSO Basins	Jail Commissary	Parking Lots	Wetlands Mitigation	Copy Center	Totals
<b>Assets</b>							
Current assets:							
Equity in pooled cash and investments	\$ 1,820	\$ -	\$ 833	\$ 73	\$ -	\$ -	\$ 2,726
Other cash and investments	-	-	-	-	-	-	-
Receivables:							
Accounts	-	881	-	6	-	-	887
Due from other governmental units	1,644	1,788	-	-	-	-	3,432
Total current assets	3,464	2,669	833	79	-	-	7,045
Noncurrent assets:							
Restricted assets:							
Equity in pooled cash and investments	1,887	5,131	-	-	-	-	7,018
Accounts receivable	-	2,674	-	-	-	-	2,674
Bond principal due from municipalities	1,101	14,224	-	-	-	-	15,325
Capital assets not being depreciated	394	922	-	1,423	155	-	2,894
Capital assets being depreciated, net	3,196	-	-	58	-	-	3,254
Other assets	5	187	-	-	-	-	192
Total noncurrent assets	6,583	23,138	-	1,481	155	-	31,357
Total assets	10,047	25,807	833	1,560	155	-	38,402
<b>Liabilities</b>							
Current liabilities:							
Accounts and contracts payable	258	31	92	-	-	-	381
Due to other funds	5	1,641	-	-	-	332	1,978
Current portion of long-term obligations	-	-	-	-	-	2	2
Other liabilities	4,900	4	(1)	-	-	-	4,903
Total current liabilities	5,163	1,676	91	-	-	334	7,264
Noncurrent liabilities:							
Payable from restricted assets:							
Accounts payable	170	3,316	-	-	-	-	3,486
Accrued interest	10	273	-	-	-	-	283
Bonds payable due in less than one year	541	3,240	-	-	-	-	3,781
Bonds payable due in more than one year	561	13,858	-	-	-	-	14,419
Other post employment benefits (Note 16)	-	102	-	-	-	52	154
Total noncurrent liabilities	1,282	20,789	-	-	-	52	22,123
Total liabilities	6,445	22,465	91	-	-	386	29,387
<b>Net assets</b>							
Invested in capital assets, net of related debt	2,488	922	-	1,481	155	-	5,046
Restricted for bond programs	2,808	1,342	-	-	-	-	4,150
Unrestricted (deficit)	(1,694)	1,078	742	79	-	(386)	(181)
Total net assets	\$ 3,602	\$ 3,342	\$ 742	\$ 1,560	\$ 155	\$ (386)	\$ 9,015

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Nonmajor Enterprise Funds  
 For the Year Ended September 30, 2012  
 (in thousands)

	Northeast Sewage Disposal System	CSO Basins	Jail Commissary	Parking Lots	Wetlands Mitigation	Copy Center	Totals
Operating revenue							
Sewage disposal charges	\$ 21,084	\$ 41	\$ -	\$ -	\$ -	\$ -	\$ 21,125
Rentals and expense recoveries	-	-	-	-	-	-	-
Other charges for services	-	955	3,007	66	-	-	4,028
<b>Total operating revenue</b>	<b>21,084</b>	<b>996</b>	<b>3,007</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>25,153</b>
Operating expenses							
Personnel	-	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-	-
Pension	-	-	-	-	-	-	-
Materials and supplies	6	106	677	-	-	-	789
Contractual services	20,370	1,154	1,141	6	-	-	22,671
Travel	-	-	-	-	-	-	-
Miscellaneous operating	442	258	2	-	-	-	702
Rentals	297	10	-	-	-	-	307
Other charges	-	-	964	3	-	-	967
Depreciation and amortization	352	-	-	4	-	-	356
<b>Total operating expenses</b>	<b>21,467</b>	<b>1,528</b>	<b>2,784</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>25,792</b>
Operating income (loss)	(383)	(532)	223	53	-	-	(639)
Non-operating revenues (expenses)							
Investment earnings	17	161	1	-	-	-	179
Collections from participating local units	48	899	-	-	-	-	947
Interest expense	(66)	(1,010)	-	-	-	-	(1,076)
<b>Total non-operating revenues (expenses)</b>	<b>(1)</b>	<b>50</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>
Net income (loss) before transfers	(384)	(482)	224	53	-	-	(589)
Transfers in	-	-	-	-	-	199	199
Transfers out	-	-	-	-	-	-	-
<b>Change in net assets</b>	<b>(384)</b>	<b>(482)</b>	<b>224</b>	<b>53</b>	<b>-</b>	<b>199</b>	<b>(390)</b>
Net assets at October 1, 2011	3,986	3,824	518	1,507	155	(585)	9,405
<b>Net assets at September 30, 2012</b>	<b>\$ 3,602</b>	<b>\$ 3,342</b>	<b>\$ 742</b>	<b>\$ 1,560</b>	<b>\$ 155</b>	<b>\$ (386)</b>	<b>\$ 9,015</b>

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 For the Year Ended September 30, 2012  
 (in thousands)

	Northeast Sewage Disposal System	CSO Basins	Jail Commissary	Parking Lots	Wetlands Mitigation	Copy Center	Totals
<b>Cash flows from operating activities</b>							
Receipts from customers	\$ 22,873	\$ 1,419	\$ 3,007	\$ 62	\$ -	\$ -	\$ 27,361
Payments to suppliers	(21,316)	(1,527)	(2,812)	(9)	-	-	(25,664)
Internal activity - receipts from other funds	-	1,641	-	-	-	-	1,641
Internal activity - payments to other funds	5	-	-	-	-	332	337
<b>Net cash provided by (used in) operating activities</b>	<b>1,562</b>	<b>1,533</b>	<b>195</b>	<b>53</b>	<b>-</b>	<b>332</b>	<b>3,675</b>
<b>Cash flows from capital and related financing activities</b>							
Repayment of long-term debt	(545)	(3,226)	-	-	-	-	(3,771)
Proceeds from issuance of long-term debt	-	1,151	-	-	-	-	1,151
Bond principal received from municipalities	531	3,053	-	-	-	-	3,584
Interest received from participating local units	48	899	-	-	-	-	947
Transfers from other funds	-	-	-	-	-	199	199
Acquisition of capital assets	(383)	(923)	-	-	-	-	(1,306)
Interest paid	(52)	(1,022)	-	-	-	-	(1,074)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(401)</b>	<b>(68)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>(270)</b>
<b>Cash flows from investing activities:</b>							
Investment earnings (loss)	17	161	1	-	-	-	179
<b>Net cash provided by investing activities</b>	<b>17</b>	<b>161</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1,178</b>	<b>1,626</b>	<b>196</b>	<b>53</b>	<b>-</b>	<b>531</b>	<b>3,584</b>
Cash and cash equivalents at October 1, 2011	2,529	3,505	637	20	-	(531)	6,160
<b>Cash and cash equivalents at September 30, 2012</b>	<b>\$ 3,707</b>	<b>\$ 5,131</b>	<b>\$ 833</b>	<b>\$ 73</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,744</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>							
Operating income (loss)	\$ (383)	\$ (532)	\$ 223	\$ 53	\$ -	\$ -	\$ (639)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:							
Depreciation and amortization	352	-	-	4	-	-	356
Decreases (increases) in current assets:							
Accounts receivable	-	(751)	-	(4)	-	-	(755)
Due from other governmental units	1,789	1,174	-	-	-	-	2,963
Other current assets	2	-	-	-	-	-	2
Increases (decreases) in current liabilities:							
Accounts and contracts payable	253	6	90	-	-	-	349
Due to other funds	5	1,641	-	-	-	332	1,978
Other liabilities	(456)	(5)	(118)	-	-	-	(579)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,562</b>	<b>\$ 1,533</b>	<b>\$ 195</b>	<b>\$ 53</b>	<b>\$ -</b>	<b>\$ 332</b>	<b>\$ 3,675</b>
<b>Cash and cash equivalents at September 30, 2012 consists of the following:</b>							
Equity in pooled cash and investments	\$ 1,820	\$ -	\$ 833	\$ 73	\$ -	\$ -	\$ 2,726
Restricted assets - Equity in pooled cash and equivalents	1,887	5,131	-	-	-	-	7,018
<b>Total cash and investments</b>	<b>\$ 3,707</b>	<b>\$ 5,131</b>	<b>\$ 833</b>	<b>\$ 73</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,744</b>



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**INTERNAL  
SERVICE FUNDS**

**INTERNAL SERVICE FUNDS** ARE USED TO ACCOUNT FOR THE FINANCING OF GOODS OR SERVICES PROVIDED BY ONE DEPARTMENT OR AGENCY TO OTHER DEPARTMENTS OR AGENCIES OF THE COUNTY AND TO OTHER GOVERNMENTAL UNITS, ON A COST-REIMBURSEMENT BASIS.

**CENTRAL SERVICES** – This fund is used to distribute the County’s costs of internal services provided by the Department of Technology and the Building and Grounds Division of the Department of Public Services.

**ENVIRONMENT** – This fund is used to distribute costs to the various sewage districts, drains, and other Department of Public Services - Environment activities.

**LONG-TERM DISABILITY** – This fund is used to accumulate and disburse monies related to long-term disability claims.

**GENERAL HEALTH** – This fund is used to accumulate and disburse monies related to employee health benefits.

**WORKERS’ COMPENSATION SELF INSURANCE** – This fund is used to accumulate and disburse monies related to worker’s compensation claims.

**GENERAL LIABILITY** – This fund is used to accumulate and disburse monies related to property insurance costs.

**EQUIPMENT LEASE FINANCING** – This fund is used to account for the costs of financing acquisitions of real property, machinery and equipment. The fund recovers costs by billing user departments.

**BUILDING AND GROUNDS MAINTENANCE** – This fund is used to account for the maintenance of all County General Fund buildings.

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Combining Statement of Net Assets Internal Service Funds As of September 30, 2012 (in thousands)

	Central Services	Environment	Long-Term Disability	General Health
<b>Assets</b>				
Current assets:				
Equity in pooled cash and investments	\$ 3,327	\$ 1,520	\$ 700	\$ 6,368
Other cash and investments	1	1	-	-
Due from other funds	-	154	-	-
Due from component units	36	14	-	-
Due from other governmental units	95	-	-	-
Prepayments and deposits	69	-	-	-
<b>Total current assets</b>	<b>3,528</b>	<b>1,689</b>	<b>700</b>	<b>6,368</b>
Noncurrent assets:				
Capital assets not being depreciated	-	24	-	-
Capital assets being depreciated, net	1,529	369	-	-
<b>Total noncurrent assets</b>	<b>1,529</b>	<b>393</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>5,057</b>	<b>2,082</b>	<b>700</b>	<b>6,368</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts and contracts payable	1,138	9	2	136
Accrued wages and benefits	90	66	36	5
Current portion of long-term obligations	245	234	-	-
Other liabilities	560	212	331	4,820
Deferred revenue	160	-	-	-
<b>Total current liabilities</b>	<b>2,193</b>	<b>521</b>	<b>369</b>	<b>4,961</b>
Noncurrent liabilities:				
Other postemployment benefits (Note 16)	1,907	1,166	-	-
Other long-term liabilities	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>1,907</b>	<b>1,166</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>4,100</b>	<b>1,687</b>	<b>369</b>	<b>4,961</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	1,529	393	-	-
Unrestricted	(572)	2	331	1,407
<b>Total net assets</b>	<b>\$ 957</b>	<b>\$ 395</b>	<b>\$ 331</b>	<b>\$ 1,407</b>

Workers' Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
\$ 9,226	\$ 570	\$ -	\$ 2,954	\$ 24,665
-	-	-	1	3
-	-	-	-	154
-	-	-	-	50
-	-	-	-	95
-	1,117	-	-	1,186
<u>9,226</u>	<u>1,687</u>	<u>-</u>	<u>2,955</u>	<u>26,153</u>
-	-	-	-	24
-	-	-	2,019	3,917
-	-	-	2,019	3,941
<u>9,226</u>	<u>1,687</u>	<u>-</u>	<u>4,974</u>	<u>30,094</u>
82	52	-	233	1,652
1	-	-	242	440
-	-	-	639	1,118
2,871	362	-	450	9,606
-	-	-	-	160
<u>2,954</u>	<u>414</u>	<u>-</u>	<u>1,564</u>	<u>12,976</u>
25	-	-	3,656	6,754
4,438	-	-	-	4,438
<u>4,463</u>	<u>-</u>	<u>-</u>	<u>3,656</u>	<u>11,192</u>
<u>7,417</u>	<u>414</u>	<u>-</u>	<u>5,220</u>	<u>24,168</u>
-	-	-	2,019	3,941
1,809	1,273	-	(2,265)	1,985
<u>\$ 1,809</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ (246)</u>	<u>\$ 5,926</u>

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended September 30, 2012 (in thousands)

	Central Services	Environment	Long-Term Disability	General Health
Operating revenue				
Charges for services	\$ 16,748	\$ 4,298	\$ 833	\$ 108,051
Federal grants	-	-	-	2,542
Rentals and expense recoveries	-	128	-	-
Other charges for services	-	29	-	-
<b>Total operating revenue</b>	<b>16,748</b>	<b>4,455</b>	<b>833</b>	<b>110,593</b>
Operating expenses				
Personnel	2,040	1,554	-	-
Fringe benefits	1,182	988	-	-
Pension	206	246	-	-
Materials and supplies	19	44	-	24
Contractual services	5,809	828	15	437
Travel	13	23	-	-
Miscellaneous operating	1,758	578	582	108,775
Rentals	1,713	155	-	-
Other charges	32	-	-	5
Depreciation and amortization	738	52	-	-
<b>Total operating expenses</b>	<b>13,510</b>	<b>4,468</b>	<b>597</b>	<b>109,241</b>
<b>Operating income (loss)</b>	<b>3,238</b>	<b>(13)</b>	<b>236</b>	<b>1,352</b>
Non-operating revenues (expenses)				
Investment earnings (loss)	-	1	-	-
<b>Total non-operating revenues (expenses)</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before transfers</b>	<b>3,238</b>	<b>(12)</b>	<b>236</b>	<b>1,352</b>
Transfers in	-	-	-	-
Transfers out	(3,630)	-	-	-
<b>Change in net assets before special item</b>	<b>(392)</b>	<b>(12)</b>	<b>236</b>	<b>1,352</b>
Special item (Note 18)	-	-	-	-
<b>Change in net assets</b>	<b>(392)</b>	<b>(12)</b>	<b>236</b>	<b>1,352</b>
Net assets at October 1, 2011	1,349	407	95	55
<b>Net assets at September 30, 2012</b>	<b>\$ 957</b>	<b>\$ 395</b>	<b>\$ 331</b>	<b>\$ 1,407</b>

Workers' Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
\$ 898	\$ 3,042	\$ -	\$ 15,483	\$ 149,353
-	-	-	-	2,542
-	-	-	1,386	1,514
-	-	-	1	30
<u>898</u>	<u>3,042</u>	<u>-</u>	<u>16,870</u>	<u>153,439</u>
37	-	-	4,662	8,293
27	-	-	2,772	4,969
4	-	-	809	1,265
-	-	-	1,023	1,110
418	434	-	1,905	9,846
-	-	-	60	96
1,843	774	-	4,431	118,741
-	-	-	209	2,077
-	-	-	22	59
-	-	-	161	951
<u>2,329</u>	<u>1,208</u>	<u>-</u>	<u>16,054</u>	<u>147,407</u>
<u>(1,431)</u>	<u>1,834</u>	<u>-</u>	<u>816</u>	<u>6,032</u>
-	-	-	(7)	(6)
-	-	-	(7)	(6)
<u>(1,431)</u>	<u>1,834</u>	<u>-</u>	<u>809</u>	<u>6,026</u>
-	-	-	2,727	2,727
-	-	-	-	(3,630)
<u>(1,431)</u>	<u>1,834</u>	<u>-</u>	<u>3,536</u>	<u>5,123</u>
-	-	(5,067)	-	(5,067)
<u>(1,431)</u>	<u>1,834</u>	<u>(5,067)</u>	<u>3,536</u>	<u>56</u>
<u>3,240</u>	<u>(561)</u>	<u>5,067</u>	<u>(3,782)</u>	<u>5,870</u>
<u>\$ 1,809</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ (246)</u>	<u>\$ 5,926</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2012  
(in thousands)

	Central Services	Environment	Long-term Disability	General Health
Cash flows from operating activities				
Receipts for interfund services provided	\$ 16,786	\$ 4,441	\$ 833	\$ 108,051
Receipts from interfund loans	-	(154)	-	-
Receipts from federal grants	-	-	-	2,542
Payments to employees	(2,064)	(1,563)	(4)	(1)
Payments for benefits	(3,027)	(996)	-	-
Payments to suppliers	(8,418)	(1,128)	(595)	(110,847)
Net cash provided by (used in) operating activities	3,277	600	234	(255)
Cash flows from noncapital financing activities				
Long-term receivable	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Net cash provided by (used in) noncapital and related financing activities	-	-	-	-
Cash flows from capital and related financing activities				
Capital transfers from other funds	(3,630)	-	-	-
Advances from other funds	-	(288)	-	-
Acquisition of capital assets	-	(24)	-	-
Net cash provided by (used in) capital and related financing activities	(3,630)	(312)	-	-
Cash flows from investing activities				
Investment earnings (loss)	-	1	-	-
Net increase (decrease) in cash and cash equivalents	(353)	289	234	(255)
Cash and cash equivalents at October 1, 2011	3,681	1,232	466	6,623
Cash and cash equivalents at September 30, 2012	\$ 3,328	\$ 1,521	\$ 700	\$ 6,368
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 3,238	\$ (13)	\$ 236	\$ 1,352
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	738	52	-	-
(Increases) decreases in current assets:				
Due from other funds	-	(154)	-	-
Due from other governmental units	(37)	(14)	-	-
Other assets	137	-	-	-
Increases (decreases) in current liabilities:				
Accounts and contracts payable	(395)	3	2	(2,301)
Accrued wages	(24)	(9)	(4)	(1)
Accrued benefits	(3)	4	-	-
Other liabilities	1,184	497	-	695
Compensated absences payable	(90)	234	-	-
Deferred revenue	75	-	-	-
(Decrease) in noncurrent other liabilities	(1,546)	-	-	-
Net cash provided by (used in) operating activities	\$ 3,277	\$ 600	\$ 234	\$ (255)
Cash and cash equivalents at September 30, 2012 consists of the following:				
Equity in pooled cash and investments	\$ 3,327	\$ 1,520	\$ 700	\$ 6,368
Other cash and investments	1	1	-	-
Total cash and investments	\$ 3,328	\$ 1,521	\$ 700	\$ 6,368

Workers' Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
\$ 898.00	\$ 3,042	\$ -	\$ 16,161	\$ 150,212
-	-	-	-	(154)
-	-	-	-	2,542
(38)	-	-	(4,663)	(8,333)
(31)	-	-	(2,926)	(6,980)
(3,065)	(2,671)	-	(7,416)	(134,140)
(2,236)	371	-	1,156	3,147
-	-	-	796	796
-	-	30,444	-	30,444
-	-	30,444	796	31,240
-	-	-	2,727	(903)
-	-	-	-	(288)
-	-	-	-	(24)
-	-	-	2,727	(1,215)
-	-	-	(7)	(6)
(2,236)	371	30,444	4,672	33,166
11,462	199	(30,444)	(1,717)	(8,498)
\$ 9,226	\$ 570	\$ -	\$ 2,955	\$ 24,668
\$ (1,431)	\$ 1,834	\$ -	\$ 816	\$ 6,032
-	-	-	161	951
-	-	-	-	(154)
-	-	-	-	(51)
-	(1,117)	-	-	(980)
11	(205)	-	119	(2,766)
(1)	-	-	(1)	(40)
0	-	-	16	17
(815)	(141)	-	115	1,535
-	-	-	639	783
-	-	-	(709)	(634)
-	-	-	-	(1,546)
\$ (2,236)	\$ 371	\$ -	\$ 1,156	\$ 3,147
\$ 9,226	\$ 570	\$ -	\$ 2,954	\$ 24,665
-	-	-	1	3
\$ 9,226	\$ 570	\$ -	\$ 2,955	\$ 24,668



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2012**

### **FIDUCIARY FUNDS**

**FIDUCIARY FUNDS** ARE COMPRISED OF PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS AND AGENCY FUNDS. PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS ARE USED TO ACCOUNT FOR ASSETS HELD BY THE COUNTY IN A TRUSTEE CAPACITY. AGENCY FUNDS ARE USED TO ACCOUNT FOR ASSETS HELD BY THE COUNTY AS AN AGENT FOR INDIVIDUALS, PRIVATE ORGANIZATIONS, OTHER GOVERNMENTS AND/OR OTHER FUNDS.

#### **PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**

**EMPLOYEES** – This fund accounts for the monies accumulated under the employee defined benefit pension plan.

**CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM** – This fund accounts for monies accumulated under the Circuit Court Bailiffs' retirement system.

**DEFINED CONTRIBUTION PLAN** – This fund accounts for monies accumulated under the employee defined contribution retirement plan.

#### **AGENCY FUNDS**

**TRUST AND AGENCY** – This fund is used to account for miscellaneous trust and agency fund activity not specifically earmarked for another fund.

**UNDISTRIBUTED TAX** – This fund is used to account for current tax collections and their subsequent disbursement to other governmental units.

**LIBRARY PENAL FINES** – This fund is used to account for monies received by District Courts from court fines and disbursed to public libraries.

**OFFICE OF THE COUNTY CLERK** – This fund is used to account for monies received by the County Clerk including bonds and various fees. Disbursements include attorney fees, restitution payments, garnishments, and jury fees.

**RETAINAGES** – This fund is used to account for monies retained from contractors involved with County projects. Disbursements are made to the contractor upon successful completion of the project.

**IMPREST PAYROLL** – This fund is used to account for employee payroll withholdings and their subsequent disbursement.

**IMPREST RETIREMENT PAYROLL** – This fund is used to account for monthly benefit payments to retirees.

# CHARTER COUNTY OF WAYNE, MICHIGAN

## Combining Statement of Fiduciary Net Assets Pension Trust Funds As of September 30, 2012 (in thousands)

	Employees' Retirement System	Circuit Court Commissioners Bailiffs'	Defined Contribution Plan	Total
<b>Assets</b>				
Equity in pooled cash and investments	\$ 14,793	\$ 1	\$ 423	\$ 15,217
Receivables:				
Accounts receivable	2,441	81	-	2,522
Accrued interest receivable	1,215	1	-	1,216
Due from component units	1,970	-	11	1,981
Total receivables	<u>5,626</u>	<u>82</u>	<u>11</u>	<u>5,719</u>
Retirement investments:				
Equity securities	427,986	4,353	196,797	629,136
Debt securities	99,006	156	110,466	209,628
Money market funds	21,493	298	-	21,791
Other investments	162,224	109	27,026	189,359
Total retirement investments	<u>710,709</u>	<u>4,916</u>	<u>334,289</u>	<u>1,049,914</u>
Prepayments and deposits	<u>22</u>	<u>-</u>	<u>-</u>	<u>22</u>
Depreciable capital assets, net	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
<b>Total assets</b>	<u>731,160</u>	<u>4,999</u>	<u>334,723</u>	<u>1,070,882</u>
<b>Liabilities</b>				
Accounts and contracts payable	650	-	-	650
Accrued wages and benefits	66	-	-	66
Other liabilities	1,016	-	-	1,016
Due to broker for securities purchased	<u>1,343</u>	<u>-</u>	<u>-</u>	<u>1,343</u>
<b>Total liabilities</b>	<u>3,075</u>	<u>-</u>	<u>-</u>	<u>3,075</u>
<b>Net assets</b>				
Net assets held in trust for pension benefits	<u>\$ 728,085</u>	<u>\$ 4,999</u>	<u>\$ 334,723</u>	<u>\$ 1,067,807</u>

## CHARTER COUNTY OF WAYNE, MICHIGAN

### Combining Statement of Changes in Fiduciary Net Assets Pension Trust Funds For the Year Ended September 30, 2012 (in thousands)

	Employees' Retirement System	Circuit Court Commissioners Bailliffs'	Defined Contribution Plan	Total
<b>Additions</b>				
Investment income:				
Net appreciation in fair market value	\$ 78,452	\$ 946	\$ 38,124	\$ 117,522
Interest and dividends	20,184	47	5,163	25,394
Other investment income	2,349	-	411	2,760
Investment expenses	(3,091)	(45)	-	(3,136)
Net investment income	97,894	948	43,698	142,540
Retirement contributions:				
Employer	47,676	37	16,228	63,941
Employee	24,308	16	5,509	29,833
<b>Total additions</b>	<b>169,878</b>	<b>1,001</b>	<b>65,435</b>	<b>236,314</b>
<b>Deductions</b>				
Administrative expenses:				
Personnel	1,114	-	-	1,114
Fringe benefits	783	-	-	783
Pension	206	-	-	206
Materials and supplies	84	-	-	84
Contractual services	581	-	427	1,008
Travel	56	-	-	56
Rentals	189	-	-	189
Depreciation and amortization	5	-	-	5
Other charges	26	-	-	26
Total administrative expenses	3,044	-	427	3,471
Participant benefits	134,184	164	35,950	170,298
<b>Total deductions</b>	<b>137,228</b>	<b>164</b>	<b>36,377</b>	<b>173,769</b>
Change in net assets	32,650	837	29,058	62,545
Net assets at October 1, 2011	695,435	4,162	305,665	1,005,262
<b>Net assets at September 30, 2012</b>	<b>\$ 728,085</b>	<b>\$ 4,999</b>	<b>\$ 334,723</b>	<b>\$ 1,067,807</b>

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Fiduciary Net Assets  
 Agency Funds  
 As of September 30, 2012  
 (in thousands)

	Trust and Agency	Undistrib- uted Tax	Library Penal Fines	Office of the County Clerk	Retain- ages	Imprest Payroll	Imprest Retirement Payroll	Total Agency Funds
<b>Assets</b>								
Equity in pooled cash and investments	\$ 18,296	\$ 90,397	\$ 431	\$ 10,760	\$ 1,123	\$ 1,493	\$ 4,443	\$ 126,943
Other cash and investments	689	-	-	-	755	-	-	1,444
Due from other funds	-	-	-	-	-	30	-	30
Accounts receivable	-	-	-	1	-	-	-	1
<b>Total assets</b>	<b>\$ 18,985</b>	<b>\$ 90,397</b>	<b>\$ 431</b>	<b>\$ 10,761</b>	<b>\$ 1,878</b>	<b>\$ 1,523</b>	<b>\$ 4,443</b>	<b>\$ 128,418</b>
<b>Liabilities</b>								
Accounts and contracts payable	\$ 6,467	\$ 3,701	\$ -	\$ 439	\$ 9	\$ -	\$ 15	\$ 10,631
Due to other funds	-	-	-	-	-	-	-	-
Due to other governmental units	98	-	-	-	-	1,160	1,541	2,799
Accrued wages and benefits	-	-	-	-	-	259	2,888	3,147
Undistributed taxes	-	86,696	-	-	-	-	-	86,696
Retainage	-	-	-	-	1,869	-	-	1,869
Other liabilities	12,420	-	431	10,322	-	104	(1)	23,276
<b>Total liabilities</b>	<b>\$ 18,985</b>	<b>\$ 90,397</b>	<b>\$ 431</b>	<b>\$ 10,761</b>	<b>\$ 1,878</b>	<b>\$ 1,523</b>	<b>\$ 4,443</b>	<b>\$ 128,418</b>

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended September 30, 2012  
 (in thousands)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>Trust and agency</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 2,230	\$ 1,642,658	\$ 1,626,592	\$ 18,296
Other cash and investments	897	689	897	689
Receivables:				
Accounts	7,682	4,174,076	4,181,758	-
Due from other funds	-	2,136,667	2,136,667	-
Due from component units	-	-	-	-
<b>Total assets</b>	<b>\$ 10,809</b>	<b>\$ 7,954,090</b>	<b>\$ 7,945,914</b>	<b>\$ 18,985</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 62	\$ 31,300	\$ 24,895	\$ 6,467
Due to other funds	-	14,531	14,531	-
Due to component units	-	-	-	-
Due to other governmental units	80	20,374	20,356	98
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	10,667	17,144	15,391	12,420
<b>Total liabilities</b>	<b>\$ 10,809</b>	<b>\$ 83,349</b>	<b>\$ 75,173</b>	<b>\$ 18,985</b>
<b>Undistributed tax</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 135,426	\$ 1,231,818	\$ 1,276,847	\$ 90,397
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	712,406	712,406	-
Due from other funds	-	718,601	718,601	-
Due from component units	-	-	-	-
<b>Total assets</b>	<b>\$ 135,426</b>	<b>\$ 2,662,825</b>	<b>\$ 2,707,854</b>	<b>\$ 90,397</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 1,488	\$ 285,484	\$ 283,271	\$ 3,701
Due to other funds	-	-	-	-
Due to component units	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	133,938	994,022	1,041,264	86,696
Retainage	-	-	-	-
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>\$ 135,426</b>	<b>\$ 1,279,506</b>	<b>\$ 1,324,535</b>	<b>\$ 90,397</b>

continued...

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended September 30, 2012  
 (in thousands)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>Library penal fines</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 493	\$ 1,433	\$ 1,495	\$ 431
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
<b>Total assets</b>	<b>\$ 493</b>	<b>\$ 1,433</b>	<b>\$ 1,495</b>	<b>\$ 431</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to component units	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	493	2,849	2,911	431
<b>Total liabilities</b>	<b>\$ 493</b>	<b>\$ 2,849</b>	<b>\$ 2,911</b>	<b>\$ 431</b>
<b>Office of the county clerk</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 10,556	\$ 34,224	\$ 34,020	\$ 10,760
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	9,279	9,278	1
Due from other funds	-	17,392	17,392	-
Due from component units	-	-	-	-
<b>Total assets</b>	<b>\$ 10,556</b>	<b>\$ 60,895</b>	<b>\$ 60,690</b>	<b>\$ 10,761</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 86	\$ 10,980	\$ 10,627	\$ 439
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	10,470	24,883	25,031	10,322
<b>Total liabilities</b>	<b>\$ 10,556</b>	<b>\$ 35,863</b>	<b>\$ 35,658</b>	<b>\$ 10,761</b>

continued...

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended September 30, 2012  
 (in thousands)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>Retainages</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 2,109	\$ 192	\$ 1,179	\$ 1,123
Other cash and investments	616	550	411	755
Receivables:				
Accounts	-	840	840	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
<b>Total assets</b>	<b>\$ 2,725</b>	<b>\$ 1,582</b>	<b>\$ 2,430</b>	<b>\$ 1,878</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 9	\$ 522	\$ 522	\$ 9
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	2,716	1,279	2,126	1,869
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>\$ 2,725</b>	<b>\$ 1,801</b>	<b>\$ 2,648</b>	<b>\$ 1,878</b>
<b>Imprest payroll</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 1,511	\$ 278,514	\$ 278,532	\$ 1,493
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	269,063	269,033	30
Due from component units	-	-	-	-
<b>Total assets</b>	<b>\$ 1,511</b>	<b>\$ 547,577</b>	<b>\$ 547,565</b>	<b>\$ 1,523</b>
<b>Liabilities</b>				
Accounts and contracts payable	-	18,606	18,606	-
Due to other funds	-	17,674	17,674	-
Due to component unit	-	-	-	-
Due to other governmental units	1,147	59,089	59,076	1,160
Accrued wages and benefits	343	449,246	449,330	259
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	21	18,064	17,981	104
<b>Total liabilities</b>	<b>\$ 1,511</b>	<b>\$ 562,679</b>	<b>\$ 562,667</b>	<b>\$ 1,523</b>

continued...

**CHARTER COUNTY OF WAYNE, MICHIGAN**

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended September 30, 2012  
(in thousands)

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
<b>Imprest retirement payroll</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 4,379	\$ 233,498	\$ 233,434	\$ 4,443
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	158	158	-
Due from component units	-	-	-	-
<b>Total assets</b>	<b>\$ 4,379</b>	<b>\$ 233,656</b>	<b>\$ 233,592</b>	<b>\$ 4,443</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 1,295	\$ 17,028	\$ 18,308	\$ 15
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Due to other governmental units	9	18,376	16,844	1,541
Accrued wages and benefits	3,070	349,349	349,531	2,888
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	5	2,092	2,098	(1)
<b>Total liabilities</b>	<b>\$ 4,379</b>	<b>\$ 386,845</b>	<b>\$ 386,781</b>	<b>\$ 4,443</b>
<b>Totals - all agency funds</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 156,704	\$ 3,422,337	\$ 3,452,099	\$ 126,943
Other cash and investments	1,513	1,239	1,308	1,444
Receivables:				
Accounts	7,682	4,896,601	4,904,282	1
Due from other funds	-	3,141,881	3,141,851	30
<b>Total assets</b>	<b>\$ 165,899</b>	<b>\$ 11,462,058</b>	<b>\$ 11,499,540</b>	<b>\$ 128,418</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 2,940	\$ 363,920	\$ 356,229	\$ 10,631
Due to other funds	-	32,205	32,205	-
Due to other governmental units	1,236	97,839	96,276	2,799
Accrued wages and benefits	3,413	798,595	798,861	3,147
Undistributed taxes	133,938	994,022	1,041,264	86,696
Retainage	2,716	1,279	2,126	1,869
Other liabilities	21,656	65,032	63,412	23,276
<b>Total liabilities</b>	<b>\$ 165,899</b>	<b>\$ 2,352,892</b>	<b>\$ 2,390,373</b>	<b>\$ 128,418</b>

concluded.



## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2012

### NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

**DISCRETELY PRESENTED COMPONENT UNITS** ARE ENTITIES THAT ARE LEGALLY SEPARATE FROM THE COUNTY BUT FOR WHICH THE COUNTY IS FINANCIALLY ACCOUNTABLE, OR THEIR RELATIONSHIPS WITH THE COUNTY ARE SUCH THAT EXCLUSION WOULD CAUSE THE COUNTY'S FINANCIAL STATEMENTS TO BE MISLEADING OR INCOMPLETE. DISCRETELY PRESENTED COMPONENT UNITS ARE REPORTED IN A SEPARATE COLUMN TO EMPHASIZE THAT THEY ARE LEGALLY SEPARATE FROM THE COUNTY.

**DRAINAGE DISTRICTS (CHAPTER 8, 20 AND 21)** – Each of the drainage districts is a separate legal entity, with the power to contract, to sue and to be sued, and to hold, manage, and dispose of real and personal property. Drainage districts are established to provide for the construction, maintenance and funding of drains, sewers and equipment used in water management and flood control. Drainage districts are governed by Act No. 40 of the Public Acts of 1956. The full faith and credit of the County is generally given for the long-term debt of the drainage districts.

**PROBATE COURT** presides over matters related to the settlement of estates and trusts; appoints guardians and conservators for minors and other legally incapacitated persons, and has jurisdiction over numerous other matters, such as mental illness, communicable diseases, substance abuse and certain child custody issues.

**ECONOMIC DEVELOPMENT CORPORATION OF WAYNE COUNTY (EDC)** – This separate legal entity was established pursuant to Michigan Public Act 338 of 1974. Its 11-member board is appointed by the Wayne County Executive. The EDC acts on behalf of and at the direction of Wayne County. Services include financial packaging, site location services, and low-cost financing to businesses locating or expanding in the County. The EDC's primary fiscal activity is to provide administration of federal grants on behalf and for the benefit of Wayne County.

**WAYNE COUNTY-DETROIT CDE, INC. (CDE)** – The CDE is an IRS Section 501(c) (3) Michigan corporation and a qualified community development entity that was granted new market tax credits (NTMC) allocation authority from the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund). CDE, Inc. must comply with various rules and regulations of the CDFI Fund and Section 45D of the IRS Code, and must ensure that the NTMC's are used for investment in low-income communities in Wayne County. The County Executive has appointed six of the eleven board members.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**NON-MAJOR DISCRETELY  
PRESENTED COMPONENT UNITS  
(CONTINUED)**

**DISCRETELY PRESENTED COMPONENT UNITS** ARE ENTITIES THAT ARE LEGALLY SEPARATE FROM THE COUNTY BUT FOR WHICH THE COUNTY IS FINANCIALLY ACCOUNTABLE, OR THEIR RELATIONSHIPS WITH THE COUNTY ARE SUCH THAT EXCLUSION WOULD CAUSE THE COUNTY'S FINANCIAL STATEMENTS TO BE MISLEADING OR INCOMPLETE. DISCRETELY PRESENTED COMPONENT UNITS ARE REPORTED IN A SEPARATE COLUMN TO EMPHASIZE THAT THEY ARE LEGALLY SEPARATE FROM THE COUNTY.

**GREATER WAYNE COUNTY ECONOMIC DEVELOPMENT CORPORATION (GWEDC)** – The GWEDC was created as a separate legal entity in November 2004 through an inter-local agreement between the EDC of Wayne County, the EDC of the City of Taylor and the EDC of the City of Detroit. The purpose of the GWEDC is to administer economic development programs and functions in Michigan, such as the One-Stop Center. The GWEDC is governed by an Executive Committee and a Board of Directors. The County Executive appoints the members of the Executive Committee and six of the ten board members. The entity is primarily funded by contributions from the County.

**BROWNFIELD REDEVELOPMENT AUTHORITY (BRA)** – The BRA was established by State enabling legislation. The BRA will assist the Wayne County Department of Public Services - Environment and the various Wayne County communities involved with the Urban Recovery Partnership to facilitate the redevelopment of unproductive, contaminated and/or blighted property by providing tax incentives.

**HEALTHCHOICE OF MICHIGAN (HEALTHCHOICE)** – HealthChoice was established under the Municipal Health Corporations Act of 1987 to manage a health care program benefiting employees of County businesses that are unable to provide health benefits to their employees. HealthChoice administers the program in conjunction with a non-profit corporation; a third-party administrator; and Patient Care Management System, a unit of the County. HealthChoice Board members are County elected or County appointed officials.

**WAYNE REGIONAL JOBS AND ECONOMIC GROWTH FOUNDATION (WRJEGF)** – The Foundation is an IRS Section 501(c)(3) Michigan organization formed to raise funds to support and encourage job and economic development opportunities, projects, and initiatives; and corporations, charities and other organizations that promote the growth of businesses in Wayne County.

**WAYNE COUNTY LAND BANK CORPORATION (LAND BANK)** – The Land Bank was established by State enabling legislation and was incorporated through an intergovernmental agreement between the Michigan Land Bank Fast Track Authority and the Wayne County Treasurer. Its purpose is to acquire, assemble, manage and/or dispose of real property, or rights and interests in real (such as tax reverted) property to develop/rehabilitate that property and promote economic growth; to quiet title to property; to issue bonds; and provide for financing acquisition, assembly, disposition and quieting of title to property.

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Net Assets  
 Nonmajor Discretely Presented Component Units  
 As of September 30, 2012  
 (in thousands)

	DWCSA	Chapter 8	Chapter 20	Chapter 21	Probate Court	EDC
<b>Assets</b>						
Equity in pooled cash and investments	\$ 227	\$ 2,226	\$ 8,569	\$ 38	\$ 1,759	\$ 197
Other cash and investments	2,718	-	-	-	-	4,869
Receivables:						
Due in one year	-	622	214	1,294	29	130
Due in more than year	-	4,717	3,431	-	-	-
Due from other funds	-	-	-	-	-	-
Due from primary government	58,815	-	-	-	-	-
Other assets	890	135	-	-	166	135
Restricted assets	-	-	-	-	-	-
Capital assets not being depreciated	-	-	11,056	-	-	-
Capital assets being depreciated, net	-	-	14,806	10,080	910	-
<b>Total assets</b>	<b>62,650</b>	<b>7,700</b>	<b>38,076</b>	<b>11,412</b>	<b>2,864</b>	<b>5,331</b>
<b>Liabilities</b>						
Accounts payable and accrued expenses	220	141	1,374	343	345	374
Accrued interest payable	79	73	16	3	-	-
Due to primary government	2	-	6	8	-	4,633
Unearned revenue	-	4,371	3,717	-	80	136
Long-term liabilities:						
Due in one year	115	427	198	44	183	-
Due in more than year	60,308	4,717	3,431	-	-	-
Other noncurrent liabilities - net pension and other postemployment benefits	-	-	162	113	3,216	-
<b>Total liabilities</b>	<b>60,724</b>	<b>9,729</b>	<b>8,904</b>	<b>511</b>	<b>3,824</b>	<b>5,143</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	-	-	22,252	10,080	910	-
Restricted for:						
Bond programs	1,341	-	-	-	-	-
Capital projects	585	-	-	-	-	-
Unrestricted	-	(2,029)	6,920	821	(1,870)	188
<b>Total net assets</b>	<b>\$ 1,926</b>	<b>\$ (2,029)</b>	<b>\$ 29,172</b>	<b>\$ 10,901</b>	<b>\$ (960)</b>	<b>\$ 188</b>

CDE	GWEDC	BRA	Health Choice	RJEGF	Land Bank	Total
\$ -	\$ 574	\$ 109	\$ -	\$ -	\$ 1,027	\$ 14,726
1,659	132	-	5,664	19	6	15,067
295	-	257	6,193	4	386	9,424
-	-	-	-	-	-	8,148
-	-	-	-	-	-	-
-	-	-	-	-	279	59,094
-	6	-	3	3	49	1,387
-	-	-	-	-	-	-
-	-	-	191	-	-	11,247
-	-	-	8	-	3	25,807
1,954	712	366	12,059	26	1,750	144,900
42	36	151	4,005	31	971	8,033
-	-	-	-	-	-	171
-	-	-	-	-	-	4,649
-	-	214	2,210	-	-	10,728
-	-	-	-	-	99	1,066
-	-	-	-	-	-	68,456
-	-	-	-	-	503	3,994
42	36	365	6,215	31	1,573	97,097
-	-	-	199	-	3	33,444
-	-	-	-	-	-	1,341
-	-	-	-	-	-	585
1,912	676	1	5,645	(5)	174	12,433
\$ 1,912	\$ 676	\$ 1	\$ 5,844	\$ (5)	\$ 177	\$ 47,803

CHARTER COUNTY OF WAYNE, MICHIGAN

Combining Statement of Activities  
 Nonmajor Discretely Presented Component Units  
 For the Year Ended September 30, 2012  
 (in thousands)

	DWCSA	Chapter 8	Chapter 20	Chapter 21	Probate Court	EDC
Expenses	\$ 13,019	\$ 4,065	\$ 3,017	\$ 3,743	\$ 9,951	\$ 430
Program revenues						
Charges for services	7,241	928	2,207	2,407	841	401
Operating grants and contributions	-	163	1,524	49	8,704	-
Total program revenues	7,241	1,091	3,731	2,456	9,545	401
Net (expense) / program revenue	(5,778)	(2,974)	714	(1,287)	(406)	(29)
General revenues						
Investment earnings (loss)	-	4	9	2	-	-
Other revenue	-	-	246	-	10	21
Total general revenues	-	4	255	2	10	21
Change in net assets	(5,778)	(2,970)	969	(1,285)	(396)	(8)
Net assets at October 1, 2011	7,704	941	28,203	12,186	(564)	196
Net assets at September 30, 2012	\$ 1,926	\$ (2,029)	\$ 29,172	\$ 10,901	\$ (960)	\$ 188

CDE	GWEDC	BRA	Health Choice	RJEGF	Land Bank	Total
\$ 166	\$ 66	\$ 1,131	\$ 23,269	\$ 771	\$ 2,193	\$ 61,821
-	-	-	25,456	-	327	39,808
-	-	1,157	-	812	1,951	14,360
-	-	1,157	25,456	812	2,278	54,168
(166)	(66)	26	2,187	41	85	(7,653)
-	1	-	-	-	1	17
1,684	525	-	-	1	-	2,487
1,684	526	-	-	1	1	2,504
1,518	460	26	2,187	42	86	(5,149)
394	216	(25)	3,657	(47)	91	52,952
\$ 1,912	\$ 676	\$ 1	\$ 5,844	\$ (5)	\$ 177	\$ 47,803



# COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2012

## STATISTICAL

THIS PART OF THE 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 COUNTY'S OVERALL FINANCIAL HEALTH.

### CONTENTS

#### FINANCIAL TRENDS

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

#### REVENUE CAPACITY

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

#### DEBT CAPACITY

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt, and the County's ability to issue additional debt in the future.

#### DEMOGRAPHIC AND ECONOMIC INFORMATION

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

#### OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2012

## FINANCIAL TRENDS

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 1

Net Assets by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)  
(in thousands)

	Fiscal Year					Fiscal Year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 908,967	\$ 929,079	\$ 950,521	\$ 974,539	\$ 982,356	\$ 1,039,751	\$ 1,073,350	\$ 1,120,350	\$ 1,197,506	\$ 1,121,201
Restricted	243,298	331,022	257,459	192,002	193,203	125,823	86,318	78,499	89,283	116,567
Unrestricted	(223,423)	(278,629)	(149,046)	(99,313)	(14,199)	82,709	66,706	31,745	(100,261)	14,882
<b>Total governmental activities net assets</b>	<b>\$ 928,842</b>	<b>\$ 981,472</b>	<b>\$ 1,058,934</b>	<b>\$ 1,067,228</b>	<b>\$ 1,161,360</b>	<b>\$ 1,248,283</b>	<b>\$ 1,226,374</b>	<b>\$ 1,230,594</b>	<b>\$ 1,186,528</b>	<b>\$ 1,252,650</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 172,080	\$ 168,370	\$ 167,770	\$ 159,735	\$ 159,655	\$ 160,424	\$ 180,638	\$ 215,294	\$ 213,588	\$ 210,961
Restricted	137,351	152,559	172,408	185,445	200,105	211,789	188,935	27,757	8,860	5,598
Unrestricted	\$ 14,956	11,036	6,509	7,274	15,761	22,295	22,332	226,294	263,049	284,801
<b>Total business-type activities net assets</b>	<b>\$ 324,387</b>	<b>\$ 331,965</b>	<b>\$ 346,687</b>	<b>\$ 352,454</b>	<b>\$ 375,521</b>	<b>\$ 394,508</b>	<b>\$ 391,905</b>	<b>\$ 469,345</b>	<b>\$ 485,497</b>	<b>\$ 501,360</b>
<b>Primary government:</b>										
Invested in capital assets, net of related debt	\$ 1,081,047	\$ 1,097,449	\$ 1,118,291	\$ 1,134,274	\$ 1,142,011	\$ 1,200,175	\$ 1,253,988	\$ 1,335,644	\$ 1,411,094	\$ 1,332,162
Restricted	380,649	483,581	429,867	377,447	393,308	337,612	275,253	106,256	98,143	122,165
Unrestricted	(208,467)	(267,593)	(142,537)	(92,039)	1,562	105,004	89,038	258,039	162,788	299,683
<b>Total primary government net assets</b>	<b>\$ 1,253,229</b>	<b>\$ 1,313,437</b>	<b>\$ 1,405,621</b>	<b>\$ 1,419,682</b>	<b>\$ 1,536,881</b>	<b>\$ 1,642,791</b>	<b>\$ 1,618,279</b>	<b>\$ 1,699,939</b>	<b>\$ 1,672,025</b>	<b>\$ 1,754,010</b>

Source: Statement of Net Assets

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 2

Changes in Net Assets  
Last ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)  
(in thousands)

	Fiscal Year					Fiscal Year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Primary Government Expenses</b>										
Governmental activities:										
Legislative	\$ 8,627	\$ 9,707	\$ 9,736	\$ 10,697	\$ 11,873	\$ 9,871	\$ 8,972	\$ 9,189	\$ 10,177	\$ 11,412
Judicial	120,446	123,555	126,507	109,282	119,539	98,345	96,897	97,825	96,132	95,642
General government	161,836	168,753	133,484	150,409	131,833	174,234	151,149	145,811	153,569	138,171
Public safety	167,463	171,762	165,646	165,074	177,999	177,762	166,593	155,603	155,073	143,033
Public works	5,830	5,896	6,021	7,353	7,290	7,510	6,992	7,214	1,405	1,361
Highways, streets and bridges	109,914	115,882	129,005	136,775	142,452	140,230	164,345	153,093	155,502	136,368
Health and welfare	939,228	930,262	944,892	935,874	979,211	950,270	944,029	901,419	898,802	810,848
Recreation and cultural	19,631	21,198	23,005	27,006	30,925	27,310	32,173	29,385	21,382	25,316
Community and economic development	27,899	25,578	27,105	20,338	20,780	17,763	17,966	-	-	-
Non-departmental *	-	-	-	-	-	-	16,057	26,348	68,457	16,194
Interest on long-term debt	46,268	40,864	21,610	17,880	21,111	18,465	27,412	24,700	21,852	18,524
<b>Total governmental activities, net expenses</b>	<b>\$ 1,607,142</b>	<b>1,613,457</b>	<b>1,587,011</b>	<b>1,580,688</b>	<b>1,643,013</b>	<b>1,621,760</b>	<b>1,632,585</b>	<b>1,550,587</b>	<b>1,582,351</b>	<b>1,396,869</b>
Business-type activities:										
Sewage Disposal Systems	108,973	106,191	93,217	100,010	96,723	92,064	157,499	93,033	94,529	88,812
Jail Commissary	2,783	2,510	2,224	2,230	2,545	2,149	1,648	1,187	1,617	1,519
Parking Lots	13	15	71	143	143	107	114	204	219	204
Wetlands Mitigati	-	-	-	3	-	1	1	5	3	18
Copy Center	-	(20)	660	762	722	320	23	-	-	-
<b>Total business-type activities expenses</b>	<b>111,769</b>	<b>108,696</b>	<b>96,172</b>	<b>103,148</b>	<b>100,133</b>	<b>94,641</b>	<b>159,285</b>	<b>94,429</b>	<b>96,368</b>	<b>90,553</b>
<b>Total primary government expenses</b>	<b>\$ 1,718,911</b>	<b>\$ 1,722,153</b>	<b>\$ 1,683,183</b>	<b>\$ 1,683,836</b>	<b>\$ 1,743,146</b>	<b>\$ 1,716,401</b>	<b>\$ 1,791,870</b>	<b>\$ 1,645,016</b>	<b>\$ 1,678,719</b>	<b>\$ 1,487,422</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Legislative	2,149	\$ 2,243	\$ 2,251	\$ 2,232	\$ 1,612	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial	20,825	20,350	19,250	20,028	19,460	22	2	-	-	-
General government	100,891	128,693	93,650	88,063	78,978	82,763	111,035	110,026	98,695	53,754
Public safety	39,633	36,136	34,554	38,496	42,122	30,437	26,020	27,283	21,876	31,025
Public works	5,256	5,190	5,234	6,240	6,324	6,609	5,973	6,030	166	150
Highways, streets and bridges	2,605	5,278	900	1,859	10,966	8,078	6,649	6,441	2,516	14,058
Health and welfare	34,315	33,781	33,543	15,179	14,555	14,518	24,881	30,723	28,000	36,017
Recreation and cultural	1,638	2,672	1,344	3,397	2,605	2,631	5,713	3,681	5,025	3,604
Community and economic development	312	465	582	607	862	758	1,321	-	-	-
Non-departmental *	-	-	-	-	-	-	-	1,367	3,016	7,831
Operating grants and contributions	925,077	934,242	926,294	873,408	880,502	869,537	878,985	872,743	866,483	788,897
Capital grants and contributions	14,499	20,935	20,762	17,232	24,411	15,347	12,681	10,281	18,963	8,278
<b>Total governmental activities program revenues</b>	<b>\$ 1,147,200</b>	<b>\$ 1,189,985</b>	<b>\$ 1,138,364</b>	<b>\$ 1,066,741</b>	<b>\$ 1,082,397</b>	<b>\$ 1,030,700</b>	<b>\$ 1,073,260</b>	<b>\$ 1,068,575</b>	<b>\$ 1,044,740</b>	<b>\$ 943,614</b>

\* - The non-departmental function has been reclassified to more specific line items.

Source: Statement of Activities

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 2

Changes in Net Assets (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

(in thousands)

	Fiscal Year					Fiscal Year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-type activities:										
Charges for services:										
Sewage Disposal Systems	\$ 96,218	\$ 85,276	\$ 74,171	\$ 70,745	\$ 70,645	\$ 68,162	\$ 67,553	\$ 68,001	\$ 68,028	\$ 65,806
Jail Commissary	3,007	2,806	2,392	1,641	2,745	2,405	1,314	1,314	1,218	1,387
Parking Lots	66	25	64	143	142	226	197	174	314	483
Wetlands Mitigatic	-	-	-	-	-	-	-	-	3	7
Copy Center	-	1	219	226	540	329	247	-	-	-
Operating grants and contributions	4,507	5,330	13,154	6,569	5,486	6,161	7,071	7,121	9,287	4,415
Capital grants and contributions	-	-	-	58	640	17,467	3,317	335	1,508	1,890
Total business-type activities program revenues	103,798	93,438	90,000	79,382	80,198	94,750	79,699	76,945	80,358	73,988
Total primary government revenues	\$ 1,250,998	\$ 1,283,423	\$ 1,228,364	\$ 1,146,123	\$ 1,162,595	\$ 1,125,450	\$ 1,152,959	\$ 1,145,520	\$ 1,125,098	\$ 1,017,602
Net revenue (expense)										
Governmental activities	\$ (459,942)	(423,472)	(448,647)	(513,947)	(591,060)	(559,325)	(482,012)	(537,611)	(453,255)	(453,255)
Business-type activities	(7,971)	(15,258)	(6,172)	(20,751)	(14,443)	(64,535)	(14,730)	(19,423)	(10,195)	(16,565)
Total primary government net revenue (expense)	\$ (467,913)	\$ (438,730)	\$ (454,819)	\$ (534,698)	\$ (605,503)	\$ (623,860)	\$ (496,742)	\$ (557,034)	\$ (463,450)	\$ (469,820)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes	\$ 296,441	\$ 323,986	\$ 349,385	\$ 381,351	\$ 401,764	\$ 485,554	\$ 484,636	\$ 465,466	\$ 382,482	\$ 378,551
Investment earnings	27,670	21,175	20,875	21,525	28,390	37,697	33,317	29,597	21,817	28,435
State sales tax	42,877	55,052	43,966	5,455	21,701	21,985	-	-	31,687	36,295
Airport parking tax:	13,085	9,203	9,333	12,553	15,276	13,866	12,696	10,170	7,228	6,690
Other revenue	19,989	13,036	9,969	12,378	25,517	47,658	24,456	20,845	28,319	6,817
Excise	7,449	7,112	6,522	6,454	8,408	7,403	-	-	-	-
Contributed assets	-	-	-	-	(27,004)	-	-	-	-	-
Gain on reduction in note payable	-	-	-	52,716	-	-	-	-	-	-
Transfers	(199)	-	(100)	(87)	(359)	(1,195)	-	-	(45)	(111)
Chargeback recovery	-	5,387	-	-	-	-	-	-	-	-
Special item	-	(65,326)	-	-	-	-	-	-	-	-
Total governmental activities	407,312	369,625	439,950	492,345	473,693	612,968	555,105	526,078	471,488	456,677
Business-type activities:										
Investment earnings	195	428	305	612	661	2,417	2,148	1,156	102	499
Other revenue	-	-	-	-	-	-	-	175	-	-
Transfers of capital assets	(1)	-	-	-	-	(1,118)	-	-	-	-
Contributed assets	-	-	-	-	(71)	-	-	-	-	-
Transfers in (out)	199	-	100	87	359	1,195	-	-	45	111
Chargeback recovery	-	108	-	-	-	-	-	-	-	-
Total business-type activities	393	536	405	699	949	2,494	2,148	1,331	147	610
Total primary government	\$ 407,705	\$ 370,161	\$ 440,355	\$ 493,044	\$ 474,642	\$ 615,462	\$ 557,253	\$ 527,409	\$ 471,635	\$ 457,287
Change in Net Assets										
Governmental activities	\$ (52,630)	\$ (53,847)	\$ (8,697)	\$ (21,602)	\$ (117,367)	\$ 53,643	\$ 73,093	\$ (11,533)	\$ 18,233	\$ 3,422
Business-type activities	(7,578)	(14,722)	(5,767)	(20,052)	(13,494)	(62,041)	(12,582)	(18,092)	(10,048)	(15,955)
Total primary government	\$ (60,208)	\$ (68,569)	\$ (14,464)	\$ (41,654)	\$ (130,861)	\$ (8,398)	\$ 60,511	\$ (29,625)	\$ 8,185	\$ (12,533)

Source: Statement of Activities

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 3

Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(Unaudited)  
(in thousands)

	Fiscal Year					Fiscal Year				
	2012	2011 (a)	2010	2009	2008	2007	2006	2005	2004	2003
<b>General fund</b>										
Reserved	\$ -	\$ -	\$ 89,513	\$ 75,813	\$ 36,106	\$ 4,230	\$ 7,857	\$ 5,558	\$ 2,034	\$ 16,243
Nonspendable	1,732	33,184	-	-	-	-	-	-	-	-
Restricted	9,160	9,888	-	-	-	-	-	-	-	-
Committed	3,000	3,000	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(148,925)	(127,953)	-	-	-	-	-	-	-	-
Unreserved	-	-	(116,029)	(68,949)	(10,606)	21,148	15,842	18,079	17,066	14,517
<b>Total general fund</b>	<b>\$ (135,033)</b>	<b>\$ (81,881)</b>	<b>\$ (26,516)</b>	<b>\$ 6,864</b>	<b>\$ 25,500</b>	<b>\$ 25,378</b>	<b>\$ 23,699</b>	<b>\$ 23,637</b>	<b>\$ 19,100</b>	<b>\$ 30,760</b>
<b>All other governmental funds</b>										
Reserved	\$ -	\$ -	\$ 93,540	\$ 72,964	\$ 109,062	\$ 121,622	\$ 116,089	\$ 53,910	\$ 50,624	\$ 71,896
Nonspendable	34,883	33,045	-	-	-	-	-	-	-	-
Restricted	220,292	294,318	-	-	-	-	-	-	-	-
Committed	-	6,232	-	-	-	-	-	-	-	-
Assigned	51,010	21,062	-	-	-	-	-	-	-	-
Unassigned	(16,616)	(18,722)	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	14,000	(289)	(6,507)	33,025	22,448	81,510	49,648	33,272
<b>Total all other governmental funds</b>	<b>\$ 289,569</b>	<b>\$ 335,935</b>	<b>\$ 107,540</b>	<b>\$ 72,675</b>	<b>\$ 102,555</b>	<b>\$ 154,647</b>	<b>\$ 138,537</b>	<b>\$ 135,420</b>	<b>\$ 100,272</b>	<b>\$ 105,168</b>

(a) - In fiscal year 2011, the County adopted GASB 54 which changed the fund balance classification. Prior balances have not been restated to reflect GASB 54.

Source: Balance Sheet - Governmental Funds

See accompanying accountant's report.

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Changes in Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(Unaudited)**  
**(in thousands)**

Table 4

	Fiscal Year					
	2012	2011	2010	2009	2008	2007
<b>Revenues</b>						
Taxes	\$ 351,205	\$ 380,326	\$ 403,582	\$ 395,446	\$ 432,714	\$ 498,060
Licenses and permits	657	602	587	480	274	431
Federal grants	85,549	107,288	90,395	72,988	81,062	72,779
State grants and contracts	817,220	822,212	819,310	792,731	793,348	795,048
Local grants and contracts	21,422	16,336	14,634	15,141	17,306	19,008
Charges for services	164,108	155,087	115,724	94,594	100,410	98,636
Investment earnings	27,079	20,540	19,754	19,873	25,285	33,371
Other	18,923	8,665	8,870	24,333	24,917	32,382
<b>Total revenues</b>	<u>1,486,163</u>	<u>1,511,056</u>	<u>1,472,856</u>	<u>1,415,586</u>	<u>1,475,316</u>	<u>1,549,715</u>
<b>Expenditures</b>						
Legislative	8,792	8,805	8,865	10,697	11,629	11,807
Judicial	99,522	102,776	107,464	89,615	100,370	98,130
General government	132,803	137,061	114,967	127,117	124,885	134,865
Public safety	158,761	142,316	145,476	156,011	167,469	161,972
Public works	660	708	786	1,217	1,098	1,051
Highways, streets and bridges	68,575	64,029	73,583	83,631	89,833	87,022
Health and welfare	944,966	937,002	946,259	938,830	985,003	955,338
Recreation and cultural	25,994	22,336	23,907	28,268	29,821	20,921
Non-departmental *	-	-	-	-	-	-
Community and economic development	29,354	3,384	5,856	5,407	12,802	1,800
Capital outlay	67,091	44,233	54,267	23,553	47,688	12,954
Debt service:	-	-	-	-	-	-
Principal	24,770	21,305	19,208	20,519	27,756	20,293
Interest	28,058	21,564	13,365	8,568	9,671	17,912
Other	-	959	494	915	2,159	578
<b>Total expenditures</b>	<u>1,589,346</u>	<u>1,506,478</u>	<u>1,514,497</u>	<u>1,494,348</u>	<u>1,610,184</u>	<u>1,524,643</u>
<b>Revenues over (under) expenditures</b>	<u>(103,183)</u>	<u>8,103</u>	<u>(41,641)</u>	<u>(78,762)</u>	<u>(134,868)</u>	<u>25,072</u>
<b>Other financing sources (uses)</b>						
Transfers in	150,718	145,088	141,747	209,589	249,506	318,947
Transfers out	(132,779)	(130,428)	(138,747)	(211,838)	(231,988)	(304,769)
Chargeback recovery	-	4,783	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(90,278)
Bond issuance	16,036	210,026	39,840	31,944	64,045	66,395
Bond premium	55	-	46	462	1,158	1,583
Bond discount	-	-	(187)	-	-	-
Proceeds from sale of capital assets	80	2,132	25	89	176	839
Other financing sources	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>34,110</u>	<u>231,601</u>	<u>42,724</u>	<u>30,246</u>	<u>82,897</u>	<u>(7,283)</u>
<b>Net change before special item</b>	<u>(69,073)</u>	<u>239,704</u>	<u>1,083</u>	<u>(48,516)</u>	<u>(51,971)</u>	<u>17,789</u>
<b>Special item</b>	<u>(30,444)</u>	<u>(43,057)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (99,517)</u>	<u>\$ 196,647</u>	<u>\$ 1,083</u>	<u>\$ (48,516)</u>	<u>\$ (51,971)</u>	<u>\$ 17,789</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>3.5%</u>	<u>2.9%</u>	<u>2.2%</u>	<u>2.0%</u>	<u>2.4%</u>	<u>2.5%</u>

\* - The non-departmental function has been reclassified to more specific line items.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN  
 Changes in Fund Balance, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (Unaudited)  
 (in thousands)

Table 4

		Fiscal Year					
		2006	2005	2004	2003		
\$	472,551	\$	444,819	\$	366,881	\$	349,422
	295		362		257		244
	74,348		86,857		73,030		66,666
	772,603		762,754		809,759		751,244
	23,279		25,186		21,601		23,132
	115,191		133,187		118,980		123,714
	29,924		27,193		19,819		23,309
	22,402		17,909		17,784		22,274
	<u>1,510,593</u>		<u>1,498,267</u>		<u>1,428,111</u>		<u>1,360,005</u>
	10,992		11,024		11,370		11,399
	96,628		97,596		94,200		93,707
	124,876		109,079		117,704		109,917
	151,343		150,354		149,489		137,391
	1,164		1,318		1,405		1,362
	94,821		102,428		106,791		86,605
	948,725		901,866		895,239		810,142
	25,100		28,149		21,938		23,916
	17,666		26,348		21,665		23,259
	-		-		-		-
	11,846		13,412		16,150		44,849
	19,959		19,949		19,290		18,274
	18,305		18,568		18,530		18,338
	9		17		69		16
	<u>1,521,434</u>		<u>1,480,108</u>		<u>1,473,840</u>		<u>1,379,175</u>
	<u>(10,841)</u>		<u>18,159</u>		<u>(45,729)</u>		<u>(19,170)</u>
	295,941		329,148		176,072		149,135
	(282,441)		(308,148)		(147,980)		(135,141)
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	520		526		1,081		13,740
	-		-		-		-
	<u>14,020</u>		<u>21,526</u>		<u>29,173</u>		<u>27,734</u>
	3,179		39,685		(16,556)		8,564
	-		-		-		-
\$	<u>3,179</u>	\$	<u>39,685</u>	\$	<u>(16,556)</u>	\$	<u>8,564</u>
	<u>2.5%</u>		<u>2.6%</u>		<u>2.6%</u>		<u>2.7%</u>



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2012

## REVENUE CAPACITY

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Taxable Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Table 5

(4) For Tax Levy	Residential Property	Commercial Property	Industrial Property	Developmental Property	Agricultural Property	Personal Property	(1) (2) Total Taxable Value	General Operating Direct Tax Rate	(3) Estimated Actual Value	Taxable Value as a Percentage of Estimated Actual Value
12/01/02	26,365,491,443	5,875,885,769	3,395,825,746	18,349,348	21,616,517	6,228,017,436	41,905,186,259	7.8220	107,601,019,802	38.94%
12/01/03	27,748,871,755	6,201,281,779	3,617,393,177	16,505,210	21,987,876	5,733,303,676	43,339,343,473	7.8220	113,946,834,620	38.03%
12/01/04	29,645,812,559	6,483,133,612	3,816,523,698	27,730,216	23,624,451	5,921,105,201	45,917,929,737	7.8220	120,386,762,122	38.14%
07/01/05	31,508,172,159	6,775,008,713	3,936,157,162	26,933,363	24,849,832	6,037,978,810	48,309,100,039	1.8828	125,359,817,812	38.54%
12/01/05	31,508,172,159	6,775,008,713	3,936,157,162	26,933,363	24,849,832	6,037,978,810	48,309,100,039	5.9392	125,359,817,812	38.54%
07/01/06	33,607,446,027	7,105,243,493	3,963,530,779	28,056,401	15,819,058	5,852,263,246	50,572,359,004	3.7655	128,803,281,446	39.26%
12/01/06	33,607,446,027	7,105,243,493	3,963,530,779	28,056,401	15,819,058	5,852,263,246	50,572,359,004	4.0565	128,803,281,446	39.26%
07/01/07	35,348,119,661	7,711,741,307	4,071,361,238	54,478,431	17,351,454	5,793,352,706	52,996,404,797	5.6483	132,254,579,368	40.07%
12/01/07	35,348,119,661	7,711,741,307	4,071,361,238	54,478,431	17,351,454	5,793,352,706	52,996,404,797	2.1737	132,254,579,368	40.07%
07/01/08	35,071,782,855	8,123,588,100	4,089,688,255	54,599,620	17,185,476	5,562,061,827	52,918,906,133	5.6483	127,441,315,314	41.52%
12/01/08	35,071,782,855	8,123,588,100	4,089,688,255	54,599,620	17,185,476	5,562,061,827	52,918,906,133	2.1737	127,441,315,314	41.52%
07/01/09	32,889,053,263	8,276,471,682	4,092,418,840	54,757,162	18,233,322	5,658,628,433	50,989,562,702	5.6483	114,693,804,624	44.46%
12/01/09	32,889,053,263	8,276,471,682	4,092,418,840	54,757,162	18,233,322	5,658,628,433	50,989,562,702	2.1737	114,693,804,624	44.46%
07/01/10	29,572,602,004	7,895,948,318	3,826,614,479	8,416,870	17,491,534	5,261,408,874	46,582,482,079	5.6483	101,296,707,068	45.99%
12/01/10	29,572,602,004	7,895,948,318	3,826,614,479	8,416,870	17,491,534	5,261,408,874	46,582,482,079	2.1737	101,296,707,068	45.99%
07/01/11	27,509,235,231	7,811,532,677	3,392,393,971	6,768,953	17,926,585	4,867,569,724	43,605,427,141	5.6483	92,828,383,320	46.97%
12/01/11	27,509,235,231	7,811,532,677	3,392,393,971	6,768,953	17,926,585	4,867,569,724	43,605,427,141	2.1737	92,828,383,320	46.97%
12/01/12	25,916,204,229	7,419,783,282	2,981,495,811	18,770,783	19,878,809	5,067,481,829	41,423,614,743	2.1737	87,115,013,336	47.55%

- (1) The Taxable Valuation against which the tax levy is applied to is determined as of the December 31 prior to the July 1 or December 1 on which the taxes are levied. Taxable value is a result of a ballot proposal passed by the electorate in the state of Michigan in 1994. Taxable value increases are limited to (following adjustment for additions or losses) the rate of inflation or 5% whichever is less. The taxable value limit does not apply to a property in the year following a transfer of
- (2) Beginning in fiscal year 1996, the ad valorem millage is based on the Taxable Value rather than the State Equalized Valuation. "SEV" represents 50% of the true cash value, in accordance with Michigan Public Act 409 of 1965, and Article IX, Section 3 of the Michigan Constitution.
- (3) The County assesses property annually. Estimated actual value is the State Equalized Valuation multiplied by two.
- (4) The County's charter millage was gradually shifted from a December 1 levy to a July 1 levy during fiscal years 2005, 2006, and 2007. In 2008 and each year thereafter, 100% of the County's charter millage will be levied on July 1.

Source: Wayne County Assessment and Equalization Division

See accompanying accountant's report.

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Direct and Overlapping Property Tax Rates**  
**Last ten Years**  
**(Unaudited)**

Table 6

	Fiscal year					Fiscal year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General	6.6012	6.6012	6.6012	6.6012	6.6012	6.6012	6.6012	6.6012	6.6012	6.6012
Soldiers Retir	0.0368	0.0368	0.0368	0.0368	0.0368	0.0368	0.0368	0.0368	0.0368	0.0368
Parks	0.2459	0.2459	0.2459	0.2459	0.2459	0.2459	0.2459	0.2459	0.2459	0.2459
Jail	0.2459	0.9381	0.9381	0.9381	0.9381	0.9381	0.9381	0.9381	0.9381	0.9381
<b>Total direct ra</b>	<b>7.1298</b>	<b>7.8220</b>								
Huron-Clinton Metro Authority	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2154	0.2161
Wayne County Transit Authority	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5980	0.5980	0.5980
Wayne County Zoological Authority	0.1000	0.1000	0.1000	0.1000	0.1000	-	-	-	-	-
Cities (34)										
Low	13.9613	12.1537	11.4365	11.4353	11.4351	11.5149	11.5683	11.3865	12.0064	12.0063
High	50.1355	48.7258	42.9414	38.9496	35.4641	34.2434	35.9706	36.3511	37.6525	38.0275
Village (0)	-	-	-	-	14.3000	14.3000	14.2996	14.3000	13.7000	13.6995
Townships (9)										
Low	2.3660	4.0000	2.3660	2.3660	0.5908	0.5943	0.5943	0.5961	2.6812	2.7880
High	17.3979	17.7079	16.9349	14.0429	13.6179	13.6179	13.4306	13.2917	15.1199	15.1276
School Districts (39)										
Low	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000
High	36.8556	33.5000	33.5000	33.5000	33.5000	33.5000	33.5000	30.6236	30.7696	31.8000
Intermediate School Districts (4)										
Monroe	3.7675	3.7675	4.7541	4.7541	4.7541	4.7541	4.7541	4.4644	4.4644	4.7700
Oakland	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.3690	3.1780	3.3991
Washtenaw	3.9745	3.9745	3.9745	3.9745	3.9745	3.9745	3.9745	3.9970	3.9350	3.0552
Wayne	3.4643	3.4643	3.4643	3.4643	3.4643	3.4643	3.4643	3.3678	3.3678	3.4643
Community Colleges (3)										
Henry Ford	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	2.4596	2.4596
Schoolcraft	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.7967	1.8024
Wayne County	2.2408	2.2408	2.4769	2.4769	2.4769	2.4769	2.4769	2.4769	2.4844	2.4862
DDAs (4)										
Detroit	0.9887	0.9887	0.9887	0.9887	0.9887	0.9887	0.9887	0.9887	0.9895	0.9895
* Hamtramck	1.8251	1.8251	1.8251	1.8251	1.8251	1.8380	2.0000	-	-	-
Northville	1.8255	1.8255	1.8360	1.8360	1.8360	1.8406	1.8617	1.9365	1.9664	1.9664
** Wyandotte	-	-	-	-	-	-	-	-	-	1.7688
Library (7)										
Bacon Memorial (Wyandotte)	1.5362	1.5362	1.5362	1.5362	1.5362	1.5362	1.5362	1.5466	1.5446	-
Belleville	0.7000	0.7000	0.7000	-	-	-	-	-	-	-
Canton	1.5437	1.5437	1.5437	1.4980	1.4980	1.5437	1.5437	1.5554	1.5331	1.5635
Grosse PTE	2.0012	1.5412	1.5412	1.5412	1.5412	1.5412	1.5413	1.5000	1.5000	1.5829
Northville	1.1573	1.1573	1.1573	0.9573	0.9573	0.9573	0.9573	0.9573	0.9664	0.9785
Plymouth	1.4656	1.4656	1.4656	1.4656	1.4656	1.4656	1.4656	1.4656	1.4656	1.4656
Redford	0.9233	0.9233	0.9233	0.9233	0.9233	0.9233	0.9233	0.9314	0.9368	0.9497

Source: Wayne County Assessment and Equalization Division

\* Abolished in tax year 2002 - 2005 and re-established in tax year 2006.

\*\* Elected not to levy the millage tax year 2004 - 2011.

^ The Wayne County Zoological Authority was established pursuant to Public Act 49 of 2008, and formed to allow for continuing zoological services for the students, residents and visitors of the County of Wayne.

‡ Grosse Pointe Township was a civil township that included the Village of Grosse Pointe Shores. On February 24, 2009, the residents of the Village of Grosse Pointe Shores voted to incorporate as a city.

Millage is rate per \$1,000 of taxable value

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Principal Property Taxpayers**  
**Fiscal year 2012**  
**(Unaudited)**

Table 7

Company	Line of Business	2012			2003		
		(2) Total Assessment	Rank	Percentage of State Equalized Value	(2) Total Assessment	Rank	Percentage of State Equalized Value
Ford Motor Company	Utility	\$ 922,519,382	1	2.12%	\$ 2,029,727,631	1	3.56%
DTE Energy	Automotive	842,367,898	2	1.93%	\$ 1,246,352,207	2	2.19%
Marathon Oil	Petroleum	551,349,018	3	1.27%			
Chrysler Group LLC	Automotive	325,764,539	4	0.75%	446,985,134	3	0.78%
Vanguard health systems-Hospitals	Health	222,193,261	5	0.51%			
MGM Grand Detroit LLC	Casino	209,556,489	6	0.48%			
General Motors Corp.	Automotive	197,829,914	7	0.45%	418,318,709	4	0.73%
ITC (International Transmission)		141,479,015	8	0.32%			
Michigan Consolidated Gas	Utility	140,009,401	9	0.32%			
Riverfront Holdings	Real Estate Agents	120,884,499	10	0.28%			
National Steel Corporation *	Steel	-			205,412,606	5	0.36%
Auto Alliance Int'l Inc.	Automotive	-			177,921,959	6	0.31%
Rouge Steel Company	Steel	-			163,311,452	7	0.29%
Comcast Cablevision	Cablevision	-			90,495,902	8	0.16%
Detroit SMSA Ltd Partnership	Communication	-			69,883,696	9	0.12%
Marshall Fields	Retail	-			67,663,237	10	0.12%
<b>Total</b>		<b><u>\$ 3,673,953,416</u></b>		<b>8.43%</b>	<b><u>\$ 4,916,072,533</u></b>		<b>8.63%</b>
<b>Total State Equalized Value (S.E.V.) (1)</b>		<b><u>\$43,557,506,668</u></b>			<b><u>\$56,973,417,310</u></b>		

(1) The State Equalized Value (SEV) for the County's fiscal year 2012, which commenced on October 1, 2011 was determined as of December 31, 2010 SEV for fiscal year 2003 was determined as of December 31, 2001.

(2) Total assessments do not include abated properties.

\* National Steel Corp and below were top ten property taxpayers in 2003, but not in 2012.

Source: Wayne County Assessment and Equalization Division.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 8

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

For Tax Levy	Fiscal Year	Total Tax Levy	Current Tax Collection	Percent of Tax Levy Collected Before Delinquent	Reimbursed From Delinquent Tax Fund	Total Tax Collection	Ratio of Total Collection to Levy	Delinquent Personal Taxes
12/01/02	2003	300,248,968	271,149,093	90.31	21,332,863	292,481,956	97.41	7,767,012
12/01/03	2004	311,960,682	283,716,208	90.95	22,631,265	306,347,473	98.20	5,613,209
12/01/04	2005	328,113,000	296,814,625	90.46	24,205,435	321,020,060	97.84	7,092,940
07/01/05	2005	92,643,222	83,447,086	90.07	7,474,124	90,921,210	98.14	1,722,012
12/01/05	2006	250,479,822	225,616,195	90.07	20,207,818	245,824,013	98.14	4,655,809
07/01/06	2006	187,524,292	171,249,952	91.32	15,076,602	186,326,554	99.36	1,197,738
12/01/06	2007	173,099,347	158,076,878	91.32	13,916,863	171,993,741	99.36	1,105,606
07/01/07	2007	270,595,792	246,986,570	91.28	22,354,091	269,340,661	99.54	1,255,131
12/01/07	2008	105,231,697	96,050,333	91.28	8,693,258	104,743,591	99.54	488,106
07/07/08	2008	269,898,620	243,448,556	90.20	24,209,879	267,658,435	99.17	2,240,185
12/01/08	2009	104,960,575	94,569,478	90.10	9,925,198	104,494,676	99.56	465,899
07/01/09	2009	259,894,498	233,419,680	89.81	19,677,427	253,097,107	97.38	1,358,327
12/01/09	2010	101,070,158	90,774,320	89.81	7,652,333	98,426,653	97.38	528,238
07/01/10	2010	237,876,581	210,510,671	88.50	23,279,790	233,790,461	98.28	2,126,196
12/01/10	2011	92,507,559	81,865,261	88.50	9,053,252	90,918,513	98.28	826,854
07/01/11	2011	222,489,499	197,291,187	88.67	20,488,043	217,779,230	97.88	1,206,591
12/01/11	2012	86,523,694	76,724,350	88.67	7,967,572	84,691,923	97.88	469,230
07/01/12	2012	220,243,191	175,130,574	79.52	N/A	175,130,574	79.52	N/A

Source: Wayne County Treasurer's Office

See accompanying accountant's report.

- (1) 2005 Tax Year is 1/3 tax rate shift of county charter rate from December 1 to July 1
- (2) 2006 Tax Year is 2/3 tax rate shift of county charter rate from December 1 to July 1
- (3) 2007 Tax Year is full tax rate shift of county charter rate from December 1 to July 1
- (4) Beginning with the 2009 tax year and forward, "Reimbursement from Delinquent Tax Fund" includes same tax year recoveries.

\*\* The July 1, 2012 levy becomes delinquent on March 1, 2013. Collections reported above on this levy are from the levy date through December 31, 2012.



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2012

## DEBT CAPACITY

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 9

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)  
(in thousands)

Fiscal year	Governmental Activities				Business-Type Activities		Total Primary Government	Total Personal Income	Percentage of Personal Income	Total Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Sewer Bonds	Revenue Bonds				
2003	204,732	3,566	84,800	63,394	251,350	5,378	613,220	57,971,977	1.06%	298.84
2004	183,855	3,294	135,000	15,382	236,719	4,952	579,202	59,889,040	0.97%	283.23
2005	165,505	3,007	142,400	14,055	221,841	4,511	551,319	60,106,108	0.92%	270.79
2006	146,836	2,702	139,800	12,809	209,452	4,066	515,665	62,456,166	0.83%	254.78
2007	132,949	-	180,000	11,639	211,233	3,605	539,426	61,793,069	0.87%	268.50
2008	170,973	-	319,000	10,540	196,193	7,429	704,135	62,865,991	1.12%	355.26
2009	183,450	-	376,560	-	178,844	26,479	765,333	62,581,021	1.22%	392.48
2010	199,188	-	131,060	6,098	161,783	33,714	531,843	73,675,241	0.72%	276.14
2011	389,924	-	355,355	3,545	152,302	35,229	936,355	40,280,421	2.32%	514.20
2012	367,675	14,983	315,802	5,156	137,727	40,060	881,403	39,559,500	2.23%	492.95

Source: Wayne County Department of Management and Budget.

For population and per capita person income data see Table 14, Demographic and Economic Statistics.

See accompanying accountant's report.

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Ratio of Net General Bonded Debt to Taxable Value and**  
**Net Bonded Debt Per Capita**  
**Last Ten Fiscal years**  
**(Unaudited)**

Table 10

Fiscal Year	Population	* Taxable Value To Fund Operations in Fiscal Year	Net Bonded Debt	Net Bonded Debt as a Percentage of Taxable Value	Net Bonded Debt Per Capita
2003	2,044,832	41,905,186,259	788,049,544	1.88	385.39
2004	2,035,701	43,339,343,473	798,858,655	1.84	392.42
2005	2,024,183	45,917,929,737	757,276,595	1.65	374.11
2006	2,009,204	48,309,100,039	717,144,569	1.48	356.93
2007	1,981,654	50,572,359,004	737,510,822	1.46	372.17
2008	1,949,929	52,996,404,797	204,087,542	0.39	104.66
2009	1,938,141	52,918,906,133	1,022,477,000	1.93	527.56
2010	1,897,499	50,989,562,702	718,669,000	1.41	378.75
2011	1,797,901	46,582,482,079	1,118,181,000	2.40	621.94
2012	1,787,920	43,605,427,141	1,136,560,000	2.61	635.69

Source: SEMCOG and Wayne County Department of Management and Budget.

\* Taxable value is as of December valuation for that fiscal year. For example, fiscal year 2012 taxable value shown above is as of December 31, 2011.

See accompanying accountant's report.

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2012**  
**(Unaudited)**  
**(in thousands)**

Table 11

Indebtedness:

The following table sets forth the indebtedness of the County as of September 30, 2012:

Debt Carrying the County's Limited Tax General Obligation:	
Wayne County Building Authority Bonds <sup>(1)</sup>	\$ 234,315
Capital Improvement Bonds	117,610
Tax Anticipation Notes <sup>(2)</sup>	100,000
Installment Purchase Agreements	8,977
Stadium Authority Bonds <sup>(4)</sup>	58,160
Drainage Districts Bonds and Notes	8,756
Michigan Transportation Fund Bonds	8,395
Delinquent Tax Notes	315,802
Airport Hotel Revenue Bonds	106,940
Sewage Disposal Bonds	<u>177,606</u>
Total Debt Carrying the County's Limited Tax Pledge	1,136,561
Other Debt:	
Wayne County Building Authority Revenue Bonds	14,930
Brownfield Revolving Loan Fund Note	800
Capital Lease Obligations	4,356
Metro Airport Revenue Bonds	2,149,380
Hotel Debt (Capital Loans)	4,422
Willow Run Notes	542
Airport Installment Purchase Agreement <sup>(3)</sup>	<u>6,120</u>
Total Other Debt	<u>2,180,550</u>
Gross Direct Debt	<u>\$ 3,317,111</u>
Deductions:	
Wayne County Building Authority Revenue Bonds	14,930
Brownfield Revolving Loan Fund Note <sup>(6)</sup>	800
Capital Lease Obligations <sup>(6)</sup>	4,356
Metro Airport Revenue Bonds <sup>(5)</sup>	2,149,380
Hotel Debt (Capital Loans) <sup>(8)</sup>	4,422
Willow Run Notes <sup>(3)</sup>	542
Airport Installment Purchase Agreement <sup>(3)</sup>	6,120
Stadium Authority Bonds <sup>(4)</sup>	58,160
Drainage Districts Bonds <sup>(2)</sup>	8,756
Michigan Transportation Fund Bonds <sup>(6)</sup>	8,395
Delinquent Tax Notes <sup>(7)</sup>	315,802
Airport Hotel Revenue Bonds <sup>(8)</sup>	106,940
Sewage Disposal Bonds <sup>(8)</sup>	<u>177,606</u>
Total Deductions	<u>2,856,209</u>
Net Direct Debt	<u>\$ 460,902</u>

- (1) Payable from lease rentals which constitute full faith and credit obligations of the County.
- (2) Payable solely from State of Michigan lease payments.
- (3) Payable solely from airport revenues, passenger facility charges, or direct airline pledges.
- (4) Motor vehicle rental and hotel tax revenues are projected to be sufficient to cover debt service.
- (5) Payments from benefited local communities or properties are projected to be sufficient to cover debt service, based on experience.
- (6) Revenues from the State of Michigan Transportation Fund are projected to be sufficient to cover debt service, based on experience.
- (7) Delinquent tax revenues are projected to be sufficient to cover debt service, based on experience.
- (8) User fees or payments from benefited local communities are projected to be sufficient to cover debt service, based on experience.
- (9) Payable primarily from Airport Hotel Revenues
- (10) Notes were repaid fully on October 31, 2012.

Source: Wayne County Department of Management and Budget, Accounting Division

See accompanying accountant's report.

Overlapping Debt:

Property in the County is currently taxed for a proportionate share of outstanding debt obligations of overlapping governmental entities including school districts, cities, villages and townships within the County of Wayne, the Regional Educational Service Agency and Wayne County Community College. The table below shows the County's outstanding tax supported overlapping debt as of September 30, 2012.

Overlapping Debt	
As of September 30, 2012	
(in thousands)	
School Districts	\$ 3,324,571
Cities and Villages	1,784,715
Townships	279,953
Libraries	23,616
Community Colleges	<u>7,470</u>
	<u>\$ 5,420,325</u>

Source: Municipal Advisory Council of Michigan

Debt Statement Summary:

The following table shows the County's net direct and overlapping debt as of September 30, 2012:

Net Direct and Overlapping Debt	
As of September 30, 2012	
(in thousands)	
Direct debt:	
Gross Principal amount	\$ 3,317,111
Less amount payable from other sources	<u>2,856,209</u>
Net direct debt	460,902
Overlapping debt	<u>5,420,325</u>
	<u>\$ 5,881,227</u>

Source: Municipal Advisory Council of Michigan and Wayne County Department of Management and Budget

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 12

Legal Debt Margin Information  
September 12, 2012  
(Unaudited)

Tax Year	State Equalized Valuation (SEV)	General Purpose Debt Limit (10% of SEV)	Tax-Supported Debt Outstanding	Legal Debt Margin	Percent of Debt Outstanding to SEV
2003	56,973,417,310	5,697,341,731	788,049,544	4,909,292,187	1.38%
2004	60,193,381,061	6,019,338,106	798,858,655	5,220,479,451	1.33%
2005	62,679,908,906	6,267,990,891	757,018,978	5,510,971,913	1.21%
2006	64,401,640,723	6,440,164,072	717,144,569	5,723,019,503	1.11%
2007	66,127,289,684	6,612,728,968	737,510,822	5,875,218,146	1.12%
2008	63,720,657,657	6,372,065,766	897,026,602	5,475,039,164	1.41%
2009	57,346,902,312	5,734,690,231	1,022,477,000	4,712,213,231	1.78%
2010	50,648,353,534	5,064,835,353	718,669,000	4,346,166,353	1.42%
2011	46,414,191,660	4,641,419,166	1,118,181,000	3,523,238,166	2.41%
2012	43,557,506,668	4,355,750,667	1,136,559,130	3,219,191,537	2.61%

Source: Wayne County Department of Management and Budget.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 13

Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)  
(in thousands)

Fiscal year	Water and Sewer Revenue Bonds						Special Assessment Bonds			
	Gross * Revenues	Operating ** Expenses	Net Revenue	Debt service		Coverage	Special Assessment	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2003	14,801	14,282	519	425	167	0.88	2,016	1,570	480	0.98
2004	15,289	15,929	(640)	440	153	(1.08)	2,074	1,610	430	1.02
2005	14,552	15,374	(822)	455	139	(1.38)	2,036	1,655	381	1.00
2006	15,895	15,325	570	460	128	0.97	2,038	1,700	338	1.00
2007	15,659	15,408	251	475	116	0.42	2,042	1,750	292	1.00
2008	38,354	34,513	3,841	490	269	5.06	2,050	1,805	242	1.00
2009	39,603	36,138	3,465	630	458	3.19	2,045	1,850	195	1.00
2010	34,945	32,115	2,830	1,000	864	1.52	2,049	1,905	144	1.00
2011	84,903	82,681	2,222	1,925	1,090	0.74	2,325	2,100	225	1.00
2012	95,815	85,877	9,939	1,960	1,210	3.14	2,292	2,120	172	1.00

Note: For fiscal years 2007 and prior, Water and Sewer revenue bond information is presented for the Northeast System only, since other debt was general obligation. In December, 2008 the Downriver Sewer System issued a Revenue Bond, 2007 D, in the amount of \$4.3 million for capital improvements. The first principal payment was not due until May, 2009. However, since interest payments were made during FY2008, the Gross Revenues and Operating Expenses of the larger Downriver Sewer System are included in 2008 and thereafter, accounting for the large increase in reported Revenues and Expenses. The Rouge Valley Sewer System issued a Revenue Bond SRF 5350-01 for up to \$19.8 million for the Short Term Corrective Action Plan. In the previous years, Rouge Valley did not have revenue bonds. This project was 40% funded by federal ARRA funds, and debt to the system was not incurred until October, 2010. The first principal payment of the new bond is not due until May, 2012 but interest payments began during 2011. The inclusion of Rouge Valley Revenues and Expenses for Fiscal Year 2011 and thereafter results in the large increase in those categories for Fiscal Year 2011.

Re: Special Assessment increases: 3 Chapter 8 Drainage District issued bonds on September 30, 2010 with Special Assessments approved by the respective Drainage Districts to collect funds for the debt repayment.

\* Gross Revenues calculated based on total operating revenues

\*\* Operating Expenses calculated based on total operating expenses less non-cash items (i.e. Depreciation)

Source: Department of Environment

See accompanying accountant's report.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2012**

**DEMOGRAPHIC AND  
ECONOMIC INFORMATION**

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 14

Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population				Per Capita Personal Income			Michigan Median Age	Wayne County Average Unemployment Rate
	Michigan	Change From Prior Period	Wayne County	Change From Prior Period	U.S.	Michigan	Wayne County		
2001	10,003,243	0.47%	2,058,087	-0.03%	30,562	29,945	28,250	35.1	6.1
2002	10,038,165	0.35%	2,052,396	-0.28%	30,795	30,231	28,246	35.1	7.3
2003	10,068,311	0.30%	2,044,832	-0.37%	31,466	31,138	29,288	35.1	8.6
2004	10,093,398	0.25%	2,035,701	-0.45%	33,072	31,730	29,526	35.1	8.6
2005	10,100,833	0.07%	2,024,183	-0.57%	34,685	32,804	30,855	35.1	8.7
2006	10,095,643	-0.05%	2,009,204	-0.74%	36,629	33,847	30,755	36.8	8.4
2007	10,071,822	-0.24%	1,981,654	-1.37%	38,611	35,086	31,724	37.2	8.7
2008	10,003,422	-0.68%	1,949,929	-1.60%	39,751	35,299	32,094	38.0	9.9
2009	9,969,727	-0.34%	1,925,848	-1.23%	39,138	34,025	38,256	38.5	16.0
2010	9,883,640	-0.86%	1,820,584	-5.47%	39,945	34,691	22,125	38.9	14.5
2011	9,876,801	-0.07%	1,802,096	-1.02%	*	*	*	38.9	12.6

Source: U.S. Census Bureau, SEMCOG and Michigan Department of Labor and Economic Growth-Bureau of Labor Market Information & Strategic Initiatives

\* Fiscal year 2011 statistics are not available

\*\* Fiscal year 2012 statistics are not available

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 15

Principal Employers  
Current Year and Ten Years Ago

	2011 **			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Ford Motor Company	33,000	1	4.59%	48,060	1	5.60%
Henry Ford Health System	12,252	2	1.70%	10,456	8	1.22%
City of Detroit	11,396	3	1.58%	20,799	3	2.42%
Detroit Public Schools	10,951	4	1.52%	26,000	2	3.03%
Detroit Medical Center	10,823	5	1.50%	11,836	6	1.38%
U.S. Government	8,389	6	1.17%	13,732	4	1.60%
Chrysler Corp LLC	8,343	7	1.16%	12,707	5	1.48%
Wayne State University	6,272	8	0.87%	-	0	0.00%
U.S. Postal Service	6,006	9	0.84%	8,168	9	0.95%
Oakwood Healthcare Inc.	5,833	10	0.81%	-	0	0.00%
State Of Michigan	-			7,516	10	0.88%
General Motors Corp	-			10,810	7	1.26%
	<u>113,265</u>		<u>15.75%</u>	<u>170,084</u>		<u>19.81%</u>

Total: Wayne County Employment 2010 & 2001

719,175

858,599

\*\* The information for 2012 will not be available until 2013. As such, the information in this table will be reported on a one year lag.

Source: Michigan Labor Market Information: Labor & Economic Growth , Crain's Detroit Business: Book of Lists January 2003 and December 2012 Edition (Employee totals are based on full-time equivalents.)

See accompanying accountant's report.



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2012

## OPERATING INFORMATION

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Full-time County Government Employees by Function/Program**  
 Last Ten Fiscal Years  
 (Unaudited)

Function/Program	Wayne County Employees <sup>(4)</sup>									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Legislative										
Board of Commissioners	36	36	42	42	48	29	83	89	81	75
Auditor General's Office	11	12	15	15	18	16	15	14	17	21
Judicial										
All court and court related actives	689	696	650	687	712	751	750	737	737	697
General government										
Treasurer's Office (5)	68	72	69	34	39	80	81	89	83	78
Tax Assessment	23	32	37	44	47	45	49	46	49	50
Tax Billings/collections (5)	4	4	5	35	40	7	7	8	8	0
Budgeting	6	10	9	9	11	18	16	9	16	9
Purchasing	14	15	18	21	22	23	26	29	27	25
Central Accounting	25	29	36	36	40	44	42	44	37	50
Central Administration	41	55	52	66	66	63	57	59	66	68
Other Financial Administration	77	85	94	119	114	103	115	121	131	113
Data Processing	29	32	34	48	35	49	49	52	52	35
Building Maintenance	78	88	87	107	120	122	130	135	144	147
County Clerk	247	256	264	251	262	276	293	285	277	277
Register of Deeds	55	65	78	85	91	90	89	100	78	87
Prosecuting Attorney	291	284	244	268	292	295	308	300	309	302
Corporation Counsel	51	53	68	84	89	90	93	88	76	67
Public safety										
Homeland Security (6)	4	5	5	10	10	10	-	-	-	-
Sheriff's Department										
Arresting Powers (2)	229	235	194	286	330	1149	409	386	697	744
Civilian	60	58	50	64	75	123	126	139	139	0
Jails & Detention Facilities (2), (3)	932	962	1057	1098	1250	20	744	744	711	698
Firefighters	0	0	0	0	0	0	0	0	0	0
Public works										
Public works	92	107	80	82	88	108	132	162	202	206
Sewage Disposal	59	66	70	73	79	114	105	107	101	106
Airport (1)	0	0	0	0	0	0	0	0	0	6
Highways, streets and bridges										
Administration	15	20	16	15	16	14	20	40	42	39
Engineering	80	87	91	121	126	130	141	145	151	157
Maintenance	322	329	351	371	414	447	508	582	606	598
Health and welfare (3)	283	358	462	471	474	623	623	776	559	492
Recreation and cultural										
Parks	61	60	65	70	66	76	82	78	72	67
Libraries	20	24	33	37	37	38	42	77	44	44
Community and economic development (6)	69	75	33	37	40	35				
Other (6)	-	-	-	-	-	202	261	296	307	297
<b>Total</b>	<b>3,971</b>	<b>4,210</b>	<b>4,309</b>	<b>4,686</b>	<b>5,051</b>	<b>5,190</b>	<b>5,396</b>	<b>5,737</b>	<b>5,819</b>	<b>5,555</b>

- (1) Wayne County operated the Airports until August 9, 2002. Pursuant to Public Act 90 (the Authority Act), the Michigan Public Acts of 2002 (effective March 26, 2002), the Airport Authority (a component unit of the County) has operational jurisdiction of the Airports, with the exclusive right, responsibility, and authority to occupy, operate, control and use them.
- (2) In 2007, all Sheriff's Deputies (including those who worked in corrections facilities) were reported in Arresting Powers only, in error. For 2008, and future years deputies working in corrections have been accumulated in Jails & Detention Facilities.
- (3) In 2007 and prior years, all Juvenile Detention Facility employees were included in Health and Welfare. In 2008, and future years they are reported in Jails & Detention Facilities.
- (4) Number of full-time active employees as of March 12. Excludes Probate and Third Circuit Court Judges, as they are considered employees of the State of Michigan.
- (5) Prior to 2008, the tax billing and collections division of the Treasurer's Office were included in the Treasurer's office line.
- (6) Prior to 2007, the community and economic development and homeland security functions were included in "Other".

Source: Wayne County Department of Management & Budget  
 See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 17

Operating Indicators by Function  
Last Ten Fiscal Years  
(Unaudited)

Function/Program	Fiscal Year					Fiscal Year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Police</b>										
Physical Arrests	2,696	1,415	961	662	1,869	2,219	1,820	1,972	2,075	2,188
Bookings	2,696	1,415	961	662	535	692	1,820	1,972	2,075	2,188
Parking Violations	146	193	147	51	51	23	110	132	141	94
Traffic Violations	33,103	23,083	23,730	20,908	22,926	18,930	23,469	24,359	24,387	25,133
Incidents	2,652	4,337	4,443	3,282	7,089	6,987	15,923	16,767	16,310	17,301
Crash Reports	70	62	60	57	95	331	276	291	303	311
<b>Culture and recreation (1)</b>										
Rounds of Golf - Warren Valley	37,409	31,658	44,463	55,220	61,479	42,154	47,482	60,486	60,819	61,917
Picnic Permits	909	944	952	940	986	1,019	1,004	1,042	1,048	1,059
Aquatic Center Attendance	21,465	40,502	56,516	42,107	48,588	45,879	43,278	54,583	32,185	22,332
Nankin Mills Center - (program attendance)	8,628	8,502	12,760	14,503	13,207	13,239	17,524	19,509	17,890	16,105
Crosswinds Marsh (program attendance)	3,053	2,819	4,559	5,437	3,951	3,518	3,647	3,172	2,620	2,413
<b>Highways, streets and bridges</b>										
Street resurfacing asphalt (tons)	84,235	48,305	11,942	1,852	26,202	44,658	76,420	42,143	92,932	64,677
Street resurfacing (miles)	9	29	26	19	17	16	14	7	20	14
Snow removing salt (tons)	39,997	94,966	52,570	74,131	191,748	98,243	120,000	93,886	151,342	184,544
Ditching program (Linear feet)	44,175	21,163	48,291	46,653	53,402	55,433	86,620	121,385	86,620	86,345
Ditching program (miles)	8	4	9	9	10	11	16	23	16	16
Emergency road repairs (tons)	3,506	4,389	3,155	4,111	4,345	3,122	2,670	4,808	4,426	3,090
<b>Forestry Section</b>										
Tree removal	9,528	6,745	9,389	6,839	5,497	1,947	2,900	2,869	3,087	5,700
Tree planting & trimming	2,745	1,881	2,093	1,746	2,133	1,183	875	1,956	688	450

(1) Statistics prior to 2008 are based on a calendar year. Statistics accumulated for 2008 and subsequent years are based on the fiscal year, with the exception of the Aquatic Center that is based on fiscal year in all ten years presented.

Source: Various county departments

See accompanying accountant's report.

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal years**  
**(Unaudited)**

Table 18

Function	Fiscal Year					Fiscal Year				
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Public safety</b>										
Stations - Road Patrol	1	1	1	1	1	1	1	1	1	1
Police Services Automobiles	44	44	50	48	53	59	62	62	62	62
Marine Safety (Boats and Vans)	18	20	20	22	15	14	13	13	13	13
Jail Automobiles	18	23	23	23	26	12	21	21	21	21
Motorcycles (1)	11	11	5	5	3	25	25	33	45	45
<b>Culture and recreation</b>										
Pavilions	22	20	16	14	14	14	14	14	14	14
Golf Courses	2	2	2	2	2	2	2	2	2	2
Playscapes	20	19	16	14	14	13	13	13	13	13
Soccer Fields	17	23	25	25	25	25	25	25	24	24
Picnic Areas	4	5	7	9	9	9	9	9	9	17
Baseball Diamonds	-	25	26	26	26	26	26	26	26	26
<b>Highways, streets and bridges</b>										
Traffic signal (maintained)	114	130	90	138	141	97	48	40	48	50
Traffic signs (installed)	1,979	2,028	2,244	2,818	2,824	2,708	2,500	4,435	2,500	2,500

(1) Secondary Roads decreased the number of Motorcycles leased after 2007. In the past the County has leased these items for one year terms.

Source: Various County departments

See accompanying accountant's report.

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Revenues by Source and Expenses by Type - Pension Trust Fund**  
**Required Supplementary Information**  
**Last Ten Fiscal Years**  
**(in thousands)**

Table 19

Fiscal Year Ended 9/30	Revenues by Source			Expenses by Type			
	Contributions		Investment	Total	Benefits	Admini- stration	Total
	Employee	Employer	Income				
<b>Wayne County Employee's Retirement System</b>							
2003	\$ 5,897	\$ 3,002	\$ 107,666	\$ 116,565	\$ 105,035	\$ 5,816	\$ 110,851
2004	2,445	7,374	86,293	96,112	107,875	5,953	113,828
2005	4,159	11,106	138,194	153,459	111,284	6,739	118,023
2006	7,590	12,663	93,135	113,388	110,872	6,548	117,420
2007	7,834	15,398	144,677	167,909	110,419	6,928	117,347
2008	70,096	18,420	(148,973)	(60,457)	111,048	6,945	117,993
2009	74,414	32,559	(14,882)	92,091	120,962	7,228	128,190
2010	29,499	35,401	59,173	124,073	131,743	7,157	138,900
2011	15,874	13,428	(2,195)	27,107	132,438	7,824	140,262
2012	24,308	47,676	100,985	172,969	134,184	6,146	140,330
<b>Wayne County Circuit Court Commissioners Bailiff's Retirement System</b>							
2003	\$ 27	\$ 63	\$ 520	\$ 610	\$ 124	\$ 10	\$ 134
2004	27	44	286	357	124	-	124
2005	26	29	522	577	124	11	135
2006	25	50	587	662	123	12	135
2007	34	38	1,467	1,539	123	13	136
2008	31	36	(1,869)	(1,802)	144	27	171
2009	28	38	(268)	(202)	145	40	185
2010	21	38	233	292	151	45	196
2011	15	29	(412)	(368)	165	50	215
2012	16	37	993	1,046	164	45	209

Ten year historical trend is required supplementary information.

Note: Effective December 1, 1997, the Wayne County Common Pleas Bailiff's Retirement System was merged with the Wayne County Employee's Retirement System.

See accompanying accountant's report.

**CHARTER COUNTY OF WAYNE, MICHIGAN**  
**Analysis of Funding Progress-Pension Trust Funds**  
**Required Supplementary Information**  
**Last Ten Fiscal Years**  
**(Unaudited)**  
**(in thousands)**

Table 20

Fiscal Year Ended 9/30	Net Assets Available for Benefit as Used by the Actuaries	Pension Benefit Obligation	Percentage Funded	Unfunded (Excess) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
<b>Wayne County Employee's Retirement System</b>						
2002	\$ 1,043	\$ 1,011	\$ 1	\$ (32)	\$ 309	0%
2003	997	1,008	99%	11	289	4%
2004	910	960	95%	50	343	14%
2005	891	969	92%	78	299	26%
2006	895	1,000	90%	105	320	33%
2007	948	1,170	81%	222	325	68%
2008	985	1,339	74%	354	330	107%
2009	971	1,444	67%	473	298	159%
2010	901	1,502	60%	601	277	217%
2011	795	1,595	50%	800	272	294%
<b>Wayne County Circuit Court Commissioners Bailiff's Retirement System</b>						
2002	\$ 4,367	\$ 3,527	\$ 1	\$ (840)	\$ 714	-
2003	4,403	3,557	124%	(846)	714	-
2004	4,437	3,584	124%	(853)	714	-
2005	4,661	3,314	141%	(1,347)	600	-
2006	5,056	3,278	154%	(1,778)	600	-
2007	5,626	3,614	156%	(2,012)	700	-
2008	5,859	3,367	174%	(2,492)	651	-
2009	5,795	3,287	176%	(2,508)	547	-
2010	5,569	2,499	223%	(3,070)	312	-
2011	4,843	2,454	197%	(2,389)	319	-

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligations, and unfunded pension benefits in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funding status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

Note: The Wayne County Common Pleas Court Bailiff's Retirement System was merged with the Wayne County Employee's Retirement System, effective December 1, 1997.

See accompanying accountant's report.



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