



Rejuvenating Our County



Charter County of Wayne, Michigan

POPULAR ANNUAL FINANCIAL REPORT **2013**

For the Fiscal Year Ending September 30, 2013



| Letter from the **CEO**

In recent years, Wayne County has increasingly confronted new challenges in economic policy, including rising fringe benefit costs, low household consumption, decreasing property tax revenues and inefficient operations. It is now widely acknowledged by all that major structural adjustments are needed to address these issues and implementing serious reforms is about to take place.

In my 20 plus years in elected office, I have learned that, although every organization has its fair share of issues, every organization has the SAME sets of issues. Whether it is uphill budget battles, unhappy citizenry, issues managing daily operations or long term planning, it almost always boils down to a lack of good processes anchored with a participatory culture and the means to do something about it.

Small cities, big cities, counties, states, airports, water and sewer authorities, consulting firms...everybody wants the best tools and data possible so they can make informed decisions and allocate resources in the most efficient and productive manner possible. We have achieved that goal by providing monthly financial

information to our Department Directors, the Wayne County Commission, and other elected officials.

Luckily, I work alongside some of the most talented thinkers and we are working together with all of the stakeholders of the County, including business leaders and the State of Michigan to change all that. We have spent a considerable amount of time examining the daunting challenges confronting Wayne County government. The understanding of the past has helped us to redefine the next goals and design the most effective policies for the decades to come. What the future of Wayne County looks like will chiefly depend on the actions we take now, as the future is shaped by us in every moment. Although fiscal year 2013 got off to a slow start, we are cautiously getting today's plans, projects and decisions right. Stay tuned to a more sustainable Wayne County.

Sincerely,

Robert A. Ficano
Wayne County Executive

About **Wayne County**

Situated in the heart of the Great Lakes region along the beautiful Detroit River, Wayne County is the 13th most populous county in the United States. With 43 distinct communities comprised of 34 cities, 9 townships and 41 school districts, it includes the automotive capital of the world - Detroit, and is rich in history, culture, arts, and world-class amenities. Located in the southeastern portion of the State of Michigan and incorporated in 1796, the County was one of the Northwest Territory's original counties. It is one of two charter counties within Michigan structured by limits set in state law and constitution. Wayne County government is comprised of executive, legislative and judicial branches.

The Wayne County Executive is elected on an at-large basis for a four year term. The Office of the County Executive has administrative and executive powers to supervise, coordinate, direct and control all County functions, operations and facilities. The Wayne County Commission (legislative) is comprised of 15 members elected by a district on a partisan basis for two-year

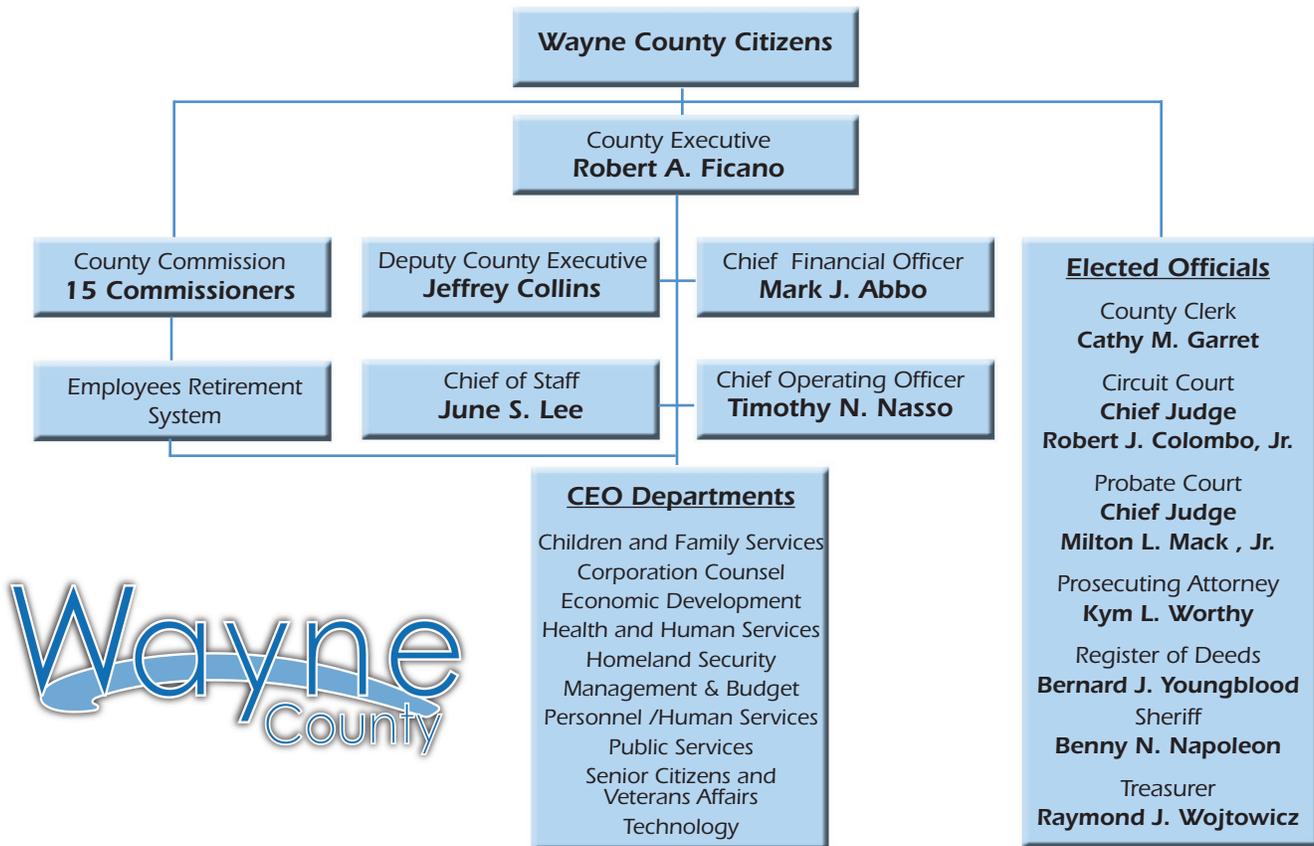
terms. The Commission serves as the legislative branch of the County. It is responsible for establishing policy and approving the County budget.

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

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

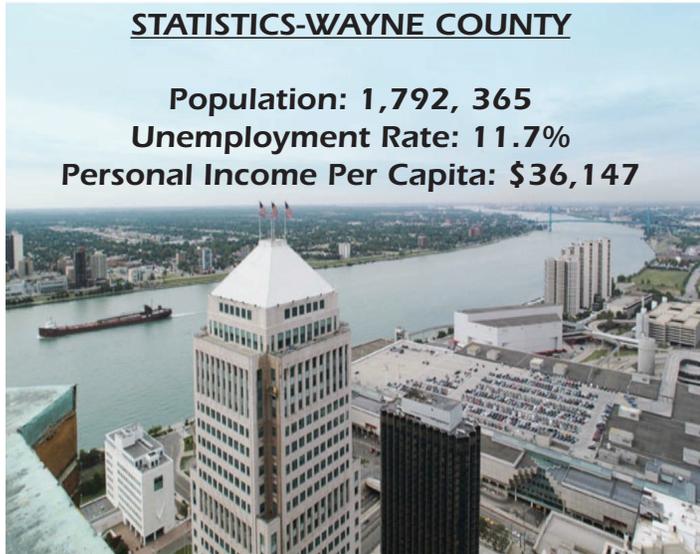
The County Clerk and the Register of Deeds are responsible for the general recording of official records. The Prosecuting Attorney and Sheriff are responsible for providing quality criminal justice services to all people of the County. The Treasurer is responsible for the receipt, custody and investment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

A View of Wayne County **Government**



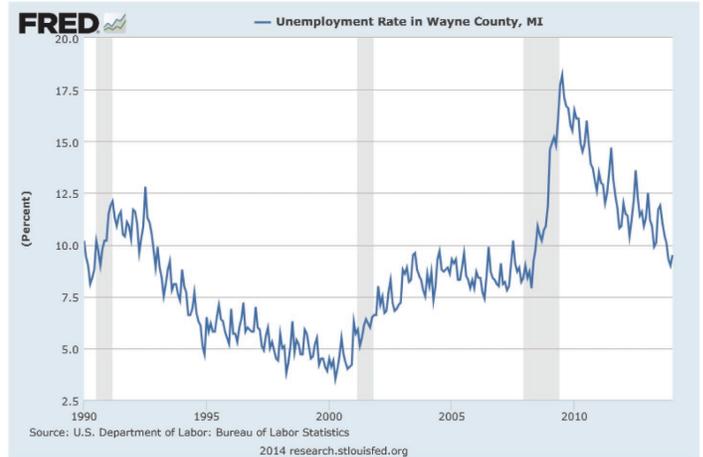
Wayne County **Economic Outlook**

After several years of facing severe economic recession in the State, signs of a turnaround have appeared in what was once a slumping housing market, steady growth in the automotive sector and a dropping unemployment rate, all of which are indicators of an expanding economy. Recent economic data shows that the Michigan unemployment rate in December 2013 was 7.7 percent, which is lower than the 8.9 percent jobless rate from December a year ago. Michigan's employment situation has fared worse than the national average over the last several years. Nevertheless, Michigan's job performance is not necessarily inconsistent with the other states, considering the state's economic composition with a total of 5,104 of jobs committed.



Wayne County is leading the way in economic development in Michigan. Since 2009, 38 percent of all investment in the State of Michigan happened in Wayne County, all 43 percent of all of the new jobs were created in Wayne County.

For the County, the economic outlook continues to be guarded. It continues to struggle with difficult economic issues, particularly in the healthcare and pension area. 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.



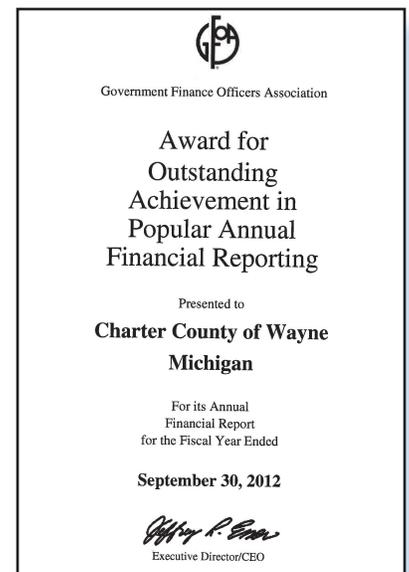
Despite these cost challenges, the wheels are in motion for economic revitalization for the County. The region continues to attract a diverse cross section of varying industries. Research and development facilities continue to migrate to Wayne County and expand their operations. Quicken Loans Inc., the nation's largest overall online retail mortgage lender, moved its headquarters and 4,000 of its full-time team members to downtown Detroit, a process that started in 2011. The North American International Auto Show's (NAIAS) economic impact to the city, state and region is approximately \$500 million, more than the Super Bowl, World Series and the Stanley Cup Playoffs. The total ticketed attendance for the 2014 show was 803,451. The last time the show broke 800,000 was in 2003 when it reached 838,066.

Awards and **Recognition**

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

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- Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended September 30, 2012. Award has been received for fourteen of the last seventeen years.
- Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2012. Award has been received for thirteen of the last sixteen years.
- Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2012 for the nineteenth consecutive year.



Financial Overview

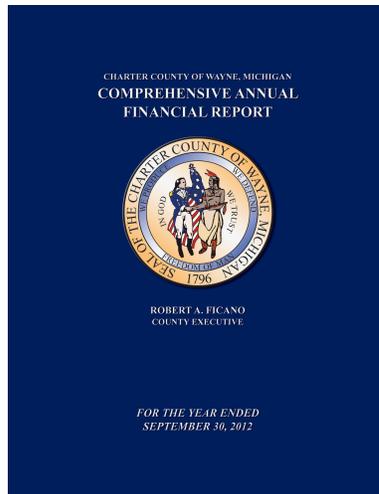
The **Popular Annual Financial Report (PAFR)** is intended to provide taxpayers, citizens, and other interested parties with a financial overview of the County's financial condition for the year ended September 30, 2013. We seek to educate residents and other interested parties in a concise, easy to read format on the County's financial conditions and performance. Much of the information included in this report has been taken from the audited financial statements in the County's 2013 Comprehensive Annual Financial Report (CAFR).

The County's CAFR, which provides complete financial information and disclosures in conformance with generally accepted accounting principles (GAAP), may be obtained from the Department of Management and Budget, Financial Reporting Division, 500 Griswold, 20th Floor, Detroit, Michigan 48226. In addition,

both the CAFR and this report may be viewed on the Charter County of Wayne, Michigan's website at www.waynecounty.com.

The PAFR is not intended to replace the CAFR, but serves as an executive summary on services provided by Wayne County and the overall financial condition of the county.

This financial overview will provide readers with the County's financial information for the year ended 2013. The PAFR does not include note disclosures or full presentation of all funds in the County's reporting unit, and it is not intended to comply with GAAP. Similar to many other communities across the nation, the County has dealt with fiscal challenges in this economic downturn by taking innovative steps to manage budget difficulties.

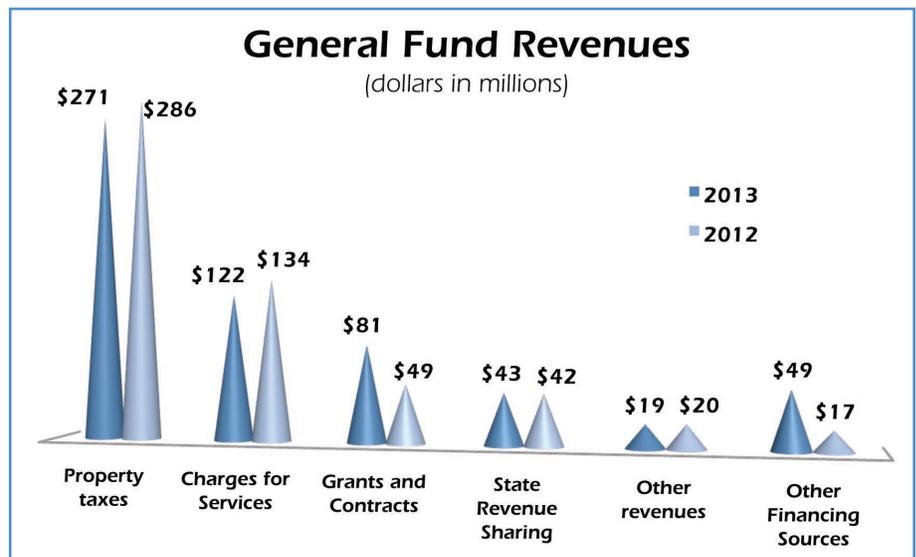


General Fund Performance

The general fund is the County's primary operating fund. As of October 1, 2012 the County made a change in reporting for the activities of Third Circuit and Probate courts. The court activities are recorded in the general fund, as both the courts are primarily funded by the general fund. The courts were previously reported as separate discretely presented component units of the County.

Where the Money Comes from **Revenue**

The general fund receives its revenue from the following sources: Property taxes, federal, state and local grants, charges for services, state revenue sharing and other revenues. The following chart shows the revenue comparison for fiscal years 2012 and 2013.

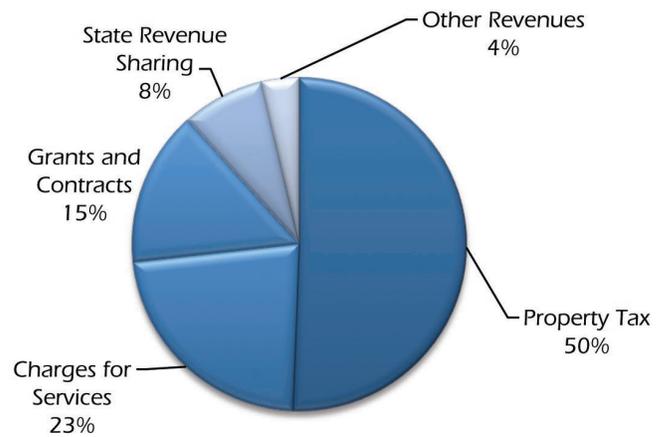


General Fund Performance

The single largest revenue stream for the general fund is property taxes. Property tax revenue is based on the assessed taxable value of commercial and residential properties in the County. Since FY 2007-2008 there has been a steady decline in taxable values which has resulted in lower funding levels for the County to provide services.

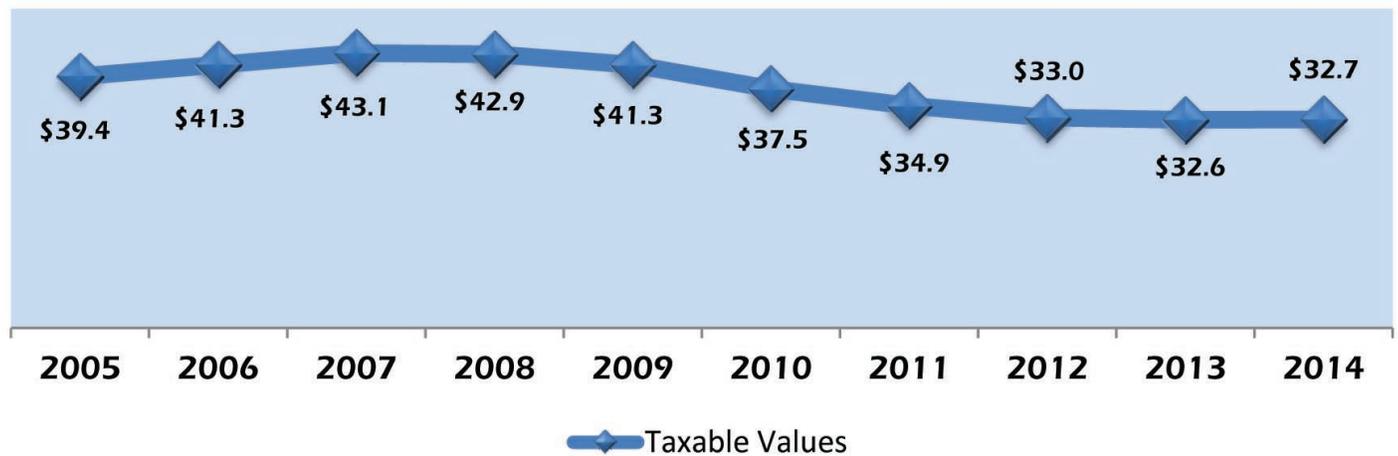
Property taxes decreased by \$14.8 million in 2013 a decrease of 5% from 2012 and 6% from 2011. Property tax revenue reached a peak of \$383.6 million in 2008 and reduced to \$271.4 million in 2013. The rate of decline is improving and it is projected that property taxable values will stabilize for the County overall in 2014.

Charter County of Wayne General Fund Revenue Sources



Taxable values directly impact property tax revenues. Below is an illustration of the decline in taxable values over the last ten years.

Charter County of Wayne Residential and Commercial Property Taxable Value Comparison (in billions)



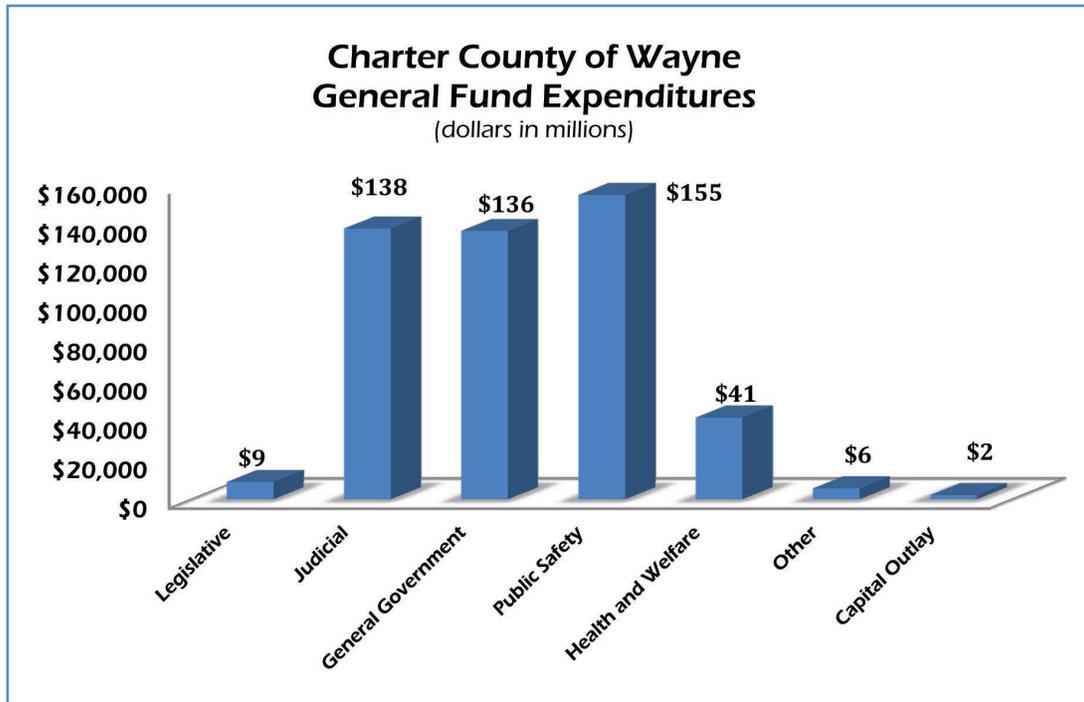
Federal, state and local grants and contracts are received to fund specifically identified programs across the County. Some grants sources include: crime prevention, victims of crime programs, providing indigent health care for the uninsured population of the County funding from the State for Third Circuit Court costs and various public safety grants for the Sheriff and Prosecuting Attorney. Grants revenues increased by 65% from the previous year because federal and state grants received by the Courts are now reported in the General fund.

The charges for services represent fees assessed by numerous departments to cover costs of providing services. It also includes reimbursements from various agencies and individuals for services provided.

The state revenue sharing funds represent revenue generated by sales tax. Under the state revenue sharing act counties receive 25.06% of the 21.3% revenue generated by sales tax. The County received \$43.1 million in state revenue sharing in 2013.

How the Money Is Spent **Expenditures** (Services Provided)

County government performs various functions and provides services to its citizens such as public safety, judicial and issuing and recording documents and licenses to name a few. The chart below shows the breakdown of general fund expenditures for the fiscal year ending September 30, 2013.



LEGISLATIVE

Legislative expenditures are the expenses incurred for the Wayne County Commission, a body of fifteen elected officials representing districts throughout the County. The Commission is responsible for: overseeing the County's budget, approving contracts and proposals, executing ordinances and resolutions and approving appointments to various boards.

GENERAL GOVERNMENT

General government expenditures represent the costs associated with the executive branch of the County government. Departments include Corporation Counsel, Management and Budget, Personnel/Human Resources and Technology. It also includes services provided by the County Clerk, Register of Deeds and County Treasurer, which are elected positions within Wayne County.

JUDICIAL

Judicial expenditures reflect the costs of maintaining two courts: the Third Circuit and Probate. The services covered by these courts include providing resolutions for civil, domestic, criminal and juvenile matters.

PUBLIC SAFETY

Public safety services reflect the costs of the Wayne County Sheriff and Prosecutor offices that provide quality law enforcement services to the Citizens of Wayne County.

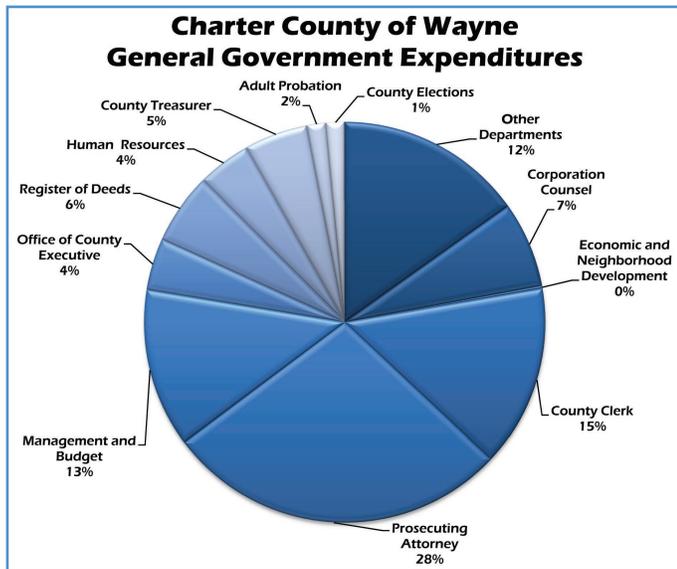
HEALTH AND WELFARE

Health and Welfare expenditures are costs associated with providing public health services. Core services include Headstart, clinical services for public health programs and jail medical services, Alternative Work Force program, Juvenile Detention Facility, Mental Health, Substance Abuse, Medical Examiner and Senior and Veterans Services.

OTHER EXPENDITURES

Other expenditures include community and economic development and recreational and cultural services. Wayne County promotes economic growth through business and community development strategies that retain and create jobs and encourage a high quality of life. Some of the community and economic development activities in Wayne County are described in more detail on page 7. Wayne County operates two golf courses and twelve parks, and provides library services to some communities.

How the Money Is Spent **Expenditures** (continued)



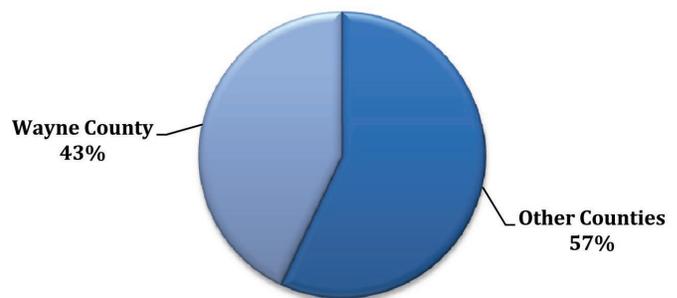
General Fund expenditures increased by \$6.2 million or .4% from the prior year. The two largest expenditures categories for the general fund are general government and public safety. The chart below shows the breakdown of the General Government expenditure category.



Wayne County's Role **Economic Growth**

Wayne County Economic Development Growth Engine (EDGE) continues to be recognized nationally as one of the most sophisticated and aggressive economic expansion and retention programs in the United States. EDGE has been able to attract over \$8 billion in new investments in the last three years and \$60 million in 2013 with a total of 5,104 of jobs committed. Wayne County is leading the way in economic development in Michigan. Since 2009, 38% of all investment in the state of Michigan happened in Wayne County and 43% of all the new jobs were created in Wayne County.

New Jobs Created in Michigan 2013



Whitney Partners, LLC was awarded a \$1,000,000 grant and a \$7,500,000 loan to renovate the historic 19-story David Whitney building located at 1553 Woodward Ave. in the City of Detroit. The building will be renovated into 108 residential apartments, 135 Aloft hotel rooms and 7,000 square feet of retail space on the first floor. The project is expected to create 50 to 75 jobs & includes total capital investment of \$82.5 million.



Infineon Technologies North America Corporation relocated and expanded its Automotive and Industrial Group in Livonia. Infineon Technologies North America Corp., headquartered in San Jose, California, is the principal U.S. subsidiary of Infineon Technologies AG. Founded in 1999, the German-based company is the world's second largest provider of semiconductors for automobile systems. The company plans to invest \$14 million in qualified capital investment which will create at least 30 new high tech jobs over five years.



Axle Alliance – A subsidiary of Detroit Diesel Corporation manufactures axles for commercial vehicles and provides consulting services to other axle plants. Axle plans to expand its production capability to include transmission in Redford Township, investing more than \$100 million and adding 204 new jobs.

For Your **Information**

Did You Know?

Of the top ten Fortune 500 companies in Michigan, half of them are headquartered in Wayne County. They include:

- | <u>Rank</u> | |
|-------------|-------------------------|
| 1 | General Motors |
| 2 | Ford Motor Company |
| 5 | TRW Automotive Holdings |
| 7 | Ally Financial |
| 10 | DTE Energy |

Step Forward Michigan

Federal "Hardest Hit" Funds granted to MSHDA to assist homeowners with delinquent tax payments for up to \$30,000 per homeowner. To date Wayne County taxpayers have applied, 2,617 have been processed, 2,148 have been approved. The Wayne County Treasurer has received payments exceeding \$24 million.

County **Commission**

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



Wayne County **Directory**

Office of the County Executive	(313) 224-0286	Probate Court	(313) 224-5706
Children & Family Services.....	(313) 833-3464	Prosecutor.....	(313) 224-5777
Circuit Court.....	(313) 224-5260	Victim Assistance.....	(313) 224-5800
Friend of the Court	(313) 224-5300	Vehicle Seizure.....	(313) 224-6688
Corporation Counsel.....	(313) 224-5030	Public Services (DPS).....	(313) 224-7373
County Clerk.....	(313) 224-6262	Report Road Hazards	(888) 762-3273
Birth & Death Records.....	(313) 224-6262	Parks.....	(734) 261-1990
CCW.....	(313) 224-5565	Register of Deeds	(313) 224-5854
Marriage Licenses	(313) 224-6262	Sheriff	(313) 224-2222
County Commission.....	(313) 224-2383	Inmate Information	(313) 224-2222
Economic Development Growth Engine ...	(313) 224-0410	Road Patrol	(734) 721-2222
Health and Human Services	(313) 224-0810	Jail Division I.....	(313) 224-0795
Public Health Department.....	(734) 727-7000	Jail Division II	(313) 224-2247
Library For The Blind.....	(734) 727-7300	Jail Division III.....	(313) 875-7000
Poison Control	(800) 222-1222	Technology	(313) 224-0354
Homeland Security & Emergency Mgt.	(734) 942-5289	Treasurer	(313) 224-5990
Management and Budget.....	(313) 224-0420	Property Tax Information	(313) 224-5990
Personnel/Human Resources.....	(313) 224-5901	Senior Services	(734) 727-7373
Employment Verification	(313) 224-5901	Veteran Services	(313) 224-5045