

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type ☒ County ☐ City ☐ Twp ☐ Village ☐ Other		Local Unit Name Charter County of Wayne	County Wayne
Fiscal Year End September 30, 2006	Opinion Date March 30, 2007	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

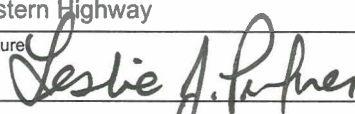
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☒ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	☒		
The letter of Comments and Recommendations	☐	To be forwarded.	
Other (Describe)	☐	A-133 report to be forwarded.	
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 248-352-2500	
Street Address 27400 Northwestern Highway		City Southfield	State MI
Zip 48037			
Authorizing CPA Signature 	Printed Name Leslie J. Pulver		License Number 1101009300

Charter County of
Wayne, Michigan



EACH STEP LEADS TO ANOTHER

2006 Comprehensive Annual Financial Report

For the Year Ended September 30, 2006

ROBERT A. FICANO
COUNTY EXECUTIVE

**CHARTER COUNTY
OF WAYNE, MICHIGAN**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2006**

**PREPARED BY:
DEPARTMENT OF
MANAGEMENT & BUDGET**

CHARTER COUNTY OF WAYNE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2006

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INTRODUCTORY

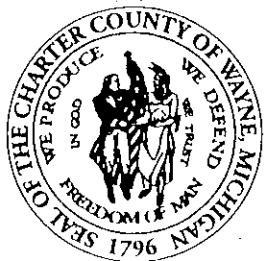
The introductory section contains:

Letter of Transmittal

List of Principal County Officials

Wayne County Commissioners

Organizational Chart



Robert A. Ficano
County Executive

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Detroit, Michigan 48226
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March 30, 2007

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

State law requires that every general purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2006.

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, 2006. 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 33 cities, including the City of Detroit, 10 townships, 1 village, and 41 public school districts. Its population of approximately 2 million makes it the most populous County in the State of Michigan and the 11th 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 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 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 law enforcement 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.

The County has primary funding responsibility for the Third Circuit and Probate Courts, although both are legally separate entities and are reported as discrete component units. 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 25 judges for the resolution of general civil cases. The criminal division is assigned 32 judges and has sole jurisdiction over felonies and high misdemeanors. The family court division 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 Division in the Department of Management and Budget on or before March 1st of each year. The Budget 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 taxpayers' comments, 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

Following the 2001 national recession, the labor market remained slow-growing until mid-2003. Subsequently, the national economy accelerated, pulling along labor demand and employment growth. The year 2006 marks the third consecutive year of strong year-over-year employment growth (and falling unemployment) nationally.

Meanwhile, in Michigan the pace of job growth has fallen somewhat short of the nation over most of the post-recession period. From the fourth quarter of 2001 until the fourth quarter of 2006, payroll job growth is currently reported to have risen by 3.9 percent in the nation, versus 0.7 percent in Michigan overall. Recent indications show little sign that the Michigan labor market performance is turning around. Weak economic performance in Michigan appears to reflect structural problems for automotive manufacturers and automotive supply companies. Since early 2004, Michigan has lost 17.6 thousand net jobs at auto assembly establishments (a 24 percent decline) and 27.5 thousand jobs in motor vehicle parts production (a 15.8 percent decline).

Overall domestic automotive production is being eroded by imports and by enhanced production and sales of transplant automotive companies who largely produce outside of the state of Michigan. Recent employee buyout programs at Ford, General Motors, and Delphi will result in workforce reduction of nearly 100,000 across the U.S. Approximately one-third of those jobs are situated in Michigan.

No improvement in the Michigan labor market is anticipated in the short-term. The Michigan-based automotive companies have planned continued facility closings and employment reductions in the areas of production, administration and research and development. Longer term, the Michigan economy's automotive concentration will hamper a strong rebound in the labor market.

On the local front, the County has lost 89,000 people between 2005 and 2006 as a result of layoffs, buyouts and job relocations, according to a recent census. The census report states that lower birth rates and fewer immigrants willing to take a chance in Michigan or more specifically Wayne County, are contributing to this downward trend. The economists forecast a continuing unfavorable trend in the region's labor market and expect continued population loss. While this is not unexpected news to the County, the County Executive along with other policymakers, has already begun to address the region's economy. The County has natural assets including colleges and universities, an international airport, natural waterways, an international port of entry and a willing workforce, that should help diversify our economy into areas with longer-term growth potential. A knowledge-based economy is the most promising avenue for future economic prosperity. Knowledge-based industries require a skilled and educated work force, which is highly correlated with economic success in general. Wayne County must become more successful in educating, training, attracting and retaining highly skilled workers in order to flourish in our transitioning economy. With that in mind, the County has established partnerships with technical schools, local school districts and colleges in our international outreach to the China cities of Wuhan and Chongqing for cultural and educational immersion exchange programs. This will enable our students to gain a global perspective of the world.

Additionally, the Wuhan and Chongqing government and education officials have offered to provide scholarship opportunities to Wayne County students in our partnership schools. This exchange will provide our young people the chance to share with and learn from their peers in a global environment.

Tomorrow's Wayne County will feature a diversified workforce to meet the needs of a global marketplace.

We envision a Wayne County thriving with alternative energy, an expanded COBO Hall, (Convention Center) an Airport City and mass transit from Detroit (the County Seat) to Ann Arbor (Washtenaw County).

The North American International Auto Show (NAIAS) has a huge annual economic impact to our region, ranging from hotels to restaurants to exhibit companies and retail everywhere. Many businesses and their families reap the benefit of this show year in and year out. Our goal is to keep that revenue stable and here in Michigan for the continued benefit to our economy. In order to do so, we must find a way to make Cobo Hall more financially attractive in order to bring in new conventions and exhibitions. As part of this effort, the County Executive is encouraging the Governor and the State Legislature to create a tax-free zone at COBO. In this initiative, the State's six percent sales tax would be waived on merchandise bought and sold at COBO during these shows. Boat and auto dealers could sell their products during the show. A visitor would save hundreds of dollars on the purchase of a new vehicle. The no tax zone would give COBO a competitive marketing tool to attract other conventions that wanted to buy and sell their products or services. Furthermore, this incentive would induce job creation, which would result in subsequent new tax revenues.

An economic development strategy of 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 its Airport and the fact, that it is not land-locked. The Aerotropolis has become a reality through the transformation of business from ground transport to air transport. The Airport has become the Central Business District (CBD) providing employment, shopping, entertainment, and business meeting destinations, and spin-off businesses have sprung up around this new CBD in clusters of both radial and string formations. 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, telecommunications in addition to serving air-travel intensive professionals by providing convenient access to air travel transport to national and international destinations.

Expected returns for a community with the development of an Aerotropolis include an international business presence; an increase in tax base; an increase in travelers to the region; construction jobs; a high-income white-collar work force covering office, research, technology, retail and commercial; and an increase in local material purchases. Local spending will increase with the Aerotropolis becoming a destination place for business, and travelers visiting the area for purposes other than business will partake of shopping and attractions that are provided. The vision of the Aerotropolis of Wayne County is to transform approximately 1,200 acres of underutilized, county-owned land in close proximity to the airport into a high quality, mixed-use business and high-technology development.

Perception can shape reality. If Wayne County is perceived as a good place for employment, leisure activities, education and more, it becomes a stronger magnet to attract investors, entrepreneurs and visitors.

Property tax is the County's largest revenue source representing 63% of the total General Fund revenue. In December 2004, Public Act 357 was enacted to provide a new funding mechanism to replace state revenue sharing payments. The new mechanism involved a gradual three-year shift of the County property tax millage from a winter tax levy to a summer tax levy. In 2005, 1/3 of the County's allocated mills were levied in the summer. In 2006, 2/3 of the County's allocated mills were levied in the summer and in 2007 and each year thereafter, all of the County's allocated mills will be levied in the summer. Additionally, each county was required to establish a restricted fund to be known as the Revenue Sharing Reserve Fund (RSRF). Act 357

required the County to fund the RSRF by annually transferring an amount equal to 1/3 of the County's December 2004 general tax levy into this fund, as follows:

- 1/3 from the County's December 2004 property tax levy
- 1/3 from the County's December 2005 property tax levy
- 1/3 from the County's December 2006 property tax levy

This method of distribution sunsets in 2009.

Long-Term Financial Planning

The County's long-term fiscal outlook remains strong. However, in the short-term, revenue growth is projected to be lower than expenditure growth in several funds, including the General Fund, which will require corrective measures to be taken, as described below. The County has little general obligation debt and all outstanding debt is within conservative guidelines. Upon completion of the County's 2006 audit, the County will return to the bond market. Staff is actively working to refinance existing debt. The total estimated General Fund savings is projected to be between \$9 and \$12 million.

Unreserved, undesignated fund balance in the General Fund of \$15.8 million (3.6 % of expenditures), falls below the policy guidelines set by the Government Financial Officers Association and the fund balance policy (between 5 and 15% of expenditures) issued by the Department of Management and Budget. The fall below policy levels is due, in part, to increased health care costs as well as the suspension of State revenue sharing payments. The County intends to restructure its operations within the next five years to ensure that it is in good financial position and can finance services to the public on an ongoing basis. The goal is to build a self-sustaining government, with a sound infrastructure and an excellent quality of life. This plan, when developed, will be one that shifts the emphasis from bottom line financial concerns to service delivery within a longer-term financial planning horizon. The Long-Term Financial Plan (Plan) will include:

- An assessment of the County's demographic and economic environment
- Preparation of a 10-year projection of operating costs and capital spending requirements
- Identification of options for addressing the financial gap between revenues and spending requirements
- Development of financial planning principles and supporting policies to guide future budgets
- Approval by the County Executive and the County Commissioners.

Ensure Long-Term Financial Sustainability

Recognizing that the County can only count on the revenues of which it has control and that shared revenues will most likely 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 the 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 Plan 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. Consultants have been hired, a design and planning meeting has taken place and the project manager has been identified. The County will have its first department reports by August 31, 2007. It is anticipated that the County will develop some key performance measures for each program area and incorporate performance measures in the 2008-09 annual operating budget.

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.

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. Transforming Underdeveloped Residential and Business Opportunities (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 case-by-case bases to fit project needs.

In addition to TURBO, the County entered into an intergovernmental agreement with the State's Land Bank Fast Track Authority to create a five-member land bank authority. The composition of the board consists of five board members, which includes the County Treasurer, one Detroit County Commissioner, and three additional board members named by the County Executive. The County's Land Bank will "bank" tax-reverted properties and help redevelop the properties. The County Treasurer receives approximately 1,000 foreclosed properties per year. As of September 2006, there were more than \$30 million in commitments to develop property under the Land Bank/TURBO program.

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.

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.

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 will be continuously looking at its existing debt to take advantage of lower interest rates and other opportunities. Two debt refinancings are under consideration for fiscal year 2007, as discussed above.

Under Governmental Accounting Standards Board 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 this liability. Beginning with the County's fiscal year 2008 Comprehensive Annual Financial Report, the County will have to officially calculate its OPEB liability, establish the annual required contribution payment and either budget the ARC at its full level or record the difference as a liability on its financial statements. Based upon a recent actuarial valuation, the County's unfunded actuarial accrued liability, (UAAL) for OPEB is estimated to be approximately \$1.2 billion. This assumes that the County does not establish a Trust Fund to pay for these benefits and continues to pay for these benefits on the pay-as-you-go method. As such, the assumed rate of return used in this calculation is 4.0%. Should the County establish a Trust Fund, it will be able to change this assumption to 8.0% and the UAAL would drop to an estimated \$650 million. The County is also considering undertaking a long-term, managed program of debt financing to address this issue as well as the County's current infrastructure deficiency and to reduce further deterioration of the County's infrastructure in 2007. 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 to obtain a 'AAA' rating from the bond rating agencies.

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 viability 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 in order 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 in order to provide for the repair and replacement of the 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. In addition, 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

For the twelfth year in a row, the County received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2005. 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 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


Dinah Tolbert
Director of Accounting


Christa McLellan
Assistant Director of Accounting

PRINCIPAL COUNTY OFFICIALS

COUNTY EXECUTIVE

Robert A. Ficano

DEPUTY COUNTY EXECUTIVE

Azzam E. Elder

CHIEF OPERATING OFFICER

Bella I. Marshall

CHIEF FINANCIAL OFFICER

Carla E. Sledge, CPA, CGFM

CHIEF OF STAFF

Nancy E. Mouradian

DEPARTMENT HEADS

Children & Family Services

Sue Hamilton-Smith

Management & Budget

Carla E. Sledge, CPA, CGFM

Corporation Counsel

Judge Edward M. Thomas

Personnel/Human Resources

Timothy R. Taylor

Environment

Kurt L. Heise

Public Services

James Jackson

Health & Human Services

Edith Killins

Senior Citizens & Veterans Affairs

Kevin F. Kelley

Homeland Security/Emergency Management

James P. Buford

Technology

Larry L. Simmons, Sr.

Economic and Neighborhood Development

Dr. Mulugetta Birru

OTHER ELECTED OFFICIALS

Circuit Court

Chief Judge Mary Beth Kelley

Register of Deeds

Bernard J. Youngblood

County Clerk

Cathy M. Garrett

Sheriff

Warren C. Evans

Probate Court

Chief Judge Milton L. Mack, Jr.

Treasurer

Raymond J. Wojtowicz

Prosecuting Attorney

Kym L. Worthy

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Director

Ronald C. Yee

WAYNE COUNTY COMMISSION

Jewel C. Ware
Chairwoman
4th District

Edward A. Boike, Jr.
Vice Chair
15th District

Kay Beard
Vice Chair Pro Tempore
12th District

Timothy P. Killeen
1st District

Bernard Parker
2nd District

Moe Blackwell
3rd District

Ilona Varga
5th District

Keith D. Williams
6th District

Burton Leland
7th District

Alisha R. Bell
8th District

Philip M. Cavanagh
9th District

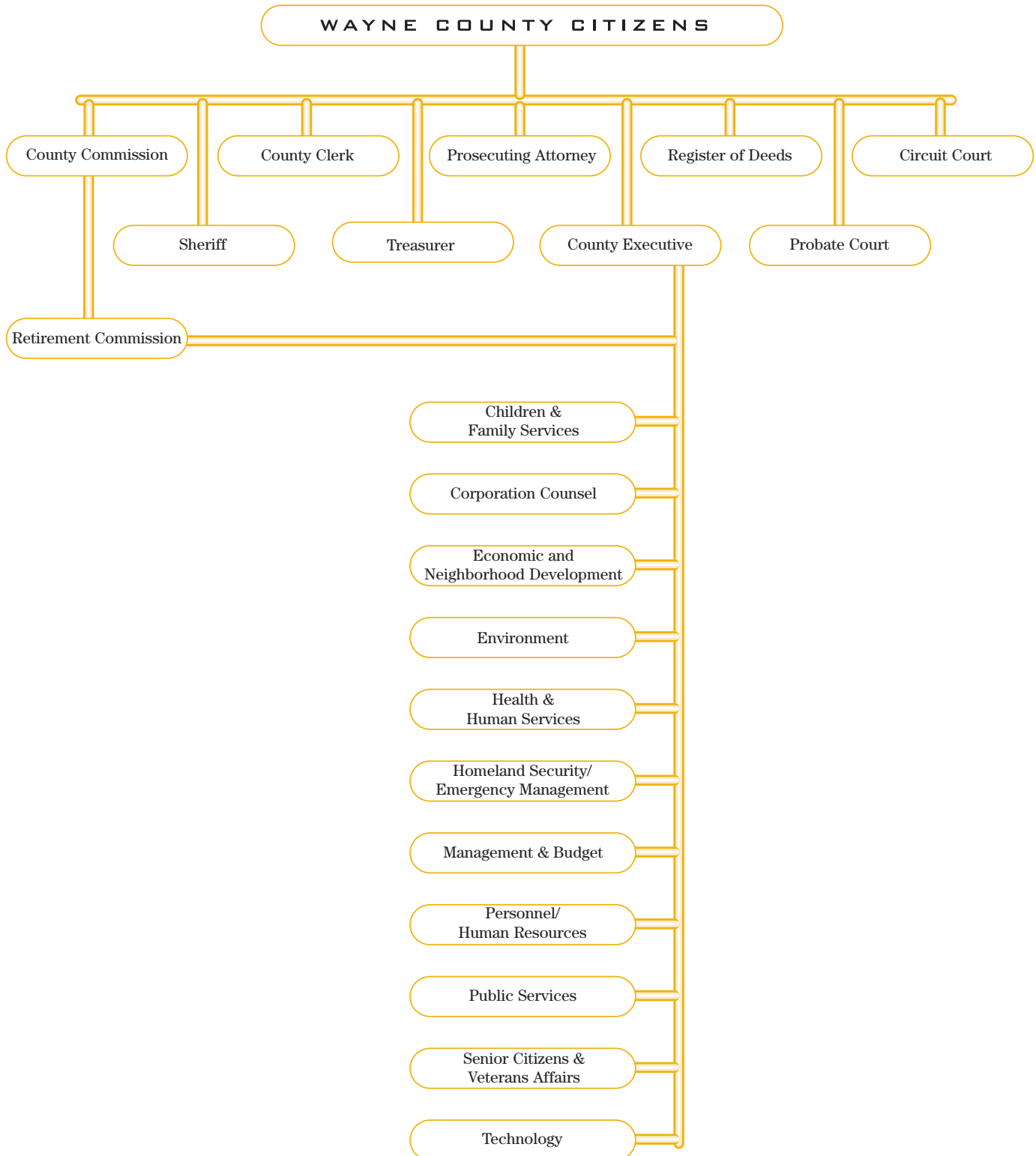
Laura Cox
10th District

Kevin McNamara
11th District

Gary Woronchak
13th District

Joseph Palamara
14th District

ORGANIZATIONAL CHART



FINANCIAL

The financial section contains:

Independent Auditors' 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*

FINANCIAL



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Fax: 248.352.0018
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Independent Auditors' Report

To the Board of Commissioners 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, 2006, 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 6.83% and 33.43% of the assets and revenues, respectively, of the governmental activities. We also did not audit the financial statements of the following entities, which represent the following percents of total aggregate discretely presented component unit assets and revenue:

	Percent of <u>Assets</u>	Percent of <u>Revenue</u>
Wayne County Airport Authority	80.82%	70.97%
Detroit-Wayne County Stadium Authority	16.74%	1.83%
Wayne County-Detroit Community Development Entity, Inc.,	.01%	.01%
Greater Wayne County Economic Development Corporation	.00%	.09%
Metropolitan Growth and Development Corporation	.03%	.04%
HealthChoice of Michigan	.08%	1.80%
Regional Jobs and Economic Growth	.01%	.07%
Development Corporation of Wayne County	.05%	.40%

We also did not audit the financial statements of the Pension Trust Funds, which represent 73.44% and 31.52% of the assets and revenues, 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, the Wayne County Airport Authority, the Detroit-Wayne County Stadium Authority, the Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, the Metropolitan Growth and Development Corporation, HealthChoice of Michigan, Regional Jobs and Economic Growth, Development Corporation of Wayne County and the Pension Trust Funds, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

To the Board of Commissioners and the County Executive
Charter County of Wayne, Michigan

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, 2006 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2007 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 discussed in Note 8, the County changed its method of accounting for capital assets previously reported in the CSO Basins Fund. Also as discussed in Note 8, the Airport Authority has changed its accounting for capital asset impairments as the result of implementation of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. In addition, the County changed its revenue recognition period of availability from one year to 60 days for the governmental funds. The impact on the current year results of operations related to the change for the revenue recognition period of availability has not been calculated.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The management's discussion and analysis, retirement system schedules of funding progress, and the major fund budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, 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. The non-major budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and retirement system schedules of funding progress, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

March 30, 2007

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, 2006. 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 I-1 to I-7 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights:

- The assets of the County exceeded its liabilities at September 30, 2006, by \$1.6 billion (net assets). Of this amount, \$89 million, (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$81.7 million (a 4.8 percent decrease) for the fiscal year ended September 30, 2006. Net assets of governmental activities decreased by \$4.2 million (.3 percent decrease), while net assets of the business-type activities decreased by \$77.4 million (16.5 percent decrease). The decrease in business-type activities, \$77.4 million, was primarily due to the transfer of CSO Basins' assets (\$60.8 million); refer to footnote 8 for further discussion. In addition, the depreciation on sewage disposal system assets produced the remaining \$16.5 million decrease. At September 30, 2006, the County's governmental funds reported combined ending fund balances of \$162.2 million, an increase of \$3.2 million in comparison to the prior year. Approximately \$4.1 million is *available for spending* at the government's discretion (*unreserved fund balance*), while \$34.2 million is *designated* for contingencies related to the mental health fund.
- At the end of the year, unreserved, undesignated fund balance for the General Fund amounted to \$15.8 million, or 3.6 percent of total general fund expenditures.
- The County's total long-term debt obligations decreased by \$23.0 million (3.6 percent) during the year. This decrease primarily represents the difference between new bond issuances of \$2.9 million; net difference of delinquent tax notes, \$166.3 million issued, \$168.4 repaid; payments on general obligation bonds, notes payable and revenue bonds outstanding, \$36.1 million, as well as an increase for claims, litigation and assessments.

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 thirteen legally separate organizations 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 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 thirteen 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:

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

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 II-18 to II-21 of this report.

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*.

The County maintains 33 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, and Juvenile Justice and Abuse/Neglect, all of which are considered to be major funds. Data from the other 28 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 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.

The basic governmental funds financial statements can be found on pages II-22 to II-27 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 central services, 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.

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, four 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, the Rouge Valley Sewage Disposal System and the CSO Basins. Data from the five non-major enterprise funds are combined into a single aggregated presentation.

The proprietary fund basic financial statements can be found on pages II-28 to II-31.

Individual fund data for the internal service funds is provided in the form of combining statements can be found on pages II-177 to II-182.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial 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 II-32 to II-33 and pages II-183 to II-189 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 II-38 to II-125 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 II-126 to II-133 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 II-134.

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 \$1.6 billion at September 30, 2006.

Charter County of Wayne, Michigan
Net Assets - Primary Government
As of September 30 (in thousands)

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2006	2005	2006	2005	2006	2005
Current assets	\$ 598,879	\$ 500,722	\$ 85,501	\$ 83,324	\$ 684,380	\$ 584,046
Capital assets	1,223,579	1,285,849	358,051	437,135	1,581,630	1,722,984
Other non-current assets	31,293	31,010	196,401	206,190	227,694	237,200
Total assets	1,853,751	1,817,581	639,953	726,649	2,493,704	2,544,230
Current liabilities	240,775	190,955	50,962	46,705	291,737	237,660
Non-current liabilities	386,602	396,032	197,085	210,599	583,687	606,631
Total liabilities	627,377	586,987	248,047	257,304	875,424	844,291
Net assets:						
Invested in capital assets, net of related debt	1,073,350	1,120,350	180,638	215,294	1,253,988	1,335,644
Restricted	86,318	78,499	188,935	27,757	275,253	106,256
Unrestricted	66,706	31,745	22,333	226,294	89,039	258,039
Total net assets	<u>\$1,226,374</u>	<u>\$1,230,594</u>	<u>\$ 391,906</u>	<u>\$ 469,345</u>	<u>\$ 1,618,280</u>	<u>\$ 1,699,939</u>

By far the largest portion of the County's net assets (\$1.3 billion, or 77.4 percent) reflects its investment in capital assets (e.g., land, 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 \$81.7 million in net assets invested in capital assets, net of related debt, which was primarily due to depreciation on County capital assets of \$107 million and the transfer of \$60.8 million in CSO Basins capital assets, offset by capital asset additions of \$42.8 million, and payments on capital related debt of \$31.7 million.

An additional portion of the County's net assets (\$275.3 million, or 17 percent) represents resources that are subject to external restrictions on how they may be used. There was an increase of \$7.8 million in restricted net assets reported in connection with the County's governmental activities. This increase was related to the restriction of net assets related to unspent Mental Health funding (\$7 million) and an increase in restriction for delinquent tax administration (\$3.6 million). These increases were offset by a decrease in amounts reserved for capital projects due to the completion of renovations to the County Jail (Division I), the Frank Murphy Hall of Justice, the Lincoln Hall of Justice and the County's Neudeck and 640 Temple buildings (\$3.0 million). In addition, there was an increase of \$161.2 million of net assets restricted for business-type activities, which is due to the restriction of net assets related to bond principal receivable from local municipalities.

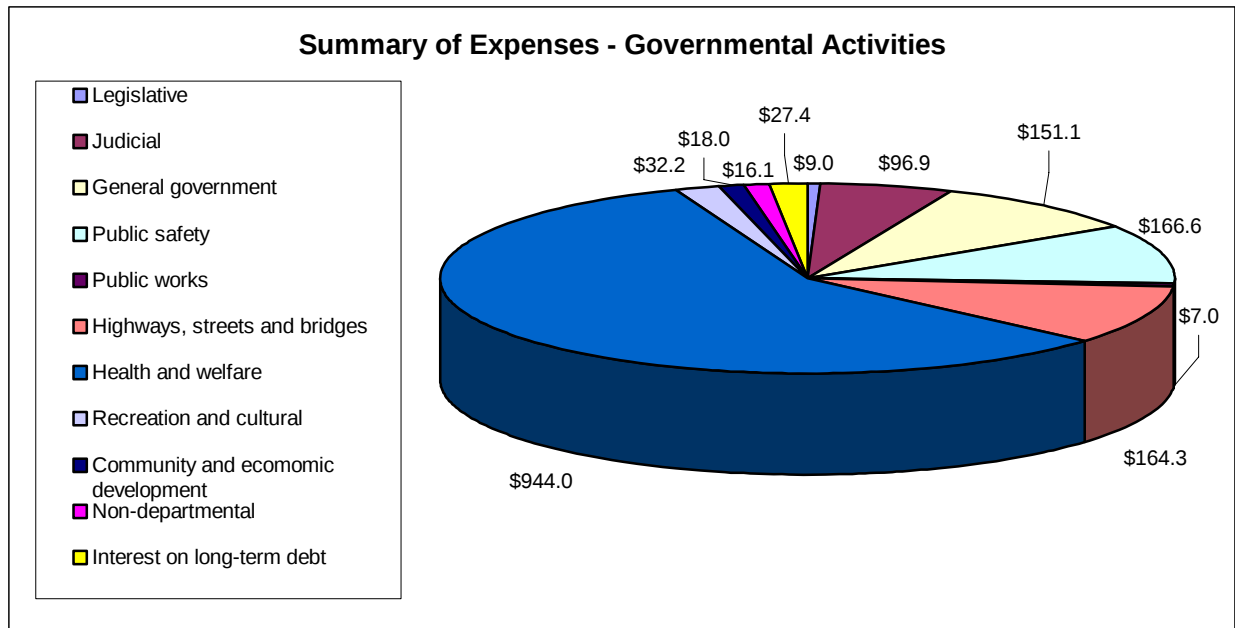
The remaining balance of unrestricted net assets (\$89 million, 5.5 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

Charter County of Wayne, Michigan
Change in Net Assets - Primary Government
For the Year Ended September 30 (in thousands)

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 181,594	\$ 185,551	\$ 69,311	\$ 69,489	\$ 250,905	\$ 255,040
Operating grants and contributions	878,985	872,743	7,071	7,121	886,056	879,864
Capital grants and contributions	12,681	10,281	3,316	335	15,997	10,616
General revenues:						
Property taxes and airport parking taxes	497,333	475,637	-	-	497,333	475,637
Investment earnings	33,317	29,597	2,148	1,156	35,465	30,753
Other revenue and amortization of bond issuance costs	24,456	20,845	-	175	24,456	21,020
Total revenues	1,628,366	1,594,654	81,846	78,276	1,710,212	1,672,930
Expenses:						
Legislative	8,972	9,189	-	-	8,972	9,189
Judicial	96,897	97,825	-	-	96,897	97,825
General government	151,150	129,738	-	-	151,150	129,738
Public safety	166,593	155,603	-	-	166,593	155,603
Public works	6,992	7,214	-	-	6,992	7,214
Highways, streets and bridges	164,345	153,093	-	-	164,345	153,093
Health and welfare	944,029	901,420	-	-	944,029	901,420
Recreation and cultural	32,173	29,385	-	-	32,173	29,385
Community and economic development	17,966	16,072	-	-	17,966	16,072
Non-departmental	16,057	26,348	-	-	16,057	26,348
Interest on long-term debt	27,412	24,701	-	-	27,412	24,701
Sewage Disposal Systems	-	-	157,500	93,032	157,500	93,032
Jail Commissary	-	-	1,648	1,187	1,648	1,187
Parking Lots	-	-	114	204	114	204
Wetlands Mitigation	-	-	-	5	-	5
Copy Center	-	-	23	-	23	-
Total expenses	1,632,586	1,550,588	159,285	94,428	1,791,871	1,645,016
Change in net assets	(4,220)	44,066	(77,439)	(16,152)	(81,659)	27,914
Net assets at October 1	1,230,594	1,186,528	469,345	485,497	1,699,939	1,672,026
Net assets at September 30	\$ 1,226,374	\$ 1,230,594	\$ 391,906	\$ 469,345	\$ 1,618,280	\$ 1,699,940

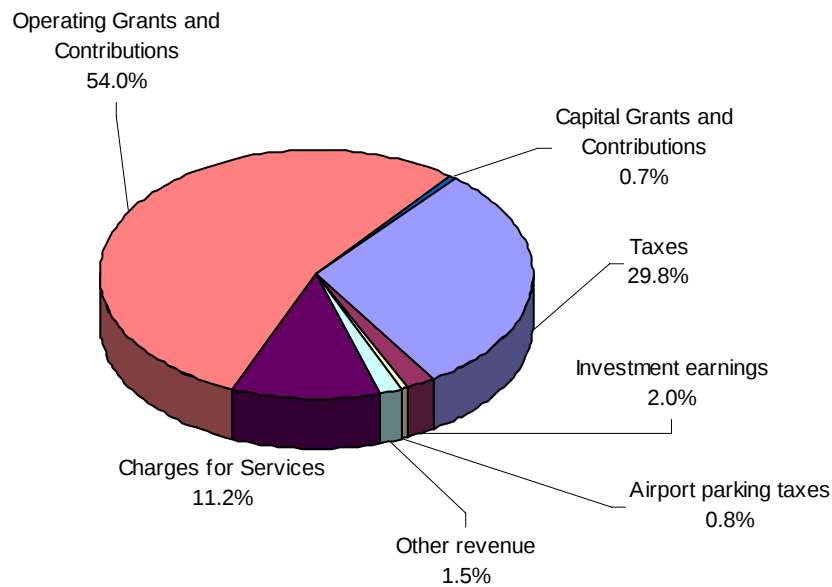
Governmental activities. Governmental activities decreased the County's net assets by \$3 million. Key elements of this decrease are as follows:

- *Property taxes* increased by \$19.2 million over the prior year due to a 4 percent increase in the taxable value of the region's property. In addition, airport parking tax revenue also increased by \$2.5 million over the prior year.
- *General Government* expense increased by \$21 million, \$10 million of which is due to increased litigation expenses. The remaining increase of \$11 million is not attributable to any individually significant items.



- *Public Safety* expense increased by \$10 million related to increased costs in the County Jails as well as a one-time inventory adjustment of \$2.9 million.
- *Health and Welfare* expense increased by \$42.6 million due to expanded mental health programs and services.
- *Highways, Streets and Bridges* expense increased mainly due to the completion of certain roads projects, which resulted in an increase in depreciation expense.
- *Non-departmental* expense decreased \$10.3 million due mainly to the write-off of a State revenue sharing payment in the prior year that was not collected due to Public Act 357. See discussion under Revenue Sharing below.
- Expenses for the *legislative, judicial, public works, recreation and cultural, and community and economic development* functions of the County remained relatively flat and increased by a total of 5.4 percent over the prior year. This increase is not attributable to any individually significant items.

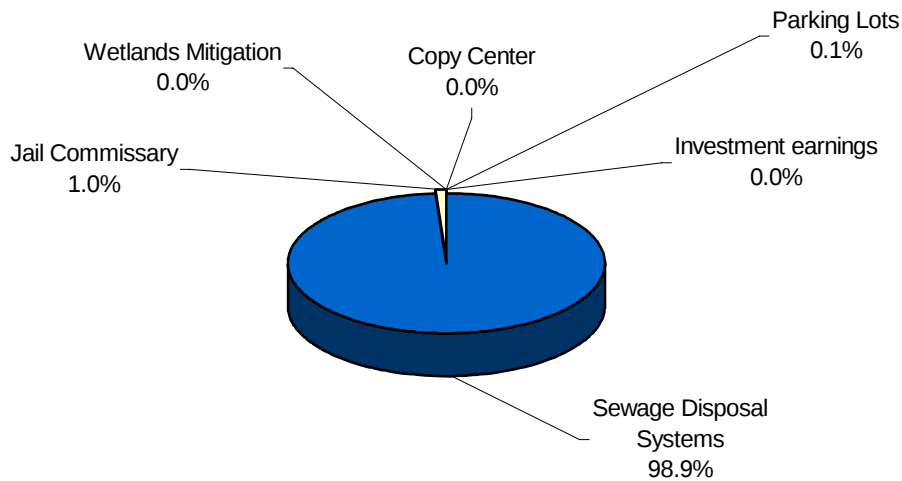
Revenue by Source - Governmental Activities



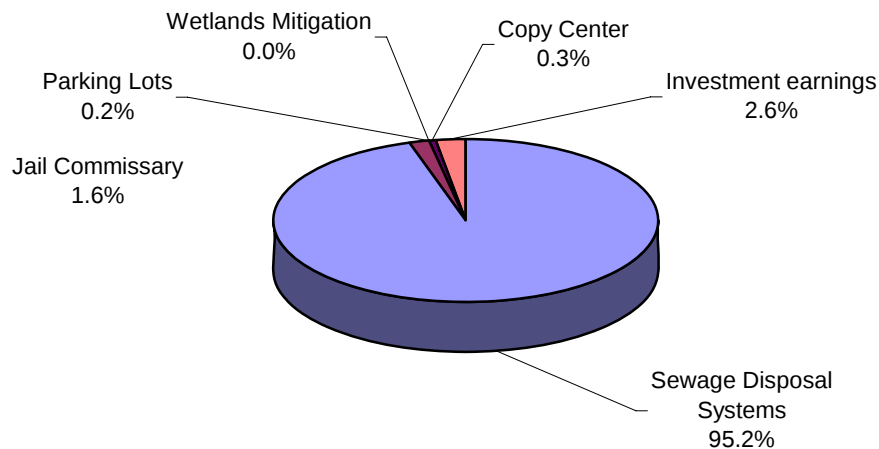
Business-type activities. The business-type activities reduced the County's net assets by \$77.4 million for the year. This reduction resulted primarily from the following:

- *CSO Basins transfer of capital assets, (\$60.8) million.* During the fiscal year, the County re-evaluated its ownership in the capital assets of the CSO Basins and determined that although, they legally belong to the County, they in substance belong to the local communities. This transfer of assets is the result of the County transferring the remaining value of these assets to the local communities.
- *Net Operating Losses, (\$16.6) million.* The Downriver, Rouge Valley, and CSO Basins Sewage Disposal Systems experienced operating losses due to depreciation expense on capital assets. Depreciation expense is not recouped through sewage disposal rates because the communities pay for the use of these assets directly via reimbursement for debt service.

Summary of Expenses - Business-type Activities



Revenue by Source - Business-type Activities



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, *unreserved 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 \$162.3 million, an increase of \$3.2 million in comparison with the prior year. Approximately 2.5 percent of this balance (\$4.1 million) constitutes unreserved, undesignated fund balance, which is available for spending at the County's discretion. Approximately, 33.1 percent of this amount (\$53.7 million) is reserved for long-term assets, mainly the negative equity in the County's pooled cash accounts, accumulated by certain funds with deficit fund balances. Another 21.1 percent of this total amount (\$34.2 million) is designated for mental health services. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate inventory purchased in prior periods (\$9.3 million); 2) to pay debt service (\$33.5 million); 3) to pay for the capital projects, (\$15.6 million); and 4) for prepayments and deposits (\$10.9 million).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$15.9 million, while total fund balance amounted to \$23.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 3.6 percent of total General Fund expenditures, while total fund balance represents 5.3 percent.

The fund balance of the General Fund did not increase significantly over the prior year; however, significant positive and negative fluctuations are discussed below.

- Increase in property tax revenue of \$26.8 million due to increased taxable value of the July 1 levy
- Increase of \$2.5 million of airport parking tax revenue, which is reflective of the increase in airline passengers
- A write-off of obsolete Sheriff's inventory of \$2.9 million, causing an increase in public safety expenditures
- An increase in the cost of operating the County Jails of \$10.3 million

The increases noted above were offset by the following reductions:

- Decrease of \$2.9 million in Register of Deeds recording fees
- Decrease of \$1 million in County Clerk revenue for forfeited bonds
- Decrease of \$2.2 million of State reimbursement for administrative fees incurred for the indigent adult benefit waiver program
- Decrease of \$10.3 million in non-departmental expenditures due to the write-off of a State revenue sharing payment in the prior year that was not collected due to Public Act 357
- Decrease in prisoner medical expenditures due to the prior year accrual of a settlement with an insurance provider of \$4.7 million

The Roads' fund balance decreased by a net \$4.6 million. This shortfall resulted primarily from the completion of grant funded construction projects, for which the revenue was received in prior years.

The Mental Health fund balance decreased by a net \$16.2 million due to a planned use of fund balance for expanded mental health programs.

The Juvenile Justice fund balance decreased \$8.1 million due to rising costs of providing services, for which the County is not receiving additional funding.

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 three major sewage disposal systems at the end of the year amounted to the following:

- *Downriver*, \$7.4 million; net assets for the Downriver system decreased by \$8.2 million over the prior year due to depreciation expense
- *Rouge Valley*, \$12.7 million; net assets for the Rouge Valley system decreased by \$4.3 million over the prior year due to depreciation expense
- *CSO Basins*, \$350 thousand; net assets for the CSO Basins decreased by \$64.8 million over the prior year due to the transfer of capital assets, referenced above, and depreciation expense

Unrestricted net assets for the Delinquent Tax Revolving Fund amounted to \$57.1 million and increased by \$16.7 million during the current year. Overall, net assets increased by \$20.1 million as a result of increased fines and forfeiture revenue of \$10.8 million, and a prior year increase in liabilities for claims and litigation of \$10.1 million.

Revenue Sharing

Public Act 357 of 2004 gradually shifts the County's annual general property tax levy from a December 1 levy date to a July 1 levy date, over a three-year period. The proportion of the levy moving from December to July increases each year so that by July 2007, 100% of the annual tax will be levied. The purpose of this shift is to build a revenue sharing reserve fund equal to the December 2004 general property tax levy to replace annual state revenue-sharing payments. Revenue-sharing payments were suspended by the State as part of a budget reduction action in September 2004. In fiscal year 2006, an amount equal to one-third of the December 2004 general county property tax levy (\$80 million) was transferred into the Revenue Sharing Reserve Fund, a non major governmental fund, as required by law. Subsequently, in accordance with the State's published "allowable spending", \$45.2 million was transferred from the Revenue Sharing Reserve Fund to the General Fund.

Property taxes totaling \$240 million will be transferred into the Revenue Sharing Reserve Fund from 2005 through 2007. It is anticipated that the Revenue Sharing Reserve Fund will be depleted in approximately 4.5 years (fiscal year 2009), with approximately \$45 million annually (plus an inflationary increase) being transferred to the General Fund. The State has committed to restoring revenue sharing payments once the Revenue Sharing Reserve Fund is depleted.

General Fund Budgetary Highlights

During the year, there were only two significant changes from the original to the final amended budget. These changes are as follows:

- Increase in Public Safety expenditures, \$5 million, including Homeland Security, \$3.6 million; Sheriff's Court Services, \$571 thousand; and Sheriff's Field Services, \$485 thousand
- Decrease in Indigent Care expenditures, \$5.2 million

In general, actual results in the General Fund did not differ significantly from the final amended budget. However, the implementation of Public Act 357 (the Act) caused several individual line item differences. The additional levy created by the Act, was budgeted as revenue in the Revenue Sharing Reserve Fund and the allowable spending was budgeted as state shared revenue in the General Fund. The actual

accounting treatment was to record all property tax revenue in the general fund and treat all other movements of cash related to the Act as other financing sources (uses).

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, 2006, amounted to \$1.6 billion, net of accumulated depreciation of \$1.4 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. The total decrease in the County's gross investment in capital assets for the current fiscal year was 11.3 percent (a 4.8 percent decrease for governmental activities and a 21.4 percent decrease for business-type activities). As stated previously, the decrease was caused by the removal of the CSO Basins capital assets of \$60.8 million.

Major capital asset additions for governmental activities, \$23.4 million, during the current fiscal year 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 \$16.8 million
- Renovations to the Neudeck building, Frank Murphy Hall of Justice, Lincoln Hall of Justice, A.C. Baird Detention Facility, and the Temple location. These projects varied by location, including new roofs, HVAC systems, a fire suppression system, and stone and brick restoration. These projects totaled \$3.2 million
- Acquisition of equipment and various other vehicles totaled \$1.6 million
- Renovation of the Wayne County Building tower, \$600,000
- Department of Technology improvements, \$962,000

Major acquisitions for business-type activities, \$3.5 million, included various building and system additions for the Downriver Sewage Disposal System (\$3.1 million) and various system improvements for the Rouge Valley Sewage Disposal System (\$.4 million). Construction in progress as of the close of the fiscal year was \$4.6 million and \$.9 million for the Downriver and Rouge Valley Systems, respectively.

Charter County of Wayne, Michigan
Capital Assets, Net - Government-wide Financial Statements
As of September 30 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land and improvements	\$ 555,123	\$ 555,328	\$ 5,320	\$ 5,321	\$ 560,443	\$ 560,649
Buildings and improvements	140,085	149,939	10,807	73,864	150,892	223,803
Machinery, equipment and vehicles	15,969	21,970	445	495	16,414	22,465
Infrastructure	481,741	530,698	335,877	355,047	817,618	885,745
Construction in progress	30,661	27,914	5,602	2,408	36,263	30,322
Total	<u>\$ 1,223,579</u>	<u>\$ 1,285,849</u>	<u>\$ 358,051</u>	<u>\$ 437,135</u>	<u>\$ 1,581,630</u>	<u>\$ 1,722,984</u>

Additional information on the County's capital assets can be found in Note 8 on pages II-73 thru II-81 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$502.9 million. Of this amount, \$356.3 million comprised debt backed by the full faith and credit of the County. The remainder of the County's debt, \$146.6 million represented bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total bonded debt decreased by a net \$34.4 million (6.4 percent) during the current fiscal year. Debt for governmental activities decreased by \$21.6 million, due to the repayment of limited tax (general obligation notes) amounting to \$19.3 million. Delinquent tax notes, \$166.3 million, were issued to finance the purchase of delinquent taxes receivable. Repayment of delinquent tax notes and other bond obligations totaled \$169.2 million. Debt for business-type activities decreased by \$12.8 million (5.7 percent) as a result of net debt payments. The County received \$2.9 million as a draw on a revolving loan fund in the Downriver Sewage Disposal System during fiscal year 2006.

Outstanding Bonded Debt as of September 30
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds						
(backed by the County):	\$151,705	171,024	211,147	223,722	\$362,852	394,746
Deferred loss on refunding	(2,335)	(2,522)	(1,694)	(1,881)	(4,029)	(4,403)
Bond discount	<u>(2,534)</u>	<u>(2,997)</u>	<u>-</u>	<u>-</u>	<u>(2,534)</u>	<u>(2,997)</u>
Total general obligation bonds, net of bond discount and loss on refunding	<u>146,836</u>	<u>165,505</u>	<u>209,453</u>	<u>221,841</u>	<u>356,289</u>	<u>387,346</u>
Revenue bonds and notes						
(backed by specific tax and fee revenues)	142,502	145,407	4,180	4,640	146,682	150,047
Deferred loss on refunding	<u>-</u>	<u>-</u>	<u>(114)</u>	<u>(129)</u>	<u>(114)</u>	<u>(129)</u>
Total revenue bonds, net of loss on refunding	<u>142,502</u>	<u>145,407</u>	<u>4,066</u>	<u>4,511</u>	<u>146,568</u>	<u>149,918</u>
Total bonds and notes payable, net of bond discounts and loss on refundings	<u>\$289,338</u>	<u>310,912</u>	<u>213,519</u>	<u>226,352</u>	<u>\$502,857</u>	<u>537,264</u>

The County maintains an "AA" rating from Standard & Poor's and an "A3" rating from Moody's Investors Service 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 current debt limitation for the County is approximately \$6.4 billion, which is significantly in excess of the County's outstanding general obligation debt, \$356.3 million.

Additional information on the County's long-term debt can be found in Note 11 on pages II-89 thru II-114 of this report.

Economic Factors and Next Year's Budgets and Rates

- The County's 2006 Equalization Report indicates that the total State Equalized Valuation for the County rose to \$64.4 billion, an increase of 2.7 percent over the prior year. Additionally, the total taxable valuation of the County, which serves as the basis for current and future tax levies, amounted to \$50.6 billion, an increase of \$2.3 billion (4.8 percent) over the previous year.
- The County projects balanced operations for the General Fund for the next fiscal year.
- The average annual unemployment rate for Wayne County according to the Michigan Department of Labor and Economic Growth at January 2007 increased to 9.1 percent, compared to the September 30, 2006 rate of 8.6, which also increased over the September 30, 2005 rate of 8.3 percent.

The consumer price index (CPI) showed modest increases of 1.7 percent as of February 2007 from 194.8 to 198.1, as measured by the growth rate of the Detroit CPI. The CPI increased 3.7 percent during the previous 12 months, according the US Department of Labor, Bureau of Labor Statistics.

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, Accounting Division, 600 Randolph Street, Detroit, Michigan 48226.

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BASIC FINANCIAL STATEMENTS

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets
As of September 30, 2006

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<u>Assets</u>				
Current assets:				
Equity in pooled cash and investments (Note 4)	\$ 236,038,853	23,042,850	\$ 259,081,703	\$ -
Other cash and investments (Note 4)	240,507	41,000	281,507	114,315,244
Due from component units (Note 10)	917,047	18,622	935,669	-
Due from primary government (Note 10)	-	-	-	493,360
Internal balances	221,304	(221,304)	-	-
Receivables:				
Current property taxes	73,767,935	-	73,767,935	-
Delinquent property taxes	161,517,572	-	161,517,572	-
Accounts	66,786,301	2,530,595	69,316,896	15,663,409
Special assessments	-	-	-	18,265,459
Due from other governmental units (Note 10)	83,160,889	11,493,695	94,654,584	30,585,261
Less allowance for uncollectible accounts	(44,839,923)	(105,734)	(44,945,657)	(134,201)
Supplies inventory	9,548,690	50,561	9,599,251	-
Prepayments and deposits	11,519,669	-	11,519,669	45,219
Restricted assets:				
Equity in pooled cash and investments (Notes 4 and 5)	-	30,095,684	30,095,684	889,448
Other cash and investments (Notes 4 and 5)	-	1,566,866	1,566,866	766,512,251
Accounts receivable (Notes 4 and 5)	-	16,988,496	16,988,496	13,311,343
Total current assets	598,878,844	85,501,331	684,380,175	959,946,793
Non-current assets:				
Restricted assets:				
Other cash and investments (Notes 4 and 5)	-	-	-	70,959,903
Bond principal due from municipalities (Notes 4 and 5)	-	196,040,958	196,040,958	-
Capital assets (Note 8)				
Non-depreciable	582,048,116	10,911,073	592,959,189	371,058,532
Depreciable, net	641,530,688	347,139,481	988,670,169	2,375,315,343
Bond issuance costs, net of amortization	2,195,735	-	2,195,735	33,284,443
Long-term receivables (Note 7)	29,097,733	-	29,097,733	1,386,922
Other assets	-	360,584	360,584	1,289,363
Total non-current assets	1,254,872,272	554,452,096	1,809,324,368	2,853,294,506
Total assets	\$ 1,853,751,116	639,953,427	\$ 2,493,704,543	\$ 3,813,241,299

See accompanying notes to the basic financial statements.

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets, Continued
As of September 30, 2006

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<u>Liabilities</u>				
Current liabilities:				
Negative equity in pooled cash	\$ -	-	\$ -	\$ 25,028,574
Accounts and contracts payable	96,406,367	11,542,808	107,949,175	44,333,038
Accrued wages and benefits	4,948,262	55,097	5,003,359	3,140,725
Due to fiduciary funds (Note 10)	4,887	3,503	8,390	16,720
Due to component units (Note 10)	493,360	-	493,360	-
Due to primary government (Note 10)	-	-	-	935,669
Due to other governmental units (Note 10)	12,292,701	37,277	12,329,978	3,934,893
Current portion of long-term obligations (Note 11)	49,890,848	518,745	50,409,593	5,365,102
Accrued interest	10,066,214	-	10,066,214	210,690
Other liabilities	61,967,623	162,711	62,130,334	50,374,912
Unearned revenue	4,705,150	-	4,705,150	3,143,929
Payable from restricted assets:				
Accounts payable	-	8,529,797	8,529,797	-
Current portion of long-term obligations (Note 11)	-	16,432,677	16,432,677	44,316,000
Accrued interest	-	1,201,473	1,201,473	33,295,858
Unearned revenue	-	203,696	203,696	2,071,999
Other restricted liabilities	-	12,274,643	12,274,643	-
Total current liabilities	240,775,412	50,962,427	291,737,839	216,168,109
Non-current liabilities:				
Non-current portion of long-term obligations (Note 11)	357,449,772	-	357,449,772	2,364,114,545
Other liabilities	29,151,856	-	29,151,856	5,923,527
Payable from restricted assets:				
Bonds payable from restricted assets (Note 11)	-	197,085,494	197,085,494	-
Accounts payable	-	-	-	-
Total non-current liabilities	386,601,628	197,085,494	583,687,122	2,370,038,072
Total liabilities	627,377,040	248,047,921	875,424,961	2,586,206,181
<u>Net Assets</u>				
Invested in capital assets, net of related debt	1,073,350,154	180,638,043	1,253,988,197	763,864,334
Restricted net assets:				
Bond programs	33,449,990	188,935,224	222,385,214	242,539,534
Delinquent tax administration	29,179,432	-	29,179,432	-
Mental health	7,011,895	-	7,011,895	-
Veterans affairs	1,049,461	-	1,049,461	-
Road construction	-	-	-	-
Capital projects	6,327,822	-	6,327,822	119,790,735
Capital improvements - parks	9,299,000	-	9,299,000	-
Drug enforcement	-	-	-	2,942,814
Airport operations	-	-	-	27,417,957
Unrestricted net assets	66,706,322	22,332,239	89,038,561	70,479,744
Total net assets	1,226,374,076	391,905,506	1,618,279,582	1,227,035,118
Total liabilities and net assets	\$ 1,853,751,116	639,953,427	\$ 2,493,704,543	\$ 3,813,241,299

See accompanying notes to the basic financial statements.

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2006

		Program Revenues			
		Charges for	Operating Grants	Capital Grants	Net (Expense)
	Expenses	Services	and Contributions	and Contributions	Revenue
Functions/Programs					
Primary government:					
Governmental activities:					
Legislative	\$ 8,972,403	-	-	-	\$ (8,972,403)
Judicial	96,897,346	2,058	20,668,738	-	(76,226,550)
General government	151,149,473	111,035,210	4,167,017	-	(35,947,246)
Public safety	166,593,399	26,020,237	20,022,877	241,248	(120,309,037)
Public works	6,991,922	5,972,865	-	-	(1,019,057)
Highways, streets and bridges	164,344,774	6,648,977	92,186,799	12,439,848	(53,069,150)
Health and welfare	944,028,810	24,881,371	730,370,659	-	(188,776,780)
Recreation and cultural	32,173,152	5,712,871	1,570,404	-	(24,889,877)
Community and economic development	17,965,678	1,320,675	9,341,145	-	(7,303,858)
Non-departmental	16,057,236	-	657,226	-	(15,400,010)
Interest on long-term debt	27,411,535	-	-	-	(27,411,535)
Total governmental activities	1,632,585,728	181,594,264	878,984,865	12,681,096	(559,325,503)
Business-type activities:					
Sewage Disposal Systems	157,498,984	67,552,992	7,070,727	3,316,543	(79,558,722)
Jail Commissary	1,648,359	1,314,368	-	-	(333,991)
Parking Lots	114,193	196,838	-	-	82,645
Wetlands Mitigation	665	-	-	-	(665)
Copy Center	23,278	247,039	-	-	223,761
Total business-type activities	159,285,479	69,311,237	7,070,727	3,316,543	(79,586,972)
Total primary government	\$ 1,791,871,207	250,905,501	886,055,592	15,997,639	\$ (638,912,475)
Component units:					
Airport Authority	\$ 430,274,356	320,835,356	12,110,868	39,806,394	\$ (57,521,738)
Circuit Court	125,515,623	6,495,574	117,821,956	-	(1,198,093)
Probate Court	11,804,213	899,877	10,907,956	-	3,620
Stadium Authority	46,967,397	6,949,537	3,156,186	-	(36,861,674)
Drainage Districts	8,972,235	5,525,778	756,993	819,733	(1,869,731)
Economic Development Corporation	356,814	-	-	-	(356,814)
Wayne County - Detroit CDE, Inc.	453,736	55,019	-	-	(398,717)
Greater Wayne County Economic Development Corp	543,378	-	538,175	-	(5,203)
Metropolitan Growth and Development Corporation	194,420	207,827	-	-	13,407
Brownfield Authority	552,182	9,478	442,411	-	(100,293)
HealthChoice of Michigan	10,507,613	10,421,434	-	-	(86,179)
Regional Jobs and Economic Growth Foundation	115,015	8,695	387,240	-	280,920
Development Corporation of Wayne County	289,312	-	2,286,200	-	1,996,888
Total component units	\$ 636,546,294	351,408,575	148,407,985	40,626,127	\$ (96,103,607)

See accompanying notes to the basic financial statements.

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Activities, Continued
For the Year Ended September 30, 2006

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net expense from previous page	\$ (559,325,503)	(79,586,972)	\$ (638,912,475)	\$ (96,103,607)
General revenues:				
Taxes	484,636,368	-	484,636,368	-
Investment earnings	33,317,194	2,147,521	35,464,715	42,750,281
Airport parking taxes	12,696,145	-	12,696,145	-
Other revenue	24,455,710	-	24,455,710	2,180,037
Amortization of bond issuance costs	-	-	-	(2,294,476)
Total general revenues and transfers	555,105,417	2,147,521	557,252,938	42,635,842
Change in net assets	(4,220,086)	(77,439,451)	(81,659,537)	(53,467,765)
Net assets at October 1, 2005	1,230,594,162	469,344,957	1,699,939,119	1,280,502,883
Net assets at September 30, 2006	<u>\$ 1,226,374,076</u>	<u>391,905,506</u>	<u>\$ 1,618,279,582</u>	<u>\$ 1,227,035,118</u>

(Concluded)

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Balance Sheet
Governmental Funds
As of September 30, 2006

	General Fund	Roads	Mental Health
<u>Assets</u>			
Equity in pooled cash and investments (Note 4)	\$ 3,085,050	-	122,271,166
Other cash and investments (Note 4)	203,585	2,475	12,350
Due from other funds (Note 10)	5,914,344	-	73
Due from component units (Note 10)	433,712	111,263	-
Receivables:			
Current property taxes	73,767,935	-	-
Delinquent property taxes	4,990,057	-	-
Accounts	1,906,535	15,619,481	39,282,267
Due from other governmental units (Note 10)	16,224,349	26,103,655	1,663,541
Less allowance for uncollectible accounts	(875,209)	(7,130,068)	(36,588,900)
Supplies inventory, at cost	-	8,394,197	-
Prepayments and deposits	643,793	742,778	-
Total assets	\$ 106,294,151	43,843,781	126,640,497
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Negative equity in pooled cash (note 4)	\$ -	6,655,249	-
Accounts and contracts payable	21,416,634	6,064,516	36,361,340
Due to other funds (Note 10)	3,116,453	-	-
Due to component units (Note 10)	175,710	317,650	-
Due to other governmental units (Note 10)	2,626,414	7,885,411	1,767,335
Accrued wages and benefits	2,948,206	607,141	118,219
Deposits	-	23,620,634	-
Other liabilities	8,325,313	-	13,177,002
Deferred revenue	43,986,428	2,179,346	1,081,244
Total liabilities	82,595,158	47,329,947	52,505,140
Fund balances:			
Reserved for:			
Supplies inventory	-	8,394,197	-
Prepayments and deposits	643,793	742,778	-
Inpatient hospitalization	987,360	-	-
Other long-term assets	6,225,489	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Capital improvements - parks	-	-	-
Unreserved, reported in :			
General Fund, undesignated	15,842,351	-	-
Special revenue funds, undesignated	-	(12,623,141)	39,928,520
Special revenue funds, designated for contingencies (Note 14)	-	-	34,206,837
Total fund balances	23,698,993	(3,486,166)	74,135,357
Total liabilities and fund balances	\$ 106,294,151	43,843,781	126,640,497

See accompanying notes to the basic financial statements.

<u>Health</u>	<u>Juvenile Justice and Abuse/Neglect</u>	<u>Total Major Funds</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
157,278	-	125,513,494	108,819,911	\$ 234,333,405
1,050	650	220,110	15,472	235,582
209,952	2,850,000	8,974,369	5,329	8,979,698
-	-	544,975	69,647	614,622
-	-	73,767,935	-	73,767,935
-	-	4,990,057	-	4,990,057
90,793	1,131,090	58,030,166	3,816,943	61,847,109
2,525,571	29,846,036	76,363,152	6,794,894	83,158,046
-	-	(44,594,177)	(245,746)	(44,839,923)
660,301	235,583	9,290,081	40,304	9,330,385
-	9,502,680	10,889,251	601,404	11,490,655
<u>3,644,945</u>	<u>43,566,039</u>	<u>323,989,413</u>	<u>119,918,158</u>	<u>\$ 443,907,571</u>
-	45,790,712	52,445,961	7,758,631	\$ 60,204,592
694,880	15,523,458	80,060,828	5,702,224	85,763,052
-	-	3,116,453	469,624	3,586,077
-	-	493,360	-	493,360
13,541	-	12,292,701	-	12,292,701
157,632	208,284	4,039,482	326,449	4,365,931
-	-	23,620,634	-	23,620,634
148,120	2,289,786	23,940,221	925,966	24,866,187
2,630,772	9,253,940	59,131,730	7,347,257	66,478,987
<u>3,644,945</u>	<u>73,066,180</u>	<u>259,141,370</u>	<u>22,530,151</u>	<u>281,671,521</u>
660,301	235,583	9,290,081	40,304	9,330,385
-	9,502,680	10,889,251	-	10,889,251
-	-	987,360	-	987,360
-	-	6,225,489	47,436,194	53,661,683
-	-	-	33,449,990	33,449,990
-	-	-	6,327,822	6,327,822
-	-	-	9,299,000	9,299,000
-	-	15,842,351	-	15,842,351
(660,301)	(39,238,404)	(12,593,326)	834,697	(11,758,629)
-	-	34,206,837	-	34,206,837
<u>-</u>	<u>(29,500,141)</u>	<u>64,848,043</u>	<u>97,388,007</u>	<u>162,236,050</u>
<u>3,644,945</u>	<u>43,566,039</u>	<u>323,989,413</u>	<u>119,918,158</u>	<u>\$ 443,907,571</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
As of September 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances - total governmental funds		\$ 162,236,050
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	2,358,288,049	
Less accumulated depreciation	<u>(1,219,166,065)</u>	1,139,121,984
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 on the Statement of Net Assets.		29,698,426
The assets and liabilities of the Delinquent Tax Revolving fund, an enterprise fund, are recorded as governmental activities on the Statement of Net Assets.		85,115,607
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the governmental funds.		61,773,837
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund		
Bond costs	6,360,521	
Less accumulated amortization	<u>(4,164,786)</u>	2,195,735
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds		
Governmental long term debt payable	(154,907,059)	
Discount	2,534,268	
Deferred loss on refunding	2,334,926	
Accrued interest payable	(10,066,214)	
Compensated absences	(28,606,705)	
Claims, litigation and assessments	(14,629,189)	
Other long-term obligations	<u>(50,427,590)</u>	(253,767,563)
Net assets of governmental activities		<u>\$ 1,226,374,076</u>

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, 2006

	<u>General Fund</u>	<u>Roads</u>	<u>Mental Health</u>	<u>Health</u>
Revenues:				
Taxes	\$ 432,239,656	-	-	-
Licenses and permits	243,625	-	-	-
Federal grants	6,473,565	1,395,334	4,500,934	9,593,625
State grants and contracts	51,842,838	90,457,331	532,518,513	3,799,735
Local grants and contracts	1,714,725	4,259,431	144,900	-
Charges for services	70,483,424	6,648,977	29,113	17,008,891
Interest and rents	2,189,022	419,463	6,992,540	-
Other	21,012,473	9,050	141,401	-
Total revenues	<u>586,199,328</u>	<u>103,189,586</u>	<u>544,327,401</u>	<u>30,402,251</u>
Expenditures:				
Current operations:				
Legislative	10,991,753	-	-	-
Judicial	95,525,000	-	-	-
General government	94,483,258	-	-	-
Public safety	138,130,362	-	-	-
Public works	1,163,851	-	-	-
Highways, streets, and bridges	-	94,821,171	-	-
Health and welfare	83,106,525	-	547,271,703	40,844,230
Recreational and cultural	-	-	-	-
Non-departmental	17,665,758	-	-	-
Capital outlay	3,789,102	7,153,937	-	-
Debt service	-	-	-	-
Total expenditures	<u>444,855,609</u>	<u>101,975,108</u>	<u>547,271,703</u>	<u>40,844,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>141,343,719</u>	<u>1,214,478</u>	<u>(2,944,302)</u>	<u>(10,441,979)</u>
Other Financing Sources (Uses):				
Transfers in (Note 10)	67,743,724	-	-	10,440,395
Transfers out (Note 10)	(209,029,907)	(5,956,683)	(13,219,148)	-
Proceeds from sale of capital assets	4,125	162,886	-	1,584
Total other financing sources (uses):	<u>(141,282,058)</u>	<u>(5,793,797)</u>	<u>(13,219,148)</u>	<u>10,441,979</u>
Net change in fund balances	61,661	(4,579,319)	(16,163,450)	-
Fund balances at October 1, 2005	<u>23,637,332</u>	<u>1,093,153</u>	<u>90,298,807</u>	<u>-</u>
Fund balances at September 30, 2006	<u>\$ 23,698,993</u>	<u>(3,486,166)</u>	<u>74,135,357</u>	<u>-</u>

See accompanying notes to the basic financial statements.

Juvenile Justice and Abuse/Neglect	Total Major Funds	Non-major Governmental Funds	Total Governmental Funds
-	432,239,656	40,310,856	\$ 472,550,512
-	243,625	51,377	295,002
409,989	22,373,447	51,974,874	74,348,321
83,438,837	762,057,254	10,546,085	772,603,339
1,568,716	7,687,772	15,590,994	23,278,766
175,148	94,345,553	20,845,796	115,191,349
-	9,601,025	20,322,737	29,923,762
7,036	21,169,960	1,231,901	22,401,861
85,599,726	1,349,718,292	160,874,620	1,510,592,912
-	10,991,753	-	10,991,753
-	95,525,000	1,102,918	96,627,918
-	94,483,258	30,393,201	124,876,459
-	138,130,362	13,213,135	151,343,497
-	1,163,851	-	1,163,851
-	94,821,171	-	94,821,171
207,018,759	878,241,217	70,483,454	948,724,671
-	-	25,100,377	25,100,377
-	17,665,758	-	17,665,758
-	10,943,039	903,231	11,846,270
-	-	38,272,580	38,272,580
207,018,759	1,341,965,409	179,468,896	1,521,434,305
(121,419,033)	7,752,883	(18,594,276)	(10,841,393)
113,304,025	191,488,144	104,453,148	295,941,292
-	(228,205,738)	(54,235,554)	(282,441,292)
-	168,595	351,640	520,235
113,304,025	(36,548,999)	50,569,234	14,020,235
(8,115,008)	(28,796,116)	31,974,958	3,178,842
(21,385,133)	93,644,159	65,413,049	159,057,208
(29,500,141)	64,848,043	97,388,007	\$ 162,236,050

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, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$	3,178,842
The change in net assets of the internal service funds is reported with governmental activities in the Statement of Activities.		6,505,594
The change in net assets of the Delinquent Tax Revolving fund, an enterprise fund, is reported with governmental activities in the Statement of Activities.		18,994,798
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	11,846,270	
Less current year depreciation	<u>(82,910,819)</u>	(71,064,549)
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.		(56,837)
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.		19,958,903
Revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the funds.		28,262,018
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.		2,173,058
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	413,851	
Increase in State of Michigan note payable due to accrued interest	(1,867,136)	
Change in accrued compensated absences	(602,962)	
Change in accrued claims, litigation and assessments	(9,150,625)	
Amortization of current year bond discounts	(462,780)	
Amortization of deferred loss on refunding	(186,794)	
Amortization of current year bond cost	<u>(315,467)</u>	<u>(12,171,913)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(4,220,086)</u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets
Proprietary Funds
As of September 30, 2006

	Enterprise Funds					Governmental Activities	
	Sewage Disposal Systems			Delinquent Tax Revolving	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Downriver	Rouge Valley	CSO Basins				
<u>Assets</u>							
Current assets:							
Equity in pooled cash and investments (Note 4)	\$ 6,094,893	14,471,782	1,107,494	45,785,760	2,595,442	\$ 70,055,371	\$ 25,080,690
Other cash and investments (Note 4)	1,000	-	-	-	40,000	41,000	4,925
Due from other funds (Note 10)	-	1,511	-	62,546	-	64,057	304,615
Due from component units (Note 10)	18,622	-	-	-	-	18,622	302,425
Receivables:							
Delinquent property taxes	-	-	-	156,527,515	-	156,527,515	-
Accounts	123,381	-	761,078	145,076	1,646,136	2,675,671	4,794,116
Due from other governmental units (Note 10)	2,794,786	5,285,185	575,385	-	2,838,339	11,493,695	2,843
Less allowance for uncollectible accounts	(20,383)	(85,351)	-	-	-	(105,734)	-
Supplies inventory, at cost	-	-	-	-	50,561	50,561	218,305
Prepayments and deposits	-	-	-	-	-	-	29,014
Restricted:							
Equity in pooled cash and investments (Notes 4 and 5)	18,784,677	4,687,414	4,930,004	-	1,693,589	30,095,684	-
Other cash and investments (Note 4)	-	1,566,866	-	-	-	1,566,866	-
Accounts receivable (Note 5)	12,313,424	746,618	3,467,743	-	460,711	16,988,496	-
Total current assets	40,110,400	26,674,025	10,841,704	202,520,897	9,324,778	289,471,804	30,736,933
Non-current assets:							
Restricted assets:							
Bond principal due from municipalities (Note 5)	160,339,237	1,670,000	30,426,744	-	3,604,977	196,040,958	-
Capital assets:							
Non-depreciable	6,998,554	2,323,333	-	-	1,589,186	10,911,073	48,422,516
Depreciable, net	256,064,946	85,991,960	-	17,502	5,082,575	347,156,983	36,016,801
Other assets:							
Bond issuance cost, net of amortization	304,838	-	55,746	-	-	360,584	-
Advances to other funds (Note 10)	-	-	-	41,081,036	-	41,081,036	-
Long-term receivables (Note 7)	-	-	-	-	-	-	29,097,733
Total non-current assets	423,707,575	89,985,293	30,482,490	41,098,538	10,276,738	595,550,634	113,537,050
Total assets	\$ 463,817,975	116,659,318	41,324,194	243,619,435	19,601,516	\$ 885,022,438	\$ 144,273,983

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets - Continued
Proprietary Funds
As of September 30, 2006

	Enterprise Funds						Governmental Activities
	Sewage Disposal Systems				Non-major		
	Downriver	Rouge Valley	CSO Basins	Delinquent Tax Revolving	Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Liabilities and Net Assets							
Current liabilities:							
Negative equity in pooled cash	\$ -	-	-	-	1,226,761	\$ 1,226,761	\$ 8,956,410
Accounts and contracts payable	1,222,130	6,920,623	98,701	2,502,465	3,301,354	14,045,273	8,140,850
Accrued wages and benefits	54,240	-	-	11,626	857	66,723	570,705
Due to other funds (Note 10)	29,490	-	196,828	5,520,040	-	5,746,358	24,325
Due to other governmental units (Note 10)	37,277	-	-	-	-	37,277	-
Current portion of long-term obligations (Note 11)	518,745	-	-	-	-	518,745	1,169,951
Other liabilities	66,731	50,739	-	109,697	45,241	272,408	13,371,105
Unearned revenue	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	4,586,511	48,805	3,764,481	-	130,000	8,529,797	-
Current portion of long-term obligations (Note 11)	12,728,477	685,000	2,558,489	-	460,711	16,432,677	-
Deferred revenue	100,610	103,086	-	-	-	203,696	-
Other liabilities	12,687,864	61,618	695,081	-	31,553	13,476,116	-
Total current liabilities	32,032,075	7,869,871	7,313,580	8,143,828	5,196,477	60,555,831	32,233,346
Non-current liabilities:							
Payable from restricted assets:							
Bonds payable from restricted assets (Note 11)	162,329,034	1,670,000	29,481,483	-	3,604,977	197,085,494	-
Other liabilities (Note 11)	-	-	-	11,060,000	-	11,060,000	29,622,477
Advances from other funds (Note 10)	-	-	-	-	-	-	41,081,036
Notes payable (Note 11)	-	-	-	139,300,000	-	139,300,000	11,638,698
Total non-current liabilities	162,329,034	1,670,000	29,481,483	150,360,000	3,604,977	347,445,494	82,342,211
Total liabilities	194,361,109	9,539,871	36,795,063	158,503,828	8,801,454	408,001,325	114,575,557
Net assets:							
Invested in capital assets, net of related debt	88,005,989	85,960,293	-	17,502	6,671,761	180,655,545	30,549,632
Restricted net assets:							
Delinquent tax administration	-	-	-	29,179,432	-	29,179,432	-
Bond programs	174,062,353	8,457,389	4,883,446	-	1,532,036	188,935,224	-
Unrestricted	7,388,524	12,701,765	(354,315)	55,918,673	2,596,265	78,250,912	(851,206)
Total net assets	269,456,866	107,119,447	4,529,131	85,115,607	10,800,062	477,021,113	29,698,426
Total liabilities and net assets	\$ 463,817,975	116,659,318	41,324,194	243,619,435	19,601,516	885,022,438	\$ 144,273,983

**Reconciliation of Statement of Net Assets of
Proprietary Funds to Business-type activities**

Total net assets - enterprise funds \$ 477,021,113

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). (85,115,607)

Net assets of business-type activities \$ 391,905,506

See accompanying notes to the basic financial statements.

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2006

	Enterprise Funds					Governmental Activities	
	Sewage Disposal Systems			Delinquent Tax Revolving	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Downriver	Rouge Valley	CSO Basins				
Operating revenues:							
Sewage disposal charges	\$ 15,678,672	32,397,876	51,897	-	15,543,981	\$ 63,672,426	\$ -
Industrial surcharges	1,876,161	-	-	-	-	1,876,161	-
Other charges for services	362,248	76,721	1,565,436	-	1,758,245	3,762,650	199,472,003
Fines and forfeitures	-	-	-	42,850,939	-	42,850,939	-
Rentals and expense recoveries	-	-	-	-	-	-	2,900,518
Other revenue	-	-	-	2,727	-	2,727	4,688
Total operating revenues	17,917,081	32,474,597	1,617,333	42,853,666	17,302,226	112,164,903	202,377,209
Operating expenses:							
Personnel	3,525,018	-	-	637,524	857	4,163,399	27,003,667
Fringe benefits	1,630,714	-	-	252,466	-	1,883,180	12,118,518
Pension	421,185	-	-	72,077	-	493,262	3,213,576
Materials and supplies	1,847,804	37,138	65,306	586,427	681,207	3,217,882	1,736,283
Contractual services	4,995,542	35,270,340	1,353,179	7,482,150	15,773,125	64,874,336	24,915,596
Travel	681,267	-	-	6,217	-	687,484	794,991
Miscellaneous operating	2,761,061	79,818	190,301	305,521	283,975	3,620,676	123,796,047
Rentals	92,094	91,620	78,056	219,433	237,331	718,534	4,119,806
Other charges	-	-	-	225	101,866	102,091	146,257
Depreciation and amortization	14,396,248	2,455,577	4,305,443	5,122	429,463	21,591,853	2,722,411
Total operating expenses	30,350,933	37,934,493	5,992,285	9,567,162	17,507,824	101,352,697	200,567,152
Operating income (loss)	(12,433,852)	(5,459,896)	(4,374,952)	33,286,504	(205,598)	10,812,206	1,810,057
Non-operating revenues (expenses):							
Investment earnings (loss)	754,742	1,060,593	396,626	5,887,825	171,076	8,270,862	(2,494,393)
Collections from (payments to) participating local units	4,820,872	148,110	1,677,913	-	127,505	6,774,400	-
Interest expense	(4,694,000)	(148,110)	(1,702,115)	(6,679,531)	(141,794)	(13,365,550)	(921,260)
Federal grants	60,811	-	-	-	-	60,811	-
Total non-operating revenues (expenses)	942,425	1,060,593	372,424	(791,706)	156,787	1,740,523	(3,415,653)
Net income (loss) before capital contributions and transfers	(11,491,427)	(4,399,303)	(4,002,528)	32,494,798	(48,811)	12,552,729	(1,605,596)
Capital contributions	3,249,314	67,229	-	-	-	3,316,543	-
Transfer of capital assets (note 8)	-	-	(60,813,925)	-	-	(60,813,925)	8,111,190
Transfers out	-	-	-	(13,500,000)	-	(13,500,000)	-
Change in net assets	(8,242,113)	(4,332,074)	(64,816,453)	18,994,798	(48,811)	(58,444,653)	6,505,594
Net assets at October 1, 2005	277,698,979	111,451,521	69,345,584	66,120,809	10,848,873	535,465,766	23,192,832
Net assets at September 30, 2006	\$ 269,456,866	107,119,447	4,529,131	85,115,607	10,800,062	\$ 477,021,113	\$ 29,698,426
Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Assets to Statement of Activities of Business-type Activities							
Net change in net assets - enterprise funds						\$ (58,444,653)	
The Delinquent Tax Revolving Fund primarily serves the general government and therefore is reported as governmental activities in the Statement of Net						(18,994,798)	
Change in net assets of business-type activities						<u>(77,439,451)</u>	

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, 2006

	Enterprise Funds						Governmental Activities
	Sewage Disposal Systems			Delinquent Tax Revolving	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Downriver	Rouge Valley	CSO Basins				
Cash flows from operating activities:							
Receipts from customers	\$ 16,147,352	32,846,506	2,410,279	224,976,731	16,888,114	\$ 293,268,982	\$ 202,320,908
Payments to suppliers	(6,941,295)	(35,310,405)	(1,667,683)	(216,426,722)	(17,023,251)	(277,369,356)	(151,620,062)
Payments to employees	(5,495,341)	-	-	(959,508)	(154,558)	(6,609,407)	(42,294,671)
Internal activity - receipts from other funds	-	1,182,316	-	34,699,832	(1,029,269)	34,852,879	-
Internal activity - payments to other funds	(9,213)	-	-	-	-	(9,213)	(9,238,287)
Internal activity - receipts from component units	20,069	-	-	-	-	20,069	16,911
Net cash provided by (used in) operating activities	3,721,572	(1,281,583)	742,596	42,290,333	(1,318,964)	44,153,954	(815,201)
Cash flows from non-capital financing activities:							
Long-term receivable	-	-	-	-	-	-	(280,656)
Advances to other funds	-	-	-	(1,750,568)	-	(1,750,568)	1,585,568
Transfers to other funds	-	-	-	(13,500,000)	-	(13,500,000)	1,515,733
Collections from participating local units	-	-	1,677,913	-	127,505	1,805,418	-
Federal grants	60,811	-	-	-	-	60,811	-
Net cash provided by (used in) non-capital financing activities	60,811	-	1,677,913	(15,250,568)	127,505	(13,384,339)	2,820,645
Cash flows from capital and related financing activities:							
Repayment of long-term debt	(12,238,671)	(645,000)	(2,600,000)	(168,400,000)	(460,000)	(184,343,671)	(1,245,998)
Proceeds from issuance of long term debt	2,908,685	-	-	166,300,000	-	169,208,685	-
Bond principal received from municipalities	5,068,876	1,330,000	2,448,491	-	906,422	9,753,789	-
Contribution of capital	3,249,314	67,229	-	-	-	3,316,543	-
Acquisition of capital assets	(3,137,721)	(380,043)	-	-	-	(3,517,764)	(1,294,063)
Disposition of capital assets	-	201,388	-	-	-	201,388	-
Interest received from participating local units	4,820,872	148,110	-	-	-	4,968,982	-
Interest paid	(4,628,734)	(148,110)	(1,545,609)	(6,679,531)	(127,504)	(13,129,488)	(921,260)
Net cash provided by (used in) capital and related financing activities	(3,957,379)	573,574	(1,697,118)	(8,779,531)	318,918	(13,541,536)	(3,461,321)
Cash flows from investing activities:							
Investment earnings	754,742	1,060,593	396,626	5,887,825	171,076	8,270,862	(2,494,393)
Net cash provided by investing activities	754,742	1,060,593	396,626	5,887,825	171,076	8,270,862	(2,494,393)
Net increase (decrease) in cash and cash equivalents	579,746	352,584	1,120,017	24,148,059	(701,465)	25,498,941	(3,950,270)
Cash and cash equivalents at October 1, 2005	24,300,824	20,373,478	4,917,481	21,637,701	3,803,735	75,033,219	20,079,475
Cash and cash equivalents at September 30, 2006	\$ 24,880,570	20,726,062	6,037,498	45,785,760	3,102,270	\$ 100,532,160	\$ 16,129,205
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (12,433,852)	(5,459,896)	(4,374,952)	33,286,504	(205,598)	\$ 10,812,206	\$ 1,810,057
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	14,396,248	2,455,577	4,305,443	5,122	429,463	21,591,853	2,722,411
Decreases (increases) in current assets:							
Delinquent property taxes receivable	-	-	-	(28,698,376)	-	(28,698,376)	-
Accounts receivable	9,119,503	(593,414)	261,514	(32,126)	(484,511)	8,270,966	(56,021)
Due from other funds	-	1,182,316	-	29,209,919	-	30,392,235	1,833,878
Due from other governmental units	(10,759,917)	999,775	531,432	-	70,399	(9,158,311)	(280)
Due from component units	38,691	-	-	-	-	38,691	16,911
Other current assets	-	-	-	-	-	-	333,188
Increases (decreases) in current liabilities:							
Accounts and contracts payable	1,501,352	56,154	(675,922)	2,139,227	(22,541)	2,998,270	2,334,718
Accrued wages and benefits	5,385	-	-	2,559	857	8,801	41,090
Due to other funds	(9,213)	-	-	5,489,913	(1,183,827)	4,296,873	(11,072,165)
Compensated absences	76,191	-	-	-	-	76,191	-
Other liabilities	1,935,121	112,357	695,081	887,591	76,794	3,706,944	1,221,012
Deferred revenue	(147,937)	(34,452)	-	-	-	(182,389)	-
Net cash provided by (used in) operating activities	\$ 3,721,572	(1,281,583)	742,596	42,290,333	(1,318,964)	\$ 44,153,954	\$ (815,201)
Cash and cash equivalents at September 30, 2006 consists of the following:							
Equity in pooled cash and investments	\$ 6,094,893	14,471,782	1,107,494	45,785,760	2,595,442	\$ 70,055,371	\$ 25,080,690
Negative equity in pooled cash	-	-	-	-	(1,226,761)	(1,226,761)	(8,956,410)
Other cash and investments	1,000	-	-	-	40,000	41,000	4,925
Restricted assets:							
Equity in pooled cash and investments	18,784,677	4,687,414	4,930,004	-	1,693,589	30,095,684	-
Other cash and investments	-	1,566,866	-	-	-	1,566,866	-
Total cash and investments	\$ 24,880,570	20,726,062	6,037,498	45,785,760	3,102,270	\$ 100,532,160	\$ 16,129,205

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
As of September 30, 2006

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
<u>Assets</u>		
Equity in pooled cash and investments (Note 4)	\$ 2,561,978	\$ 213,337,798
Other cash and investments (Note 4)	-	313,522
Due from other funds (Note 10)	-	8,390
Due from component units (Note 10)	16,127	593
Accounts receivable	470,438	9,159,095
Accrued interest receivable	1,877,754	-
Retirement investments (Note 4):		
Equity securities	944,234,481	-
Debt securities	235,712,318	-
Money market funds	20,702,801	-
Other investments	195,475,386	-
Total retirement investments	1,396,124,986	-
Prepayments and deposits	58,459	-
Depreciable capital assets, net (Note 8)	63,351	-
Total assets	<u>\$ 1,401,173,093</u>	<u>\$ 222,819,398</u>
<u>Liabilities</u>		
Accounts and contracts payable	\$ 687,672	\$ 4,873,837
Due to other funds (Note 10)	-	-
Due to other governmental units (Note 10)	-	3,571,985
Accrued wages and benefits	20,912	3,386,566
Due to broker for securities purchased	1,620,560	-
Undistributed taxes	-	195,890,300
Retainage	-	2,711,017
Other liabilities	-	12,385,693
Total liabilities	<u>\$ 2,329,144</u>	<u>\$ 222,819,398</u>
<u>Net Assets</u>		
Net assets held in trust for pension benefits	<u>\$ 1,398,843,949</u>	

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2006

	<u>Pension (and Other Employee Benefit) Trust Funds</u>
<u>Additions</u>	
Investment income:	
Net appreciation to fair market value	\$ 78,029,428
Interest and dividends	44,128,891
Other investment income	1,600,697
Investment expenses	<u>(3,604,614)</u>
Net investment income	<u>120,154,402</u>
Retirement contributions:	
Employer	38,644,490
Employee	<u>15,349,867</u>
Total retirement contributions	<u>53,994,357</u>
Total additions	<u>174,148,759</u>
<u>Deductions</u>	
Administrative expenses:	
Personnel	1,228,839
Fringe benefits	552,635
Pension	149,665
Materials and supplies	93,526
Contractual services	903,593
Travel	92,167
Rentals	261,283
Depreciation and amortization	83,240
Other charges	<u>15,756</u>
Total administrative expenses	3,380,704
Participant benefits - retirement benefits	<u>131,205,385</u>
Total deductions	<u>134,586,089</u>
Change in net assets	39,562,670
Net assets at October 1, 2005	<u>1,359,281,279</u>
Net assets at September 30, 2006 (Note 12)	<u><u>\$ 1,398,843,949</u></u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets
Component Units
As of September 30, 2006

<u>Assets</u>	<u>Airport Authority</u>	<u>Circuit Court</u>	<u>Non-major Component Units</u>	<u>Total Component Units</u>
Current assets:				
Equity in pooled cash and investments (Note 4)	\$ -	-	11,620,781	\$ 11,620,781
Other cash and investments (Note 4)	97,138,955	6,000	17,170,289	114,315,244
Due from primary government (Note 10)	493,005	-	355	493,360
Receivables:				
Accounts receivable	12,176,558	1,999,502	1,487,349	15,663,409
Special assessments	-	-	18,265,459	18,265,459
Due from other governmental units (Note 10)	17,528,988	9,830,274	3,225,999	30,585,261
Less allowance for uncollectible accounts	-	-	(134,201)	(134,201)
Prepayments and deposits	-	-	45,219	45,219
Restricted assets (Note 5):				
Equity in pooled cash and investments (Note 4)	-	-	889,448	889,448
Other cash and investments (Note 4)	766,512,251	-	-	766,512,251
Accounts receivable	13,311,343	-	-	13,311,343
Total current assets	907,161,100	11,835,776	52,570,698	971,567,574
Non-current assets:				
Restricted other cash and investments (Note 5)	70,959,903	-	-	70,959,903
Capital assets (Note 8):				
Non-depreciable	284,582,070	4,007,639	82,468,823	371,058,532
Depreciable, net	1,793,054,840	951,162	581,309,341	2,375,315,343
Other assets:				
Bond issuance costs, net of amortization	33,284,443	-	-	33,284,443
Accounts receivable	882,185	-	504,737	1,386,922
Prepaid expenses	1,289,363	-	-	1,289,363
Total non-current assets	2,184,052,804	4,958,801	664,282,901	2,853,294,506
Total assets	\$ 3,091,213,904	16,794,577	716,853,599	\$ 3,824,862,080

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets
Component Units
As of September 30, 2006

	Airport Authority	Circuit Court	Non-major Component Units	Total Component Units
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Negative equity in pooled cash (note 4)	\$ -	36,406,398	242,957	\$ 36,649,355
Accounts and contracts payable	38,818,582	2,789,636	2,724,820	44,333,038
Accrued wages and benefits	2,469,512	595,423	75,790	3,140,725
Due to primary government (Note 10)	948,186	-	4,203	952,389
Due to other governmental units (Note 10)	2,037	3,035,004	897,852	3,934,893
Current portion of long-term obligations (Note 11)	-	57,525	5,307,577	5,365,102
Unearned revenue	2,557,794	45,604	540,531	3,143,929
Other liabilities	43,492,065	108,552	6,774,295	50,374,912
Payable from restricted assets:				
Current portion of long-term obligations (Note 11)	44,316,000	-	-	44,316,000
Accrued interest	33,295,858	-	210,690	33,506,548
Unearned	2,071,999	-	-	2,071,999
Total current liabilities	<u>167,972,033</u>	<u>43,038,142</u>	<u>16,778,715</u>	<u>227,788,890</u>
Non-current liabilities				
Non-current portion of long-term obligations (Note 11)	2,272,545,482	-	91,569,063	2,364,114,545
Other liabilities	5,923,527	-	-	5,923,527
Total non-current liabilities	<u>2,278,469,009</u>	<u>-</u>	<u>91,569,063</u>	<u>2,370,038,072</u>
Total liabilities	<u>2,446,441,042</u>	<u>43,038,142</u>	<u>108,347,778</u>	<u>2,597,826,962</u>
Net assets:				
Invested in capital assets, net of related debt	180,192,710	4,958,801	578,712,823	763,864,334
Restricted net assets:				
Bond programs	234,596,385	-	7,943,149	242,539,534
Capital projects	119,790,735	-	-	119,790,735
Drug enforcement	2,942,814	-	-	2,942,814
Airport operations	27,417,957	-	-	27,417,957
Unrestricted net assets	<u>79,832,261</u>	<u>(31,202,366)</u>	<u>21,849,849</u>	<u>70,479,744</u>
Total net assets	<u>644,772,862</u>	<u>(26,243,565)</u>	<u>608,505,821</u>	<u>1,227,035,118</u>
Total liabilities and net assets	<u>\$ 3,091,213,904</u>	<u>16,794,577</u>	<u>716,853,599</u>	<u>\$ 3,824,862,080</u>

See accompanying notes to the basic financial statements.

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Activities
Component Units
For the Year Ended September 30, 2006

	Airport Authority	Circuit Court	Non-major Component Units	Total Component Units
Expenses	\$ 430,274,356	125,515,623	80,756,315	\$ 636,546,294
Program revenues:				
Charges for services	320,835,356	6,495,574	24,077,645	351,408,575
Operating grants and contributions	12,110,868	117,821,956	18,475,161	148,407,985
Capital grants and contributions	39,806,394	-	819,733	40,626,127
Total program revenues	372,752,618	124,317,530	43,372,539	540,442,687
Net expense	(57,521,738)	(1,198,093)	(37,383,776)	(96,103,607)
General revenues:				
Property taxes	-	-	-	-
Payment from the primary government	-	-	-	-
Investment earnings (loss)	43,328,283	(1,732,264)	1,154,262	42,750,281
Other revenue	11,291	212,368	1,956,378	2,180,037
Amortization of bond issuance costs	(2,294,476)	-	-	(2,294,476)
Total general revenues	41,045,098	(1,519,896)	3,110,640	42,635,842
Change in net assets	(16,476,640)	(2,717,989)	(34,273,136)	(53,467,765)
Net assets at October 1, 2005	661,249,502	(23,525,576)	642,778,957	1,280,502,883
Net assets at September 30, 2006	\$ 644,772,862	(26,243,565)	608,505,821	\$ 1,227,035,118

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CHARTER COUNTY OF WAYNE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2006

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CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

(1) Summary of Significant Accounting Policies

A. 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 services to approximately 2 million residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services. The citizens of the County operate under a Home Rule Charter that provides for government by a legislative branch, which is comprised of the 15 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 eleven executive departments, including Children and Family Services, Corporation Counsel, Economic and Neighborhood Development, Environment, Health and Human Services, Homeland Security/Emergency Management, Management and Budget, Personnel/Human Resources, Public Services, Senior Citizens and Veteran's Affairs, 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 are, in substance, part of the County's operations and so data from these units are combined with data of the primary government.

The Wayne County Building Authority (WCBA) was established 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. The pledge of such a specific portion of its general property tax revenues is superior to the County's pledge of its limited tax full faith and credit for cash rentals under a contract. 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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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.

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 Detroit Metropolitan Wayne County Airport, the Willow Run Airport and the Airport Hotel.

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 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 25 judges for the resolution of general civil cases initiated within the County, where the amount of the controversy exceeds \$10,000. The Criminal Division is assigned 32 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 seven judges and is responsible for hearing all domestic relation cases filed within the County. The Juvenile Section is assigned three 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 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) was incorporated by the County on August 20, 1996 under the provisions of Public Act 31 for the purpose of constructing and maintaining two new sports stadiums, Comerica Park and Ford Field, home of the Detroit Tigers Professional Baseball Team and of the Detroit Lions Professional Football Team, respectively. The DWCSA's Articles of Incorporation provide for a six-member board ("the Commission").

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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 bonds totaling \$85,815,000. The County has pledged its limited tax full faith and credit for payment of the cash rentals to the DWCSA under a contract dated March 1, 1997 to pay debt service. 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. The DWCSA has no taxing authority.

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 Director of Environment) 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 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 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 districts.

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

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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, 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.

The Metropolitan Growth and Development Corporation (MGDC), a non-profit corporation, was established solely to oversee and administer federal loan funds on behalf of the County's Department of Economic and Neighborhood Development, such as the Small Business Administration (SBA) Loan Program and the Federal Grant Urban Loan Fund (ULF) Program. The MGDC's responsibilities include the day-to-day administration of the SBA loan program and promoting economic development for minority businesses and businesses in distressed communities. The MGDC is funded through County contributions and solicitations from individuals, corporations, foundations, and other organizations. It is governed by a 39 member Board of Directors, of which two are Wayne County officials.

The MGDC also owns the Wayne County-Detroit Community Development Entity, Inc., a non-major discretely presented component unit of the County.

The Brownfield Redevelopment Authority (BRA) was established by State enabling legislation. The BRA will assist the Wayne County Department of 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. 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 Regional Jobs and Economic Growth Foundation (the Foundation) is an IRS Section 501 (c) (3) Michigan foundation formed to lessen the financial burden of Wayne County; raise funds to finance expenses otherwise incurred by taxpayers and support/encourage economic

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

development projects, corporations and charities or other organizations that promote growth of businesses, jobs and economic opportunities; help other organizations provide support for economic development initiatives; and finance expenses incurred for jobs and economic development functions performed in the 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 Development Corporation of Wayne County (the "DCWC") is an IRS Section 501 (c) (3) Michigan foundation, formed in August 2005, to facilitate, plan, organize, promote, manage and administer programs and activities designed to foster local Wayne County neighborhood community improvement and development, including the implementation of a housing initiative program that will address improving opportunities for low and moderate income individuals and families within Wayne County. The DCWC shall obtain and maintain qualification as a Community Housing Development Corporation, under applicable state and federal laws and regulations. The DCWC will provide grants to faith-based and community development groups to implement these initiatives. The DCWC is funded solely by grants from Wayne 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, the Metropolitan Growth and Development Corporation, HealthChoice of Michigan, the Wayne Regional Jobs and Economic Growth Foundation, and the DCWC. These reports may be obtained at the entity's administrative offices listed below.

Wayne County Building Authority
600 Randolph, Third Floor
Detroit, Michigan 48226

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

Detroit-Wayne County Stadium Authority
600 Randolph, Suite 300
Detroit, Michigan 48226

Chapter 21 (Milk River) Drainage District
Wayne County Department of Environment
415 Clifford, Seventh Floor
Detroit, Michigan 48226

*Wayne County-Detroit Community
Development Entity, Inc.*
600 Randolph, 3rd Floor
Detroit, Michigan 48226

*Greater Wayne County Economic Development
Corporation*
600 Randolph, 3rd Floor
Detroit, Michigan 48226

*Metropolitan Growth and Development
Corporation*
600 Randolph, 3rd Floor
Detroit, Michigan 48226

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

*Wayne Regional Jobs and Economic
Growth Foundation*
600 Randolph, Suite 323
Detroit, Michigan 48226

Development Corporation of Wayne County
333 West Fort Street, Suite 1500
Detroit, Michigan 48226

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Notes to the Basic Financial Statements

For the year ended September 30, 2006

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, 600 Randolph, 3rd floor.

Third Circuit Court

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

Economic Development Corporation of

Wayne County
600 Randolph, Room 323
Detroit, Michigan 48226

Probate Court

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

Brownfield Redevelopment Authority

600 Randolph, Suite 323
Detroit, Michigan 48226

Chapters 8 and 20 Drainage District

Wayne County Department of Environment
415 Clifford, Seventh 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 Wayne County Council for the Arts, History and Humanities, and Wings Over Wayne.

B. Measurement Focus, Basic 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; community and economic development; and non-departmental functions are classified as governmental activities as they are largely support by taxes and intergovernmental revenue. The County's sewage disposal systems, jail commissary, parking lots, copy center, and wetlands mitigation 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.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

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 and receivables, 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 are designated, to indicate that management does not consider them to be available for general operations. 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 reports both the gross and net cost of each of the County's governmental functions and business-type activities. The functions are also supported by general government revenues. General revenues include taxes, investment earnings, and parking taxes. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are specifically associated with a service, program or department and are clearly identifiable to a specific function. Indirect expenses for centralized services and administrative overhead are included as part of the direct expenses reported for the various functional activities.

Program revenues must be directly associated with a governmental or business-type activity. Amounts reported as program revenues include charges to customers for goods or services provided, operating grants and contributions, and capital grants and contributions, including special assessments. Operating grants include operating-specific and discretionary grants, while capital grants include capital-specific grants only. Internally dedicated resources are reported as general revenues rather than as program revenues.

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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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 of 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. In general, the County considers all other revenues to be available if they are collected within sixty (60) days of the end of the fiscal year.

Property taxes, industrial facilities taxes, interest and rents, and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time. Entitlements and state-shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

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 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 Fund – This fund is used to account for revenue reserved for providing mental health services to County residents.
- Health Fund – This fund is used to account for revenue reserved for the purpose of providing health protection, maintenance, and improvement for the residents of the County.
- Juvenile Justice and Abuse/Neglect Fund – This fund accounts for the cost of providing required foster care and/or residential care of abused, neglected, and delinquent children in the County, including County residents who become wards of the State of Michigan.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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 and the internal service funds:

- Downriver, Rouge Valley, and Combined Sewage Overflow (CSO) Basins Sewage Disposal System Funds – These major enterprise funds are used to record the fiscal activities associated with operation and maintenance of the Downriver, Rouge Valley, and CSO Basins sewage treatment facilities. Costs are recovered through development of usage rates, which are billed to the local communities served.
- Delinquent Tax Revolving 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.
- Internal Service Funds – These funds are used to account for the costs of certain goods, services, and activities (such as personnel, 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.

The County reports the following fiduciary fund types:

- Pension (and Other Employee Benefit) Trust Funds – The 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 – These 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 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 includes 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

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

the resolution of general civil cases, felonies and high misdemeanors, domestic relation 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 Statements (FASB) 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.

C. Assets, Liabilities, and Net Assets or Fund Balance

Bond Issuance Costs – The principal 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, with the exception of Road's machinery and equipment and Department of Environment vehicles, which are depreciated using sum-of-the years' digits:

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	5-50
Infrastructure:	
Roadway signage	7-15
Bridges and dams	25-50
Roadways and paving	5-25
Sewer systems	25-80
Airport	10-40
Machinery and equipment, vehicles	5-25
Office equipment	5

Cash 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).

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.

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.

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.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

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.

Deferred 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. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Designated Net Assets – The County has designated the net assets of the Equipment Lease Financing Fund (ELF), an internal service fund, for future capital acquisitions.

Fund Balance – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not subject to appropriation or are legally segregated for a specific purpose.

Reservations of fund balances generally represent outside third-party restrictions or non-current assets that are not available to fund current liabilities such as inventories, prepayments, long-term receivables and due from other funds not settled within a year.

Interfund Balances – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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 reserved for the balance in inventory, prepaid items, and deposits at September 30, 2006, as that portion of fund balance is unavailable for appropriation or expenditure.

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.

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 and 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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

(2) Budget Matters

The following is a listing of total expenditures in excess of the final amended budget for the major governmental funds, the General Fund, the Health Fund, and the 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-126. The budgetary comparison schedules for the other governmental funds begin on page II-134.

	<u>Final</u> <u>Amended Budget</u>	<u>Actual</u> <u>Expenditures</u>	<u>Amount Over</u> <u>Amended Budget</u>
<u>General Fund:</u>			
General Government:			
Office of the County Executive	\$ 1,963,800	2,280,613	\$ 316,813
Corporation Counsel	12,893,300	14,846,010	1,952,710
Public Safety:			
Field Services	3,325,250	3,355,399	30,149
Park Patrol	2,273,890	2,439,413	165,523
County Jail	94,072,229	104,338,080	10,265,851
Non-departmental:			
Hurricane Katrina	-	77,974	77,974
Non-departmental	19,573,700	21,928,920	2,355,220
Total General Fund	<u>\$ 134,102,169</u>	<u>149,266,409</u>	<u>\$ 15,164,240</u>
<u>Special Revenue Funds:</u>			
Health:			
Other Health Programs	4,291,465	7,701,012	3,409,547
Juvenile Justice/Abuse & Neglect:			
Juvenile Justice Programs	142,654,586	155,199,860	12,545,276
Juvenile State Wards	9,813,800	13,212,486	3,398,686
E & ND:			
Planning	371,300	382,563	11,263
CDBG Administration	415,700	430,531	14,831
CDBG:			
CDBG Administration	893,100	1,247,073	353,973
Community Corrections:			
Alternative Work Force	1,623,100	1,648,113	25,013
Drug Enforcement:			
Sheriff Drug Enforcement	2,782,300	3,829,339	1,047,039
Law Enforcement:			
Sheriff Highland Park	3,684,300	3,893,107	208,807
Sheriff Auto Theft	557,145	607,659	50,514
Nutrition:			
Health/Training Programs	101,000	121,104	20,104
Revenue Sharing Revenue:			
Other Financing Sources	44,738,100	45,175,379	437,279
Soldier's Relief:			
Veterans Affairs	1,682,800	1,755,713	72,913
Stadium and Land Development:			
Tourist Tax	7,135,500	7,193,192	57,692
Total Special Revenue Funds	<u>\$ 220,744,196</u>	<u>242,397,131</u>	<u>\$ 21,652,937</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

General Fund – Actual expenditures in these functions exceeded budgeted expenditures by \$15,164,240. These overages were mainly funded through expenditures savings in other functions.

Health Fund – Actual expenditures in this function exceeded budget by \$3,409,547. This overage was mainly funded through expenditure savings in other Health Fund functions and through additional grant revenues.

Juvenile Justice and Abuse/Neglect Fund – Actual expenditures in these functions exceeded budget by \$15,943,960. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

E&ND Fund – Actual expenditures in these functions exceeded budgeted expenditures by \$26,094. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

Community Development Block Grant Fund – Actual expenditures in this function exceeded budgeted expenditures by \$353,979. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

Community Corrections Fund – Actual expenditures in this function exceeded budgeted expenditures by \$25,013. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

Drug Enforcement Fund – Actual expenditures in this function exceeded budget by \$1,047,039. This overage was funded mainly through additional charges for services.

Law Enforcement – Actual expenditures in this function exceeded budgeted expenditures by \$259,321. This fund is in deficit. Refer to Footnote 13 for disclosure of deficit elimination plan for this fund.

Nutrition Fund – Actual expenditures in this function exceeded budget by \$20,104. The overage was funded mainly through expenditure savings in other Nutrition Fund functions.

Revenue Sharing Reserve Fund – Actual transfer out exceeded budget by \$437,279. The overage was funded through the required 1/3 property tax levy transfer-in from the General fund.

Soldier's Relief Fund – Actual expenditures in this function exceeded budget by \$72,913. The overage was funded through the use of fund balance.

Stadium and Land Development Fund – Actual expenditures exceeded budget by \$57,692. The overage was funded through increased tourist tax revenue.

(3) 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 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-

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

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 at September 30, 2006 follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Hospitalization</u> <u>Insurance</u>	<u>Other Claims</u>	<u>Total</u>
Claims liability, September 30, 2004	\$ 6,851,387	3,630,824	75,000	\$ 10,557,211
Claims incurred during fiscal year 2005	2,404,440	81,783,494	99,207	84,287,141
Change in estimate for prior period claims	302,212	705,730	-	1,007,942
Payments on claims	<u>(3,828,216)</u>	<u>(81,683,249)</u>	<u>(99,207)</u>	<u>(85,610,672)</u>
Claims liability, September 30, 2005	5,729,823	4,436,799	75,000	10,241,622
Claims incurred during fiscal year 2006	3,718,030	87,475,076	218,025	91,411,131
Change in estimate for prior period claims	615,639	(5,549,116)	-	(4,933,477)
Payments on claims	<u>(3,936,563)</u>	<u>(82,128,355)</u>	<u>(218,025)</u>	<u>(86,282,943)</u>
Claims liability, September 30, 2006	<u>\$ 6,126,929</u>	<u>4,234,404</u>	<u>75,000</u>	<u>\$ 10,436,333</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, 2006, 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 5.0% was used to determine the present value of unpaid workers' compensation claims.

(4) Deposits and Investments

Summary of Deposit and Investment Balances – Following is a reconciliation of deposit and investment balances as of September 30, 2006:

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

	Primary Government	Component Units
Statement of Net Assets		
Current assets:		
Equity in pooled cash and investments	\$ 259,081,703	-
Other cash and investments	281,507	114,315,244
Restricted equity in pooled cash and investments	30,095,684	889,448
Restricted other cash and investments	1,566,866	766,512,251
Non-current assets:		
Restricted other cash and investments	-	70,959,903
Current liabilities:		
Negative equity in pooled cash and investments	-	(25,028,574)
Total	<u>\$ 291,025,760</u>	<u>927,648,272</u>
Statement of Fiduciary Net Assets		
Equity in pooled cash and investments	\$ 215,899,776	
Other cash and investments	313,522	
Equity securities	944,234,481	
Debt Securities	235,712,318	
Money market funds	20,702,801	
Other investments	195,475,386	
Total	<u>\$ 1,612,338,284</u>	

A. Primary Government (Non-Fiduciary)

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. Statutes authorize the County to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, external investment pools (organized under Public Act 367 or 121) and mutual funds composed of otherwise legal investments (except those with fluctuating per share value).

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 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.

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

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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 investments (other than the U.S. government) are as follows for the primary government (non-fiduciary):

Investment	Fair Value	Rating	Organization
Money market funds	\$ 1,937,767	Not Rated	PA 367 Fund
Money market funds	11,582,964	Not Rated	\$1 per share
Money market funds	46,430,956	AAAm	S&P
Money market funds	49,155,842	AAAm-G	S&P
Money market funds	146,788	AAA-V1	Fitch
Commercial paper	15,913,626	A-2, P-2	S&P, Moody’s
Commercial paper	5,375,368	A-1, P-1	S&P, Moody’s

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 \$100,000 insured limit in a commercial bank shall not equal more than 25% 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 \$100,000 insured limit, that institution must meet the minimum standards of at least one standard rating service. At year-end, the primary government (non-fiduciary) had \$179,098,274 of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$159,825,695, that were largely uninsured and uncollateralized. 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 government 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 – 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 investments were subject to custodial credit risk due to one of the following:

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

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 government may invest in any one issuer, along with the

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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% of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments –

Investment Type	Limit	Actual at Year-End
Bankers' acceptances	50%	0.0%
Repurchase agreements	25	0.00
U.S. government	100	0.00
Commercial paper	60	7.32
Money market funds, mutual funds and investment pools	50	37.58
Certificates of deposit (bank)	50	41.91
Certificates of deposit (credit union)	10	0.00
Certificates of deposit (savings and loan associations)	10	2.87

County limits based on use of a single issuer –

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

Actual year-end investments in a single issuer, subject to limitations, exceeding 5% of total primary government investments (non-fiduciary) are as follows:

Issuer	Investment Type	Fair Value	Percentage of Portfolio	Rating
Charter One Bank	Certificate of deposit	\$ 22,826,958	7.85%	A-1+, F1+
Comerica Bank	Certificate of deposit	21,218,168	7.30	A-1, F1
J.P. Morgan Chase	Certificate of deposit	51,567,041	17.74	A-1+, F1+
Daimler Chrysler	Commercial paper	15,913,626	5.47	A-2, P-2

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:

Fund/Fund Type	Maturity Maximum
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:

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

<u>Length of Maturity</u>	<u>Percent of Portfolio (minimums)</u>	<u>Actual at year-end</u>
Under 30 days	10%	98.35%
Under 90 days	25%	100.00
Under 270 days	50%	100.00
Under one year	100%	100.00

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

	<u>Fair Value</u>	<u>Avg Days to Maturity</u>
Commercial paper	\$ 21,288,994	16.96
Cash/investments not subject to interest rate risk:		
Cash on hand	281,507	
Certificates of deposit and demand deposits	160,200,942	
Money market funds	<u>109,254,317</u>	
Total primary government (non- fiduciary) deposits and investments	<u>\$ 291,025,760</u>	

B. Primary Government (Fiduciary)

Agency Funds

The Agency Funds' investments are subject to the County investment policy described in the Primary Government (non-Fiduciary) section A. above. They are under the control of the County Treasurer, County Clerk and Chief Judge. They include both "pooled" and other cash and investments.

Pension (and Other Employee Benefit) Trust Funds

The Retirement Systems have balances in the County's pooled accounts, displayed in the financial statements as "equity in pooled cash and investment accounts." Disclosures related to these "pooled" balances follow. See the individual Retirement System for the appropriate investment risk information.

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 Plan's 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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

The investment policy places a number of restrictions as to type, quality, and concentration of investment, including limiting common stock to 60 percent (at cost) of the portfolio. Investments in government-insured and other mortgages include mortgage-backed securities and conventional and construction mortgages collateralized by real property. Evaluations of real property must be performed by outside consultants. Common stock and corporate bonds are limited to publicly traded companies recommended by several investment advisors.

Pooled Cash and Investments – Pooled cash and investments consist of cash, certificates of deposit, money market funds, commercial paper, and obligations of the U.S. Treasury and agencies. The carrying value of “pooled” cash and investments of Agency Funds is \$213,337,798 and is \$2,561,978 in the Pension and Other Trust Funds as of September 30, 2006.

Credit Risk – As of year-end, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Fair Value (Agency Funds)	Fair Value (Pension and Trust Funds)	Rating	Organization
Money market funds	\$ 2,014,698	\$ 24,654	Not Rated	PA 367 Fund
Money market funds	6,309,272	77,535	Not Rated	\$1 per share
Money market funds	14,312,046	171,345	AAAm	S&P
Money market funds	31,087,360	379,294	AAAm-G	S&P
Money market funds	152,616	1,868	AAA-V1	Fitch
Commercial paper	3,446,961	42,180	A-1, P-1	S&P, Moody's
Commercial paper	16,545,413	202,464	A-2, P-2	S&P, Moody's

Custodial Credit Risk of Bank Deposits – At year-end, the Agency funds had \$159,566,714 of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$139,782,954, that were largely uninsured and uncollateralized. The Pension and Trust Funds had \$1,954,942 of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$1,662,639, that were largely uninsured and uncollateralized.

Custodial Credit Risk of Investments – None of the Fiduciary funds investments were subject to custodial credit risk as of September 30, 2006.

Concentration of Credit Risk – As discussed above, the County places limits on the amount the government 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% of combined capital and surplus position of that financial institution.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

Limits based upon use of specific instruments –

Investment Type	Limit	Actual at Year-End (Agency Funds)	Actual at Year-End (Pension and Trust Funds)
Bankers' acceptances	50%	0.0%	0.0%
Repurchase agreements	25	0.00	0.00
U.S. government	100	0.00	0.00
Commercial paper	60	9.36	9.55
Money market funds, mutual funds and pools	50	25.22	25.55
Certificates of deposit (bank)	50	45.94	46.94
Certificates of deposit (credit union)	10	0.00	0.00
Certificates of deposit (S&L associations)	10	4.07	4.15

County limits based on use of a single issuer –

Year-end investments in a single issuer, subject to limitations, exceeding 5% of Fiduciary funds cash and investments are as follows:

Issuer	Investment Type	Fair Value (Agency Funds)	Percent of Portfolio	Fair Value (Pension and Other Trust Funds)	Percent of Portfolio	Rating
Charter One Bank	Certificate of deposit	\$ 23,733,211	11.11%	\$ 290,421	11.34%	A-1+, F1+
Comerica Bank	Certificate of deposit	22,060,551	10.33	269,952	10.54	A-1, F1
J.P. Morgan Chase	Certificate of deposit	33,050,120	15.47	405,611	15.83	A-1+, F1+
Daimler Chrysler	Commercial paper	16,545,413	7.74	202,464	7.90	A-2, P-2

Interest Rate Risk – The County's investment policy addresses this risk by limiting the maturities on investments:

Fund/Fund Type	Maturity Maximum
Operating Funds	One Year
Nonexpendable Trust Funds	Five 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:

Length of Maturity	Percent of Portfolio (minimums)	Actual at year-end
Under 30 days	10%	98.35%
Under 90 days	25%	100.00
Under 270 days	50%	100.00
Under one year	100%	100.00

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

At year-end, the average maturities of Agency Funds total cash and investments and Pension and Other Trust Funds pooled balances, subject to interest rate risk are as follows:

	Fair Value (Agency Funds)	Fair Value (Pension and Other Trust Funds)	Avg Days to Maturity
Commercial paper	\$ 19,992,374	\$ 244,644	16.10
Cash/investments not subject to interest rate risk:			
Certificates of deposit and demand deposits	139,782,954	1,662,639	
Money market funds	53,875,992	654,695	
Total deposits and investments	<u>\$ 213,651,320</u>	<u>\$ 2,561,978</u>	

I. Wayne County Employees' Retirement System Defined Benefit Plan

As of September 30, 2006 and 2005, the Plan's investments are classified as follows:

	2006	2005
Equity securities:		
Common stock	\$ 456,084,600	\$ 397,967,506
Equity mutual funds	197,013,878	199,407,621
Total Equity Securities	<u>653,098,478</u>	<u>597,375,127</u>
Debt securities:		
Corporate bonds	43,086,300	46,195,735
Asset-backed securities	24,554,134	32,504,227
Government agencies mortgage-backed securities	33,751,682	38,503,852
Government agencies bonds	11,926,789	17,632,680
U.S. government bonds	11,346,469	14,400,982
U.S. Treasury bills	-	4,101,736
Commercial mortgage-backed securities	7,981,787	2,928,498
Bond mutual funds	15,544,107	3,008,764
Total Debt Securities	<u>148,191,268</u>	<u>159,276,474</u>
Money market funds:		
A1+ rating from Standard & Poor's, weighted average maturity of 41 days and 37 days in 2006 and 2005, respectively	<u>\$ 20,607,048</u>	<u>\$ 63,412,269</u>
Other investments:		
Real estate investment trusts	\$ 80,208,333	\$ 75,208,333
Investments in partnerships (net of valuation allowance of \$1,000,000 in 2005 and 2004)	83,292,225	88,990,701
Total Other Investments	<u>163,500,558</u>	<u>164,199,034</u>
Total Investments	<u>\$ 985,397,352</u>	<u>\$ 984,262,904</u>

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

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Custodial Credit Risk of Investments – At year-end, none of the Plan'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 Plan's name,
- Investments were held by a trustee in the Plan's name, or
- Investments were part of a mutual fund.

The Plan does not have a formal policy for deposit or investment custodial credit risk.

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 5% of the outstanding obligations of any one issuer or investing more than 5% of a system's assets in the obligations of any one issuer. The Plan places no limits in excess of statutory authority. As of September 30, 2006 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.

Credit Risk – In compliance with Public Act 314 of 1965, as amended, the Retirement Commission limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment options.

Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The credit quality ratings of investments in debt securities, and interest rate risk information for the Plan as of September 30, 2006 and 2005 are as follows:

	Fair Value	Maturity Dates			
		One Year or Less	One to Five Years	Five to Ten Years	More than Ten Years
<u>2006</u>					
Corporate bonds (grouped by Standard and Poor's ratings):					
AAA rating	\$ 775,589	\$ -	\$ 48,290	\$ 727,299	\$ -
AA- rating	4,346,330	496,110	2,748,224	1,101,996	-
A+ rating	2,392,870	-	1,869,612	523,258	-
A rating	5,431,262	450,036	3,280,898	1,700,328	-
A- rating	5,989,438	975,875	2,926,178	1,723,859	363,526
BBB+ rating	9,135,436	1,579,197	3,315,579	3,243,304	997,356
BBB rating	8,379,789	-	5,313,986	2,490,581	575,222
BBB- rating	3,783,789	600,000	1,325,021	985,826	872,942
BB+ rating	1,471,400	565,000	906,400	-	-
BB rating	65,479	65,479	-	-	-
B rating	950,230	-	950,230	-	-
B- rating	364,688	-	364,688	-	-
	43,086,300	4,731,697	23,049,106	12,496,451	2,809,046

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

2006 (continued)

Asset-backed securities:

AAA rating from Standard & Poor's	4,554,134	-	2,396,712	-	2,157,422
Unrated	20,000,000	-	-	20,000,000	-
	<u>24,554,134</u>	<u>-</u>	<u>2,396,712</u>	<u>20,000,000</u>	<u>2,157,422</u>

Commercial mortgage-backed securities:

AAA rating from Standard & Poor's	7,785,935	-	-	-	7,785,935
Aaa rating from Moody's	96,179	-	-	-	96,179
AA+ rating from Standard & Poor's	99,673	-	-	-	99,673
	<u>7,981,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,981,787</u>

Government agencies mortgage-backed securities:

AAA rating from Standard & Poor's	33,751,682	-	115,628	740,183	32,895,871
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Government agencies bonds:

AAA rating from Standard & Poor's	\$ 11,926,789	\$ 2,496,295	\$ 8,512,394	\$ 918,100	\$ -
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U.S. government bonds:

AAA rating from Standard & Poor's	11,346,469	3,031,061	2,052,351	3,992,092	2,270,965
	<u>132,647,161</u>	<u>\$ 10,259,053</u>	<u>\$ 36,126,191</u>	<u>\$ 38,146,826</u>	<u>\$ 48,115,091</u>

Bond mutual funds:

AAA rating from Standard & Poor's, weighted average maturity of 5.2 years	<u>15,544,107</u>
	<u>\$ 148,191,268</u>

2005

Corporate bonds (grouped by Standard & Poor's ratings):

AAA rating	\$ 1,931,359	\$ -	\$ -	\$ 1,931,359	\$ -
AA rating	624,897	-	624,897	-	-
A+ rating	6,455,479	1,302,356	2,728,255	2,424,868	-
A rating	7,403,637	-	5,128,792	1,754,108	520,737
A- rating	5,069,943	-	2,119,528	1,925,059	1,025,356
BBB+ rating	9,436,769	-	3,433,616	5,302,283	700,870
BBB rating	9,149,115	2,139,634	5,964,274	1,045,207	-
BBB- rating	3,900,124	-	2,551,813	1,348,311	-
BB+ rating	1,873,141	-	926,200	946,941	-
BB- rating	351,271	-	351,271	-	-
	<u>46,195,735</u>	<u>3,441,990</u>	<u>23,828,646</u>	<u>16,678,136</u>	<u>2,246,963</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

2005 (continued)

Asset-backed securities:

AAA rating from Standard & Poor's	12,182,371	-	5,247,592	5,672,326	1,262,453
Aaa rating from Moody's	321,856	-	321,856	-	-
Unrated	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>
	<u>32,504,227</u>	<u>-</u>	<u>5,569,448</u>	<u>25,672,326</u>	<u>1,262,453</u>

Commercial mortgage-backed
securities:

AAA rating from Standard & Poor's	<u>2,928,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,928,498</u>
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Government agencies
mortgage-backed securities:

AAA rating from Standard & Poor's	<u>\$ 38,503,852</u>	<u>\$ -</u>	<u>\$ 474</u>	<u>\$ 625,420</u>	<u>\$ 37,877,958</u>
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Government agencies bonds:

AAA rating from Standard & Poor's	<u>17,632,680</u>	<u>3,469,272</u>	<u>13,667,313</u>	<u>496,095</u>	<u>-</u>
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U.S. government bonds:

AAA rating from Standard & Poor's	<u>14,400,982</u>	<u>-</u>	<u>5,110,682</u>	<u>2,437,277</u>	<u>6,853,023</u>
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U.S. Treasury bills

<u>4,101,736</u>	<u>4,101,736</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>156,267,710</u>	<u>\$ 11,012,998</u>	<u>\$ 48,176,563</u>	<u>\$ 45,909,254</u>	<u>\$ 51,168,895</u>

Bond mutual funds:

AA+ rating from Standard & Poor's, weighted average maturity of 3.9 years	<u>3,008,764</u>
	<u>\$ 159,276,474</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

II. Wayne County Circuit Court Commissioners Bailiffs' Retirement System

As of September 30, 2006 and 2005, the Plan's investments are classified as follows:

	<u>2006</u>	<u>2005</u>
Debt securities:		
Government agencies mortgage-backed securities:		
AAA rating from Standard & Poor's, maturities greater than 10 years	\$ 69,492	\$ 89,514
Government agencies bonds:		
Canada, AA rating from Standard & Poor's, maturities between five and 10 years	<u>35,104</u>	<u>36,460</u>
Total Debt Securities	104,596	125,974
Equity securities:		
Equity mutual funds	5,059,960	4,497,549
Money market funds:		
A1+ rating from Standard & Poor's, weighted average maturity of 41 days and 37 days in 2006 and 2005, respectively	<u>95,753</u>	<u>67,496</u>
Total Investments	<u><u>\$ 5,260,309</u></u>	<u><u>\$ 4,691,019</u></u>

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

Custodial Credit Risk of Investments – At year-end, none of the Plan'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 Plan's name,
- Investments were held by a trustee in the Plan's name, or
- Investments were part of a mutual fund.

The Plan does not have a formal policy for deposit or investment custodial credit risk.

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 5% of the outstanding obligations of any one issuer or investing more than 5% of a system's assets in the obligations of any one issuer. The Plan places no limits in excess of statutory authority.

As of September 30, 2006, 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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

Credit Risk – In compliance with Public Act 314 of 1965, as amended, the Retirement Commission limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment options.

Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The credit quality ratings of investments in debt securities and interest rate risk information for the Plan as of September 30, 2006 are identified in the preceding schedule.

III. Wayne County Employees' Retirement System Defined Contribution Plan

As of September 30, 2006 and 2005, the Plan's investments are classified as follows:

	2006					2005
	Aggressive	Moderate	Conservative	Participant-Directed	Total	Participant-Directed
Debt securities:						
Stable value funds:						
A rating from Standard & Poor's, weighted average maturity of 3.2 years	\$ 365,429	\$ 916,441	\$ 272,502	\$ 83,831,116	\$ 85,385,488	\$ 84,543,145
Bond mutual funds:						
AA+ rating from Standard & Poor's, weighted average maturity of 3.9 years	-	-	-	2,030,966	2,030,966	1,892,574
Total Debt Securities	365,429	916,441	272,502	85,862,082	87,416,454	86,435,719
Equity securities:						
Equity mutual funds	5,273,528	4,026,487	754,827	276,021,201	286,076,043	247,920,903
Participant loans receivable:						
Unrated, weighted average maturity of 3.0 years	392,921	487,902	83,896	31,010,109	31,974,828	28,293,414
Total Investments	<u>\$ 6,031,878</u>	<u>\$ 5,430,830</u>	<u>\$ 1,111,225</u>	<u>\$ 392,893,392</u>	<u>\$ 405,467,325</u>	<u>\$ 362,650,036</u>

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

Custodial Credit Risk of Investments – At year-end, none of the Plan'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 Plan's name,
- Investments were held by a trustee in the Plan's name, or
- Investments were part of a mutual fund.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

The Plan does not have a formal policy for deposit or investment custodial credit risk.

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 limits in excess of statutory authority.

As of September 30, 2006, 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.

Credit Risk – In compliance with Public Act 314 of 1965, as amended, the Retirement Commission limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment options.

Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The credit quality ratings of investments in debt securities and interest rate risk information for the Plan as of September 30, 2006 are identified in the preceding schedule.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Changes in Plan Net Assets – Information about the changes in the Plan’s net assets by investment program is as follows for the years ended September 30, 2006 and 2005:

	2006					2005
	Aggressive	Moderate	Conservative	Participant-Directed	Total	Participant-Directed
Additions:						
Contributions:						
Employer, net of certain forfeitures	\$ 74,153	\$ 58,587	\$ 7,268	\$ 25,791,411	\$ 25,931,419	\$ 25,870,326
Employees	29,877	18,427	2,597	7,684,106	7,735,007	7,822,026
Total Contributions	104,030	77,014	9,865	33,475,517	33,666,426	33,692,352
Investment income:						
Net appreciation in fair value of investments	85,714	48,106	9,717	23,268,089	23,411,626	31,748,567
Interest and dividends	4,368	4,637	689	6,208,952	6,218,646	6,133,575
Other investment income	-	-	-	406,332	406,332	1,397
Total Investment Income	90,082	52,743	10,406	29,883,373	30,036,604	37,883,539
Total Additions	194,112	129,757	20,271	63,358,890	63,703,030	71,575,891
Deductions:						
Participant distributions and withdrawals	153,279	-	-	20,057,303	20,210,582	17,373,586
Administrative expenses	947	-	-	424,274	425,221	389,464
Total Deductions	154,226	-	-	20,481,577	20,635,803	17,763,050
Net Transfers Between Funds	5,991,992	5,301,073	1,090,954	(12,384,019)	-	-
Net Additions	6,031,878	5,430,830	1,111,225	30,493,294	43,067,227	53,812,841
Net Assets Held in Trust for Pension Benefits, Beginning of Year	-	-	-	362,755,146	362,755,146	308,942,305
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 6,031,878</u>	<u>\$ 5,430,830</u>	<u>\$ 1,111,225</u>	<u>\$ 393,248,440</u>	<u>\$ 405,822,373</u>	<u>\$ 362,755,146</u>

C. Component Units

At year-end, the Airport Authority and Circuit Court’s cash and investment balances are significant in relation to the total component unit cash and investments, and to the County as a whole.

Circuit Court- The Circuit Court’s cash and investments are subject to the County investment policy described in the Primary Government (non-Fiduciary) section A. above. Accounts are under the control of the County Treasurer, and Chief Judge. They are comprised of “negative equity in pooled cash”.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

Airport Authority -The investment policy adopted by the Authority, in accordance with Public Act 20 of 1943, as amended authorizes investments in U.S. Treasuries, agencies, and instrumentalities (date-specific maturities only), non-negotiable certificates of deposit, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982 PA 367, MCL 129.111 to 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512. For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax-exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1.00 per share.

Due to the parallels between the County and Airport Authority investment policies, the essential policy and risk information about deposits and investments are aggregated below:

Credit Risk – In compliance with State law, the investment policies limit 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:

Investment	Fair Value (Airport Authority)	Fair Value* (Circuit Court)	Rating	Organization
Money market funds	\$ 24,404,149	-	AAA	S&P
Money market funds	7,958,767	(350,369)	Not Rated	PA 367 Fund
Money market funds	-	(1,101,899)	Not Rated	\$1 per share
Money market funds	-	(2,435,096)	AAAm	S&P
Money market funds	-	(5,390,385)	AAAm-G	S&P
Money market funds	-	(26,541)	AAA-V1	Fitch
Commercial paper	72,731,674	(599,448)	A-1, P-1	S&P, Moody
Commercial paper	97,876,533	(2,877,352)	A-2, P-2	S&P, Moody

* - The negative amounts represent an allocation of the Courts' negative equity in the general pooled cash account.

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 respective component unit investment policies require that deposits over the \$100,000 insured limit in a commercial bank shall not equal more than 25% of the combined capital and surplus of that bank must meet minimum standards of at least one standard rating service. At year-end, the Airport Authority had \$212,117,628 of bank deposits (certificates of deposit, checking and savings accounts) and the Circuit Court had negative equity in pooled cash that translated to bank deposits of \$(39,485,215) with a carrying value of \$(36,406,398) that were largely uninsured and uncollateralized. The entities believe 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 component units evaluate each financial institution with which they deposit funds and assess the level of risk of each institution. Only those institutions with acceptable estimated risk levels 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. Both the County investments

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Notes to the Basic Financial Statements

For the year ended September 30, 2006

policy (which governs the Circuit Court pooled cash and investments) and the Airport Authority's investment policy require that all investments not purchased directly from an issuer must be held in the name of the entity, be purchased using the delivery versus payment procedure, and be held in third party safekeeping. At year-end, none of the Circuit Court's nor 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 entity's name,
- Investments were held by the organization's trustee in the entity'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 investment policy of each organization addresses this risk by setting limits by investment fund type as follows:

Fund/Fund Type	Maturity Maximum
Airport Authority:	
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
Fund/Fund Type	Maturity Maximum
Circuit Court:	
Operating Funds	1 Year
Nonexpendable Trust Funds	5 Years
Funds subject to federal arbitrage restrictions	Varies

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

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

	<u>Airport Authority</u>		<u>Circuit Court</u>	
	<u>Fair</u>	<u>Average</u>	<u>Fair</u>	<u>Average</u>
	<u>value</u>	<u>maturity</u>	<u>value</u>	<u>maturity</u>
Investments subject to risk:				
General pool:				
Commercial paper	\$ 31,000,000	32 days	\$ (3,476,800)	16.10
Bond reserves:				
U.S. Treasuries	150,804,737	8.5 months	-	
Long-term repo	3,629,278	15.2 years	-	
Bond payment funds:				
U.S. Treasuries	79,187,321	62 days	-	
Capital interest funds:				
2003 Construction:				
U.S. Treasuries	10,612,896	84 days	-	
2005 Construction:				
U.S. Treasuries	45,096,390	320 days	-	
Construction funds:				
2003 Construction:				
Commercial paper	4,208,405	25 days	-	
2005 Construction:				
Commercial paper	43,782,256	15 days	-	
Federal agencies	228,102,372	7 months	-	
Other construction and operating:				
Commercial paper	91,447,571	12 days	-	
Hotel:				
Commercial paper	169,975	4 days	-	
U.S. Treasuries	2,089,364	60 days	-	
Investments subject to risk	690,130,565		(3,476,800)	
Deposits/investments not subject to risk:				
Deposits	212,117,628		(23,625,308)	
Money market funds	32,362,916		(9,304,290)	
Total deposits and investments	\$ <u>934,611,109</u>		\$ <u>(36,406,398)</u>	

Concentration of Credit Risk –Through their investment policies, the component units place limits on the amount the organizations 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% of combined capital and surplus position of that financial institution.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

Limits based upon use of specific instruments –

Investment Type	Limit	Actual at Year-End (Airport Authority)	Actual at Year-End (Circuit Court)
Bankers' acceptances	50%	0.0%	0.0%
Repurchase agreements	25	0.4	0.0
Certificates of deposit (bank)	50	18.2	46.9
Certificates of deposit (savings and loan associations)	10	0.6	4.2
Money market funds	50	3.5	25.6
Commercial paper	60	18.3	9.6
U.S. government	100	55.2	0.0

Limits based on use of a single issuer –

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

Actual year-end investments in a single issuer exceeding 5% of total portfolio are as follows:

Issuer	Investment Type	Fair Value (Airport Authority)	Percentage of Portfolio	Fair Value (Circuit Court)	Percentage of Portfolio	Rating
Daimler Chrysler	Commercial paper	\$ 97,876,533	10.47	\$ (2,877,352)	7.90	A2, P2
Morrigan	Commercial paper	72,731,674	7.78	-	-	A1, P1
Comerica Bank	Certificates of deposit	56,981,745	6.10	(3,836,469)	16.16	A1, P1
J.P. Morgan Chase	Certificates of deposit	50,992,773	5.46	(5,764,400)	15.83	A1+, P1
Charter One Bank	Certificates of deposit	-	-	(4,127,355)	11.33	A1+, F1+
J.P. Morgan Chase	Money market fund	-	-	(5,390,385)	14.81	A1+, F1+
LaSalle Bank	Money market fund	-	-	(2,435,096)	6.69	A1, P1

(5) Restricted Assets

In accordance with the terms of bond ordinances and for other purposes, certain sewage disposal systems, the Airport Authority, and certain drainage districts are required to restrict assets for various purposes. Net assets relating to certain of the restricted assets have been restricted.

Restricted assets on the government-wide Statement of Net Assets, totaling \$587 million, represent those amounts that are pledged toward the payment of outstanding bonds and notes.

A summary of the restricted assets of the Sewage Disposal Systems, the Airport Authority, and Chapter 21 Drainage District, a non-major component unit, at September 30, 2006, follows:

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For the year ended September 30, 2006

	Sewage Disposal <u>Systems</u>	Airport <u>Authority</u>	Chapter 21 Drainage <u>District</u>	<u>Total</u>
Operations and maintenance				
Equity in pooled cash and investments	\$ -	-	(4,959)	\$ (4,959)
Other cash and investments	-	27,274,613	-	27,274,613
Accounts receivable	-	<u>143,344</u>	-	<u>143,344</u>
	-	27,417,957	(4,959)	27,412,998
Replacements and improvements				
Equity in pooled cash and investments	12,095,200	-	633,579	12,728,779
Other cash and investments	-	<u>2,158,910</u>	-	<u>2,158,910</u>
	12,095,200	2,158,910	633,579	14,887,689
Constructions				
Equity in pooled cash and investments	(11,939,283)	-	(510)	(11,939,793)
Other cash and investments	1,566,866	393,716,490	-	395,283,356
Accounts receivable	<u>33,076</u>	<u>3,161,112</u>	-	<u>3,194,188</u>
	(10,339,341)	396,877,602	(510)	386,537,751
Bond and interest redemption				
Equity in pooled cash and investments	29,939,767	-	261,338	30,201,105
Other cash and investments	-	308,868,642	-	308,868,642
Accounts receivable	<u>16,955,420</u>	<u>3,266,795</u>	-	<u>20,222,215</u>
	46,895,187	312,135,437	261,338	359,291,962
Bond principal due from municipalities	196,040,958	-	-	196,040,958
Passenger facilities charges				
Other cash and investments	-	102,522,989	-	102,522,989
Accounts receivable	-	<u>6,727,788</u>	-	<u>6,727,788</u>
	-	109,250,777	-	109,250,777
Drug enforcement				
Other cash and investments	-	2,930,510	-	2,930,510
Accounts receivable	-	<u>12,304</u>	-	<u>12,304</u>
	-	<u>2,942,814</u>	-	<u>2,942,814</u>
Total	<u>\$ 244,692,004</u>	<u>850,783,497</u>	<u>889,448</u>	<u>\$ 1,096,364,949</u>

Bonds principal due from 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.

(6) Major Customer – Airport Authority Component Unit

Northwest Airlines, Inc. (Northwest) accounted for approximately 24 percent of total Airport Authority operating revenues for the year ended September 30, 2006, including approximately 58 percent of airport landing and related fees, approximately 70 percent of rental and expense recoveries and approximately 74 percent of facility use fees from tenants during fiscal year 2006. Approximately 63 percent of the total fiscal year 2006 enplanements are attributable to Northwest's operations. In the

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

event Northwest discontinued its operations, there are no assurances that another airline would replace its hub activities.

Existing operating agreements with all Signatory Airlines servicing the Airport Authority require reasonable assurance that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Airport Authority. The Airport Authority had approximately \$1.4 million in net receivables from Northwest at September 30, 2006.

The airlines serving the Airport Authority have been impacted by global events and experienced an increase in costs and a decline in financial condition to varying degrees. Several airlines have filed for bankruptcy at the end of fiscal year (FY) 2005 and beginning of FY 2006, including Northwest Airlines, Mesaba Airlines and Delta Airlines. United Airlines emerged from bankruptcy in FY 2006. No airline agreements have been assumed or rejected at this time, and the three airlines continue to make payments owed to the Airport Authority under their respective agreements.

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

(7) Long-term Receivables

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 capital lease (Note 11) provide for the refurbishment and restoration of the building in return for a note from the Partnership for \$5.3 million, at 9% per annum, due and payable in 2028. The current value of the note is \$29,097,733. The note is a non-recourse obligation of the Partnership that is secured by the Wayne County building. The note requires minimum semi-annual payments of \$500,000.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

(8) Capital Assets

Capital assets activity for the year ended September 30, 2006 was as follows:

	Beginning <u>Balance</u>	<u>Primary Government</u>		Ending <u>Balance</u>
		<u>Increases</u>	<u>Decreases</u>	
<i>Governmental activities:</i>				
Non-depreciable capital assets:				
Land	\$ 551,079,608	307,714	-	\$ 551,387,322
Construction in progress	<u>27,914,327</u>	<u>18,621,246</u>	<u>(15,874,779)</u>	<u>30,660,794</u>
Total non-depreciable capital assets	<u>578,993,935</u>	<u>18,928,960</u>	<u>(15,874,779)</u>	<u>582,048,116</u>
Depreciable capital assets:				
Land improvements	12,826,390	-	-	12,826,390
Buildings and improvements	336,351,776	3,423,609	-	339,775,385
Machinery, equipment and vehicles	123,137,598	1,961,870	(3,316,244)	121,783,224
Infrastructure	<u>1,422,886,564</u>	<u>14,984,924</u>	<u>-</u>	<u>1,437,871,488</u>
Total depreciable capital assets	<u>1,895,202,328</u>	<u>20,370,403</u>	<u>(3,316,244)</u>	<u>1,912,256,487</u>
			-	
Accumulated depreciation:				
Land improvements	(8,577,501)	(513,620)	-	(9,091,121)
Buildings and improvements	(186,413,304)	(13,277,176)	-	(199,690,480)
Machinery, equipment and vehicles	(101,168,293)	(7,904,816)	3,259,408	(105,813,701)
Infrastructure	<u>(892,187,754)</u>	<u>(63,942,743)</u>	<u>-</u>	<u>(956,130,497)</u>
Total accumulated depreciation	<u>(1,188,346,852)</u>	<u>(85,638,355)</u>	<u>3,259,408</u>	<u>(1,270,725,799)</u>
Total depreciable capital assets, net	<u>706,855,476</u>	<u>(65,267,952)</u>	<u>(56,836)</u>	<u>641,530,688</u>
Total governmental activities capital assets, net	<u>\$ 1,285,849,411</u>	<u>(46,338,992)</u>	<u>(15,931,615)</u>	<u>\$ 1,223,578,804</u>

Construction in progress as of September 30, 2006 includes roads construction and building renovations. At year-end, the costs expected to be incurred to complete these projects are estimated at \$8.3 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 functions/programs of the primary government as follows:

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

Governmental activities:

Legislative	\$	11,518
Judicial		269,428
General government		7,700,748
Public safety		5,872,877
Highways, streets and bridges		69,562,896
Health and welfare		661,136
Recreational and cultural		1,421,880
Non-Departmental		33,348
Public works		<u>104,524</u>

Total depreciation expense - governmental activities \$ 85,638,355

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

	Beginning <u>Balance</u>	<u>Primary Government</u>		Ending <u>Balance</u>
		<u>Increases</u>	<u>Decreases</u>	
<i>Business-type activities:</i>				
Downriver Sewage Disposal System:				
Non-depreciable capital assets:				
Land	\$ 2,426,717	-	-	\$ 2,426,717
Construction in progress	<u>1,582,920</u>	<u>2,988,917</u>	-	<u>4,571,837</u>
Total non-depreciable capital assets	<u>4,009,637</u>	<u>2,988,917</u>	-	<u>6,998,554</u>
Depreciable capital assets:				
Land improvements	150,033			150,033
Buildings and improvements	18,831,325	91,800		18,923,125
Machinery, equipment and vehicles	545,746	57,004	(13,318)	589,432
Infrastructure	<u>349,205,603</u>	<u>-</u>	<u>-</u>	<u>349,205,603</u>
Total depreciable capital assets	<u>368,732,707</u>	<u>148,804</u>	<u>(13,318)</u>	<u>368,868,193</u>
Accumulated depreciation:				
Land improvements	(138,647)	(1,019)	-	(139,666)
Buildings and improvements	(16,284,010)	(199,846)	-	(16,483,856)
Machinery, equipment and vehicles	(188,145)	(54,894)	13,318	(229,721)
Infrastructure	<u>(81,809,515)</u>	<u>(14,140,489)</u>	<u>-</u>	<u>(95,950,004)</u>
Total accumulated depreciation	<u>(98,420,317)</u>	<u>(14,396,248)</u>	<u>13,318</u>	<u>(112,803,247)</u>
Total depreciable capital assets, net	<u>270,312,390</u>	<u>(14,247,444)</u>	-	<u>256,064,946</u>
Total Downriver Sewage Disposal capital assets, net	<u>\$ 274,322,027</u>	<u>(11,258,527)</u>	-	<u>\$ 263,063,500</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Primary Government</u>		Ending <u>Balance</u>
		<u>Increases</u>	<u>Decreases</u>	
Rouge Valley Sewage Disposal System:				
Non-depreciable capital assets:				
Land	\$ 1,448,847	-	-	\$ 1,448,847
Construction in progress	<u>669,324</u>	<u>380,043</u>	<u>(174,881)</u>	<u>874,486</u>
Total non-depreciable capital assets	<u>2,118,171</u>	<u>380,043</u>	<u>(174,881)</u>	<u>2,323,333</u>
Depreciable capital assets:				
Buildings and improvements	9,019,540	-	-	9,019,540
Machinery, equipment and vehicles	12,500	-	-	12,500
Infrastructure	<u>116,876,270</u>	<u>-</u>	<u>(26,510)</u>	<u>116,849,760</u>
Total depreciable capital assets	<u>125,908,310</u>	<u>-</u>	<u>(26,510)</u>	<u>125,881,800</u>
Accumulated depreciation:				
Buildings and improvements	(4,610,131)	(355,978)	-	(4,966,109)
Machinery, equipment and vehicles	(446)	(1,786)	-	(2,232)
Infrastructure	<u>(32,823,686)</u>	<u>(2,097,813)</u>	<u>-</u>	<u>(34,921,499)</u>
Total accumulated depreciation	<u>(37,434,263)</u>	<u>(2,455,577)</u>	<u>-</u>	<u>(39,889,840)</u>
Total depreciable capital assets, net	<u>88,474,047</u>	<u>(2,455,577)</u>	<u>(26,510)</u>	<u>85,991,960</u>
Total Rouge Valley Sewage Disposal System capital assets, net	<u>\$ 90,592,218</u>	<u>(2,075,534)</u>	<u>(201,391)</u>	<u>\$ 88,315,293</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Primary Government</u>		Ending <u>Balance</u>
		<u>Increases</u>	<u>Decreases</u>	
CSO Basins Sewage Disposal System:				
Non-depreciable capital assets:				
Construction in progress	\$ -	-	-	\$ -
Total non-depreciable capital assets	-	-	-	-
Depreciable capital assets:				
Buildings and improvements	83,512,624		(83,512,624)	-
Machinery, equipment and vehicles	21,182		(21,182)	-
Infrastructure	3,363,652	-	(3,363,652)	-
Total depreciable capital assets	86,897,458	-	(86,897,458)	-
Accumulated depreciation:				
Buildings and improvements	(21,298,397)	(4,137,186)	25,435,583	-
Machinery, equipment and vehicles	(4,621)	(4,236)	8,857	-
Infrastructure	(475,072)	(164,021)	639,093	-
Total accumulated depreciation	(21,778,090)	(4,305,443)	26,083,533	-
Total depreciable capital assets, net	65,119,368	(4,305,443)	(60,813,925)	-
Total CSO Basins Sewage Disposal System capital assets, net	\$ 65,119,368	(4,305,443)	(60,813,925)	\$ -

Transfer of Capital Assets

On September 30, 2006, the County reassessed its ownership in its sewage disposal system assets. As a result of this assessment, the County determined that the ownership of the capital assets associated with the CSO Basins Sewage Disposal System would transfer to the applicable local municipality upon repayment of the bonds that were issued to acquire these assets. According to Statement of Financial Accounting Standards No. 13, "Accounting for Leases", this eventual transfer of ownership creates a capital lease between the County and the local municipalities. As such, although the assets legally belong to the County, in substance, they belong to the municipalities and should have no value on the County's financial statements. The \$60,813,925 transfer of the CSO Basins capital assets in the fund statements removes the net book value of the capital assets and related net assets from the County's financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Primary Government</u>		Ending <u>Balance</u>
		<u>Increases</u>	<u>Decreases</u>	
<i>Non-major business-type activities:</i>				
Non-depreciable capital assets:				
Land	\$ 1,433,719	-	-	\$ 1,433,719
Construction in progress	<u>155,467</u>	<u>-</u>	<u>-</u>	<u>155,467</u>
Total non-depreciable capital assets	<u>1,589,186</u>	<u>-</u>	<u>-</u>	<u>1,589,186</u>
Depreciable capital assets:				
Buildings and improvements	9,960,574	-	-	9,960,574
Machinery, equipment and vehicles	267,710	-	-	267,710
Infrastructure (sewage disposal systems)	<u>1,052,873</u>	<u>-</u>	<u>-</u>	<u>1,052,873</u>
Total depreciable capital assets	<u>11,281,157</u>	<u>-</u>	<u>-</u>	<u>11,281,157</u>
Accumulated depreciation:				
Buildings and improvements	(5,267,547)	(378,885)	-	(5,646,432)
Machinery, equipment and vehicles	(158,494)	(34,386)	-	(192,880)
Infrastructure (sewage disposal systems)	<u>(343,078)</u>	<u>(16,192)</u>	<u>-</u>	<u>(359,270)</u>
Total accumulated depreciation	<u>(5,769,119)</u>	<u>(429,463)</u>	<u>-</u>	<u>(6,198,582)</u>
Total depreciable capital assets, net	<u>5,512,038</u>	<u>(429,463)</u>	<u>-</u>	<u>5,082,575</u>
Total non-major business-type activity capital assets, net	<u>7,101,224</u>	<u>(429,463)</u>	<u>-</u>	<u>6,671,761</u>
Grand total business-type activity capital assets, net	<u>\$ 437,134,837</u>	<u>(18,068,967)</u>	<u>(61,015,316)</u>	<u>\$ 358,050,554</u>

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

Business-type activities:	
Sewage Disposal Systems (includes non-major activities)	\$ 21,553,573
Jail Commissary	<u>33,158</u>
Total depreciation expense - business-type activities	<u>\$ 21,586,731</u>

Construction in progress involves various Sewage Disposal System improvements. The costs expected to be incurred to complete these projects are estimated at \$5.1 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 the Basic Financial Statements
For the year ended September 30, 2006

Discretely presented component units

Capital assets activity for the year ended September 30, 2006 was as follows:

	Beginning <u>Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Airport Authority:					
Non-depreciable capital assets:					
Land	\$ 170,023,443	-	-	-	\$ 170,023,443
Construction in progress	<u>152,427,874</u>	<u>25,028,713</u>	<u>129,056,719</u>	<u>(191,954,679)</u>	<u>114,558,627</u>
Total non-depreciable capital assets	<u>322,451,317</u>	<u>25,028,713</u>	<u>129,056,719</u>	<u>(191,954,679)</u>	<u>284,582,070</u>
Depreciable capital assets:					
Buildings and improvements	1,523,321,075	(33,078,528)	176,446,846	(120,396,527)	1,546,292,866
Airport paving	647,118,914	(647,118,914)	-	-	-
Airport systems	299,252,169	(299,252,169)	-	-	-
Machinery, equipment and vehicles	48,753,088	6,348,966	5,446,322	(6,231,661)	54,316,715
Infrastructure	<u>190,937,805</u>	<u>892,398,581</u>	<u>14,465,923</u>	<u>(4,107,397)</u>	<u>1,093,694,912</u>
Total depreciable capital assets	<u>2,709,383,051</u>	<u>(80,702,064)</u>	<u>196,359,091</u>	<u>(130,735,585)</u>	<u>2,694,304,493</u>
Accumulated depreciation:					
Buildings and improvements	(347,724,567)	(103,170,469)	(61,847,593)	120,396,527	(392,346,102)
Airport paving	(315,012,379)	315,012,379	-	-	-
Airport systems	(178,529,018)	178,529,018	-	-	-
Machinery, equipment and vehicles	(38,424,501)	(1,928,158)	(3,301,735)	6,092,865	(37,561,529)
Infrastructure	<u>(40,282,130)</u>	<u>(384,462,969)</u>	<u>(50,704,320)</u>	<u>4,107,397</u>	<u>(471,342,022)</u>
Total accumulated depreciation	<u>(919,972,595)</u>	<u>3,979,801</u>	<u>(115,853,648)</u>	<u>130,596,789</u>	<u>(901,249,653)</u>
Total depreciable capital assets, net	<u>1,789,410,456</u>	<u>(76,722,263)</u>	<u>80,505,443</u>	<u>(138,796)</u>	<u>1,793,054,840</u>
Total Airport Authority capital assets, net	<u>\$ 2,111,861,773</u>	<u>(51,693,550)</u>	<u>209,562,162</u>	<u>(192,093,475)</u>	<u>\$ 2,077,636,910</u>

New Accounting Pronouncement

The Airport Authority elected to implement GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* at the beginning of the fiscal year. As a result of this implementation, the Airport Authority has restated their beginning-of-the-year net assets by \$(59,003,313).

This impairment loss directly reduces beginning net assets. In order to implement GASB statement number 42, the Authority conducted a physical inventory of all capital assets in September 2006. This inventory resulted in the changing of estimated lives for certain assets and several other adjustments to capital assets. In addition, all assets under the paving and systems categories were transferred into infrastructure. The adjustment columns above include the effect of the implementation of GASB 42 along with the other changes resulting from the physical inventory.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Circuit Court:					
Non-depreciable capital assets:					
Land	\$ 4,007,639	-	-	-	\$ 4,007,639
Total non-depreciable capital assets	<u>4,007,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,007,639</u>
Depreciable capital assets:					
Land improvements	119,400	-	-	-	119,400
Buildings and improvements	3,057,666	-	-	-	3,057,666
Machinery, equipment and vehicles	<u>9,178,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,178,535</u>
Total depreciable capital assets	<u>12,355,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,355,601</u>
Accumulated depreciation:					
Land improvements	(103,023)	-	(4,272)	-	(107,295)
Buildings and improvements	(3,057,665)	-	-	-	(3,057,665)
Machinery, equipment and vehicles	<u>(7,992,706)</u>	<u>-</u>	<u>(246,773)</u>	<u>-</u>	<u>(8,239,479)</u>
Total accumulated depreciation	<u>(11,153,394)</u>	<u>-</u>	<u>(251,045)</u>	<u>-</u>	<u>(11,404,439)</u>
Total depreciable capital assets, net	<u>1,202,207</u>	<u>-</u>	<u>(251,045)</u>	<u>-</u>	<u>951,162</u>
Total Circuit Court capital assets, net	<u>\$ 5,209,846</u>	<u>-</u>	<u>(251,045)</u>	<u>-</u>	<u>\$ 4,958,801</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Non-major component units:					
Non-depreciable capital assets:					
Land	\$ 81,983,744	-	-	-	\$ 81,983,744
Construction in progress	<u>487,706</u>	-	<u>485,079</u>	<u>(487,706)</u>	<u>485,079</u>
Total non-depreciable capital assets	<u>82,471,450</u>	-	<u>485,079</u>	<u>(487,706)</u>	<u>82,468,823</u>
Depreciable capital assets:					
Land improvements	13,852,326	-	-	-	13,852,326
Buildings and improvements	702,268,233	-	2,012,456	-	704,280,689
Infrastructure	62,732,261	-	-	-	62,732,261
Machinery, equipment and vehicles	<u>26,203,567</u>	-	<u>65,332</u>	-	<u>26,268,899</u>
Total depreciable capital assets	<u>805,056,387</u>	-	<u>2,077,788</u>	-	<u>807,134,175</u>
Accumulated depreciation:					
Land improvements	(3,168,202)	-	(837,170)	-	(4,005,372)
Buildings and improvements	(140,171,730)	-	(33,827,933)	-	(173,999,663)
Infrastructure	(30,753,973)	-	(1,944,749)	-	(32,698,722)
Machinery, equipment and vehicles	<u>(11,535,315)</u>	-	<u>(3,585,762)</u>	-	<u>(15,121,077)</u>
Total accumulated depreciation	<u>(185,629,220)</u>	-	<u>(40,195,614)</u>	-	<u>(225,824,834)</u>
Total depreciable capital assets, net	<u>619,427,167</u>	-	<u>(38,117,826)</u>	-	<u>581,309,341</u>
Total non-major component units capital assets, net	<u>701,898,617</u>	-	<u>(37,632,747)</u>	<u>(487,706)</u>	<u>663,778,164</u>
Grand total discretely presented component units capital assets, net	<u>2,818,970,236</u>	<u>(51,693,550)</u>	<u>171,678,370</u>	<u>(192,581,181)</u>	<u>\$ 2,746,373,875</u>

Depreciation expense was charged in the component unit funds as follows:

Airport Authority	\$ 115,853,648
Circuit Court	251,045
Probate Court	147,685
Chapter 21 Drains	1,344,205
Stadium Authority	37,841,060
Chapter 20 Drains	855,245
GWEDC	389
HealthChoice	4,020
MGDC	2,408

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

For the year ended September 30, 2006, the amount of interest capitalized for discretely presented component units was \$8.3 million.

The estimated costs to complete the Airport Authority's current capital improvement program totaled \$715.2 million at September 30, 2006, which will be funded by previously issued and anticipated debt, federal grants, and passenger facility charges. Unexpended commitments on construction and professional design services contracts in connection with this program totaled \$216.9 million at September 30, 2006.

Fiduciary Funds

Capital assets activity for the year ended September 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets:				
Machinery, equipment and vehicles	\$ 4,087,408	-	-	\$ 4,087,408
Total depreciable capital assets	4,087,408	-	-	4,087,408
Accumulated depreciation:				
Machinery, equipment and vehicles	(3,940,817)	(83,240)	-	(4,024,057)
Total accumulated depreciation	(3,940,817)	(83,240)	-	(4,024,057)
Total depreciable capital assets, net	146,591	(83,240)	-	63,351
Total fiduciary capital assets, net	\$ 146,591	(83,240)	-	\$ 63,351

(9) Property Taxes

County Tax Levy

Previously, the County property tax was levied each December 1 (lien date). In 2004, the State of Michigan enacted Public Act 357 (the Act), which requires a gradual shift of County property tax levies from winter to summer as a substitute funding mechanism to state revenue sharing. This shift takes place over a three-year period as follows: in 2005, one-third of the taxes were levied on July 1 and two-thirds on December 1; in 2006, two-thirds of the taxes were levied on July 1 and one-third on December 1; in 2007 and each year thereafter, 100% of the taxes will be levied on July 1. County property taxes are receivable beginning on the December 1 levy date and become delinquent on March 1 of the following year.

Historically, pursuant to the County Charter and State law, the County has levied an ad valorem property tax against the State Equalized Valuation (SEV), based on property values determined by local assessors in the several townships and cities as of the preceding December 31. By statute, these assessment values are calculated at 50 percent of true cash value. Real and personal property in Wayne County for the July 1, 2005 and December 1, 2005 combined levies was equalized at \$62.6 billion.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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. As of December 1, 2005 (fiscal year 2006), the Taxable Value of property in Wayne County was \$50.5 billion. The December 2005 levy was two-thirds of the millage rate times the 2005 taxable value of \$48,309,100,139. The July 2006 levy was two-thirds of the millage rate times the 2006 taxable value of \$50,572,359,004.

In fiscal year 2005, the first year of implementation of the Act, the County recorded a transfer of one-third of the December 2004 general operating levy for property taxes from the General Fund to the newly created Revenue Sharing Reserve Fund (RSRF), a non-major special revenue fund. To replace the revenue sharing payments suspended by the State, the Act allows for a portion of these property tax funds to be transferred back to the General Fund each year. This amount (the "allowable spending") is determined by the State on an annual basis.

For the year ended September 30, 2005, the County transferred \$18,943,677, in excess of its allowable spending, to the General Fund. The excess transfer was necessary to defray an unanticipated revenue shortage created by implementation of the Act. This transfer of additional funds does not impact total available funds over the life of the RSRF.

In fiscal year 2006, in accordance with the Act, the County recorded a transfer equivalent to one-third of the December 2004 general operating levy, or \$80,062,934, from the General Fund to the RSRF. The County transferred \$45,175,379, (its 2006 allowable spending) from the RSRF to the General Fund to replace State revenue sharing payments. The use of the RSRF to replace state revenue payments sunsets in FY 2009.

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 8.93 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. The unexpended portion of this one-tenth millage is included in the Youth Services Funds' fund balance. In 2002, the Wayne County electorate voted to continue this one additional mill (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2002 through 2011.

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 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 Park System and

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

historic Fort Wayne. In 2005, the Wayne County electorate voted to continue the additional quarter-mill (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2005 through 2010.

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, 2005 and July 1, 2006 tax rates, per \$1,000 of Valuation, were:

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>
Total	<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 tax delinquent property 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 the process 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 \$156.5 million at September 30, 2006, are pledged as collateral for payment of the General Obligation Limited Tax Notes. 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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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 and July 2006 in connection with the purchase of 2005 delinquent property taxes, the County issued \$100.4 and \$65.9 million, respectively of General Obligation Limited Tax Notes, Series 2006A and 2006B, to cover delinquent taxes for the City of Detroit and state and local school taxes within the City of Detroit. These notes mature on June 28, 2008 and July 11, 2008. Interest on the notes shall be payable monthly at a variable interest rate (5.4725% and 5.4025% on the date of issuance) equal to the sum of eight basis points (.0525%) per annum plus the LIBO (London Interbank Market) Rate. Amounts remaining from the 2003 and prior Delinquent Tax Funds at September 30, 2006 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 2006, such transfers amounted to \$13.5 million.

Real property taxes not collected within three 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). During 2006, approximately \$1.8 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, 2006, two years of the County's delinquent real property taxes receivable are recorded in the Delinquent Tax Revolving Fund.

(10) Interfund Transfers, Balances and Advances

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 for the year ended September 30, 2006 consisted of the following:

		Transfers Out					
		Non-major Governmental Funds			Delinquent Tax Revolving	Total Transfers In	
		<u>General Fund</u>	<u>Roads</u>	<u>Mental Health</u>			
Transfers In	General Fund	\$ -	-	5,822,247	48,421,477	13,500,000	\$ 67,743,724
	Health	10,440,395	-	-	-	-	10,440,395
	Juvenile Justice and Abuse/Neglect	102,139,024	-	7,396,901	3,768,100	-	113,304,025
	Non-major Governmental Funds	<u>96,450,488</u>	<u>5,956,683</u>	<u>-</u>	<u>2,045,977</u>	<u>-</u>	<u>104,453,148</u>
	Total Transfers Out	<u>\$ 209,029,907</u>	<u>5,956,683</u>	<u>13,219,148</u>	<u>54,235,554</u>	<u>13,500,000</u>	<u>\$ 295,941,292</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

During the year, a transfer of \$13,500,000 was made from the Delinquent Tax Revolving Fund to the General Fund (Note 9).

In accordance with Public Act 357, the County's General Fund transferred \$80,062,934, equivalent to one third of its December 2004 general fund operating levy, to the Revenue Sharing Reserve Fund, a non-major governmental fund. The County also transferred \$45,175,379, its 2006 allowable spending, from the Revenue Sharing Reserve Fund back to the General Fund to replace State Revenue Sharing payments and to cover shortfalls created by the cessation of these payments and the implementation of Public Act 357.

Interfund Balances

The interfund balances resulted from overdrafts by individual funds of their share of pooled cash and from the time lag between the dates 1) interfunds goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting systems, and 3) payment between funds are made. At September 30, 2006, certain interfund balances related to overdrafts of pooled cash consisted of amounts from other funds that have not been repaid within one year. The longer term nature of these interfunds could result in the fund balances not being available for future appropriation in certain governmental funds, including the General Fund.

Interfund balances at September 30, 2006 consisted of the following:

		Due from Other Funds						
		Non-major Government <u>General Fund</u>	Downriver Sewage Disposal <u>Funds</u>	CSO Basins Sewage Disposal <u>System</u>	Delinquent Tax Revolving <u>System</u>	Internal Service <u>Funds</u>	Total Due From <u>Other Funds</u>	
Due to Other Funds	General Fund	\$ -	404,024	5,494	-	5,500,000	4,826 \$	5,914,344
	Mental Health	-	73	-	-	-	-	73
	Health	209,952	-	-	-	-	-	209,952
	Juvenile Justice and Abuse/Neglect	2,850,000	-	-	-	-	-	2,850,000
	Non-major Governmental Funds	-	5,329	-	-	-	-	5,329
	Rouge Valley Sewage Disposal System	-	-	1,511	-	-	-	1,511
	Delinquent Tax Revolving	-	42,506	-	-	20,040	-	62,546
	Internal Service Funds	56,501	15,819	18,982	196,828	-	16,485	304,615
	Fiduciary Funds	-	1,873	3,503	-	-	3,014	8,390
Total Due to Other Funds		<u>\$ 3,116,453</u>	<u>469,624</u>	<u>29,490</u>	<u>196,828</u>	<u>5,520,040</u>	<u>24,325 \$</u>	<u>9,356,760</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

		<u>Due from Component Units</u>		
		<u>Airport Authority</u>	<u>Non-Major Component Units</u>	<u>Total Due from Component Units</u>
Due to Primary Government	Governmental Activities:			
	General Fund	\$ 432,834	878	\$ 433,712
	Roads	111,263	-	111,263
	Mental Health		-	-
	Non-major Governmental Funds	69,647	-	69,647
	Internal Service Funds	<u>299,693</u>	<u>2,732</u>	<u>302,425</u>
	Total Due to Primary Government - Governmental Activities	913,437	3,610	917,047
	Downriver Sewage Disposal System	18,622		18,622
	Rouge Valley Sewage Disposal System	<u>-</u>	<u>-</u>	<u>-</u>
	Total Due to Primary Government - Business-type Activities	<u>18,622</u>	<u>-</u>	<u>18,622</u>
Total Due to Primary Government		<u>\$ 932,059</u>	<u>3,610</u>	<u>\$ 935,669</u>
Due to Fiduciary Funds		<u>\$ 16,127</u>	<u>593</u>	<u>\$ 16,720</u>

		<u>Due from Primary Government Funds</u>		
		<u>General Fund</u>	<u>Roads</u>	<u>Total Due from Primary Government</u>
Due to Component Units	Airport	\$ 175,355	317,650	\$ 493,005
	Non-major Component Unit	<u>355</u>	<u>-</u>	<u>355</u>
	Total Due to Component Unit	<u>\$ 175,710</u>	<u>317,650</u>	<u>\$ 493,360</u>

Advances To/From Other Funds

Advances represent non-current loans involving the transfer of cash between funds within the primary government where no goods were sold or services rendered, with the expectation of repayment from future revenues as funds are available. Loans between funds are treated as balance sheet transactions. The borrowing fund reports a liability and an increase in cash, and the lending fund reports a receivable and a decrease in cash. Interfund interest expense is charged on these loans based on a rate, which is determined by net earnings on investment income earned by the County's pooled cash and investments.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

This rate is then allocated monthly to the various funds based on each fund's average cash and investment balance.

Non-current balances arising in connection with interfund loans are reported as advances. Advances to Other Funds is an asset account used to record non-current portions of loans from one fund to another fund within the same reporting entity. Similarly, Advances from Other Funds is a liability account used to record non-current portions of loans owed by one fund to another fund within the same reporting entity. Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that amounts are not available for appropriation and are not expendable financial resources. Such advances are eliminated in the government-wide financial statements.

At September 30, 2006, the Delinquent Tax Revolving Fund advanced \$41,081,036 to the Equipment Lease Financing Fund.

Disaggregation of Receivable and Payable Balances

Significant receivable and payable balances from other governmental units at September 30, 2006 are as follows:

	Due From Other Governmental Units			
	State of <u>Michigan</u>	U.S. Federal <u>Government</u>	Local <u>Governments</u>	<u>Total</u>
General Fund	\$ 11,621,524	1,424,362	3,178,463	\$ 16,224,349
Roads	22,098,439	-	4,005,216	26,103,655
Mental Health	1,191,533	472,008	-	1,663,541
Health	2,070,999	76,767	377,805	2,525,571
Juvenile Justice and Abuse/Neglect	29,806,123	39,913	-	29,846,036
Non-major Governmental Funds	1,451,911	3,661,639	1,681,344	6,794,894
Internal Service Funds	-	-	2,843	2,843
Total Governmental Activities	<u>\$ 68,240,529</u>	<u>5,674,689</u>	<u>9,245,671</u>	<u>\$ 83,160,889</u>
Downriver Sewage Disposal System	\$ -	-	2,794,786	\$ 2,794,786
Rouge Valley Sewage Disposal System	-	-	5,285,185	5,285,185
CSO Basins Sewage Disposal System	-	-	575,385	575,385
Non-major Enterprise Funds	-	-	2,838,339	2,838,339
Total Business-type Activities	<u>\$ -</u>	<u>-</u>	<u>11,493,695</u>	<u>\$ 11,493,695</u>
Airport Authority		17,528,988		\$ 17,528,988
Circuit Court	9,608,883	221,315	76	9,830,274
Non-major Component Units	<u>3,372</u>	<u>183,927</u>	<u>3,038,700</u>	<u>3,225,999</u>
Total Component Units	<u>\$ 9,612,255</u>	<u>17,934,230</u>	<u>3,038,776</u>	<u>\$ 30,585,261</u>

There are certain receivables from governmental activities, classified as current on the Government-wide Statement of Net Assets, that are not expected to be collected within one year. At September 30, 2006, there are approximately \$7.4 million of receivables from Federal, State, and various local municipalities that are not expected to be collected within one year. There is also approximately \$2.0 million of contractor and other receivables that are not expected to be collected within one year. These amounts are included in deferred revenue in the governmental funds as of September 30, 2006.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

	Due To Other Governmental Units			
	State of Michigan	U.S. Federal Government	Local Governments	Total
General Fund	\$ 2,626,414	-	-	\$ 2,626,414
Roads	6,271,277	-	1,614,134	7,885,411
Mental Health	1,767,335	-	-	1,767,335
Health	-	-	13,541	13,541
Total Governmental Activities	<u>\$ 10,665,026</u>	<u>-</u>	<u>1,627,675</u>	<u>\$ 12,292,701</u>
Downriver Sewage Disposal System	\$ -	-	37,277	\$ 37,277
Total Business-type Activities	<u>\$ -</u>	<u>-</u>	<u>37,277</u>	<u>\$ 37,277</u>
Airport Authority			2,037	\$ 2,037
Circuit Court	3,028,779	-	6,225	3,035,004
Non-major Component Units	-	-	897,852	897,852
Total Component Units	<u>\$ 3,028,779</u>	<u>-</u>	<u>906,114</u>	<u>\$ 3,934,893</u>
Agency Funds	\$ 1,372,100	1,585,345	614,540	\$ 3,571,985
Total Fiduciary Funds	<u>\$ 1,372,100</u>	<u>1,585,345</u>	<u>614,540</u>	<u>\$ 3,571,985</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

(11) Debt and Other Obligations

Changes in long-term liabilities for the year ended September 30, 2006, are summarized in the following tables. County debt is limited to 10 percent (or approximately \$6.4 billion) of State Equalized Value of property in the County at September 30, 2006.

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds:					
Wayne County Limited Tax General Obligation Fiscal					
Stabilization Bonds, 6.1% to 6.8%, due serially to 2010	\$ 22,585,962	-	(5,598,903)	\$ 16,987,059	\$ 5,213,146
Wayne County Building Authority, Series 1994A					
Refunding Bonds, 2.8% to 6.125%, due serially to 2019	62,773,000	-	(7,070,000)	55,703,000	7,449,000
Wayne County Building Authority - Limited Tax General					
Obligation Capital Improvement Bonds, Series					
1996A, 4.00% to 6.50%, due serially to 2016	31,510,000	-	(2,130,000)	29,380,000	2,265,000
Michigan Municipal Bond Authority Local Government					
Loan Program General Obligation Limited Tax					
Capital Improvement Bonds					
Series 2003B, 4.30%, due serially through 2024	13,275,000	-	(515,000)	12,760,000	525,000
Michigan Transportation Fund Bonds (due serially):					
Series 1998, 4.00% to 5.25%, due 2012	20,385,000	-	(2,145,000)	18,240,000	2,250,000
Michigan Transportation Fund Bonds (due serially):					
Series 1999, 4.0% to 5.3%, due 2013	<u>20,495,000</u>	<u>-</u>	<u>(1,860,000)</u>	<u>18,635,000</u>	<u>1,945,000</u>
Subtotal General obligation bonds	171,023,962	-	(19,318,903)	151,705,059	19,647,146
Bond discount	(2,997,048)	462,780	-	(2,534,268)	(462,782)
Deferred amount on refunding	<u>(2,521,720)</u>	<u>186,794</u>	<u>-</u>	<u>(2,334,926)</u>	<u>(186,794)</u>
Total General obligation bonds	165,505,194	649,574	(19,318,903)	146,835,865	18,997,570
Revenue bonds:					
Michigan Municipal Bond Authority Local Government					
Loan Program Revenue Bonds (Equipment					
and Real Property Financing Program), Series					
1990-F and B, 6.55%, due serially through 2005	165,000	-	(165,000)	-	-
Warren Valley Golf Course obligations under					
Wayne County Building Authority Capital Improvement					
Obligation, 3.50% to 6.125%, due serially to 2019	<u>2,842,000</u>	<u>-</u>	<u>(140,000)</u>	<u>2,702,000</u>	<u>146,000</u>
Total Revenue bonds	<u>3,007,000</u>	<u>-</u>	<u>(305,000)</u>	<u>2,702,000</u>	<u>146,000</u>
Total bonds payable	168,512,194	649,574	(19,623,903)	149,537,865	19,143,570

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Notes payable:					
Series 2005, due 2007, interest at a discount basis customary for 7-day commercial paper (determined weekly)	141,400,000	-	(141,400,000)	-	-
Series 2006, due 2008, interest at a discount basis customary for 7-day commercial paper (determined weekly)	-	166,300,000	(27,000,000)	139,300,000	-
Wayne County General Obligation Fannie Mae Notes Payable due 2007	1,000,000	-	(500,000)	500,000	500,000
Capital Lease - Wayne County Building	<u>14,054,647</u>	<u>-</u>	<u>(1,245,998)</u>	<u>12,808,649</u>	<u>1,169,951</u>
Total notes and leases payable	<u>156,454,647</u>	<u>166,300,000</u>	<u>(170,145,998)</u>	<u>152,608,649</u>	<u>1,669,951</u>
Total bonds, notes, and leases payable	324,966,841	166,949,574	(189,769,901)	302,146,514	20,813,521
Other long-term obligations:					
State of Michigan Local Emergency Financial Assistance Loan Board, at an initial rate of 5.532%, adjusted annually	48,560,454	1,867,136	-	50,427,590	-
Claims, litigation, and assessments	15,588,564	10,100,625	-	25,689,189	-
Compensated absences	<u>28,437,975</u>	<u>29,077,327</u>	<u>(28,437,975)</u>	<u>29,077,327</u>	<u>29,077,327</u>
Total other long-term obligations	<u>92,586,993</u>	<u>41,045,088</u>	<u>(28,437,975)</u>	<u>105,194,106</u>	<u>29,077,327</u>
Total Governmental activities	<u>\$ 417,553,834</u>	<u>207,994,662</u>	<u>(218,207,876)</u>	<u>\$407,340,620</u>	<u>\$ 49,890,848</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Principal Amounts Due within One Year</u>
Business-type Activities:					
Downriver Sewage Disposal System					
General obligation bonds:					
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1994					
Revolving Loan Fund, Series #1A-1F, 2%, due 2014	\$ 6,186,597	-	(633,640)	\$ 5,552,957	\$ 653,592
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1999,					
Revolving Loan Fund #5117-01, 2.5%	82,392	-	(4,946)	77,446	4,946
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995					
Revolving Loan Fund #5117-03, 2%	7,850,000	-	(705,000)	7,145,000	725,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995					
Revolving Loan Fund #5117-05, 2.25%	555,000	-	(55,000)	500,000	60,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995					
Revolving Loan Fund #5117-07, 2.25%	74,890	-	(19,019)	55,871	14,264
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-15, 2.25%	34,660,000	-	(2,320,000)	32,340,000	2,375,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-18, 2.25%	9,600,000	-	(705,000)	8,895,000	720,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-19, 2.25%	6,991,813	-	(510,000)	6,481,813	525,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1999,					
Revolving Loan Fund #5117-20, 2.50%	9,560,000	-	(530,000)	9,030,000	545,000

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-21, 2.25%	1,750,733	-	(143,973)	1,606,760	148,937
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-23, 2.25%	1,360,000	-	(100,000)	1,260,000	100,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-24, 2.25%	45,875,000	-	(2,600,000)	43,275,000	2,660,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1998,					
Revolving Loan Fund #5117-25, 2.25%	13,335,000	-	(755,000)	12,580,000	775,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-26, 2.25%	3,905,000	-	(285,000)	3,620,000	295,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-27, 2.25%	3,330,769	-	(253,027)	3,077,742	253,027
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-28, 2.25%	1,331,036	-	(89,066)	1,241,970	89,066
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1997,					
Revolving Loan Fund #5117-29, 2.25%	1,755,000	-	(115,000)	1,640,000	120,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Fund #5117-30, 2.25%	4,005,000	-	(270,000)	3,735,000	275,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-31, 2.25%	2,690,000	-	(180,000)	2,510,000	185,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1999,					
Revolving Loan Fund #5117-32, 2.25%	8,701,749	-	(535,000)	8,166,749	550,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bonds, Series 2000,					
Revolving Loan Fund #5117-34, 2.50%	4,255,000	-	(220,000)	4,035,000	225,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, 1999 Series A					
Refunding Bonds 4.5% to 5.125%, due 2013	5,180,000	-	(550,000)	4,630,000	575,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, 1999 Series B					
Bonds 4.5% to 5.125%, due 2018	11,600,000	-	(660,000)	10,940,000	690,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 2005,					
Revolving Loan Fund #5217-01, 1.625%	-	2,908,685	-	2,908,685	200,000

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Notes to the Basic Financial Statements
For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Deferred gain (loss) on refunding - Downriver Sewage Disposal System	(282,837)	35,355	-	(247,482)	(35,355)
Other long-term obligations:					
Compensated absences	<u>442,554</u>	<u>518,745</u>	<u>(442,554)</u>	<u>518,745</u>	<u>518,745</u>
Total Downriver long term obligations	184,794,696	3,462,785	(12,681,225)	175,576,256	13,247,222
Rouge Valley Sewage Disposal System					
General obligation bonds:					
Wayne County North Huron Valley - Rouge Valley Wastewater Control System bonds, Series 1994C Refunding, Michigan Municipal Bond Authority, 3.6% to 6%, due 2009	2,690,000	-	(625,000)	2,065,000	665,000
Wayne County Rouge Valley - City of Livonia SRF #5140-01, Michigan Municipal bond Authority Revolving Loan Fund, 2.25%	<u>310,000</u>	<u>-</u>	<u>(20,000)</u>	<u>290,000</u>	<u>20,000</u>
Total Rouge Valley general obligation bonds	3,000,000	-	(645,000)	2,355,000	685,000
CSO Basins Sewage Disposal System					
General obligation bonds:					
Wayne County Rouge Valley Wastewater - Dearborn Heights, Michigan Municipal Bond Authority 1999B Bonds AMBAC Insured Bonds, 3.05% to 4.85%, generally due serially through 2016 (CSO)	9,560,000	-	(695,000)	8,865,000	725,000
Wayne County Rouge Valley Wastewater - Inkster (B) Michigan Municipal bond Authority 1999B Bonds AMBAC Insured Bonds, 3.05% to 4.80%, generally due serially through 2015 (CSO)	2,335,000	-	(190,000)	2,145,000	200,000
Wayne County Rouge Valley Wastewater - Inkster (A) Michigan Municipal Bond Authority 1999B Bonds AMBAC Insured Bonds, 3.05% to 4.80%, generally due serially through 2015 (CSO)	5,420,000	-	(465,000)	4,955,000	490,000
Wayne County Rouge Valley - Inkster, Michigan Municipal Bond Authority Revolving Loan Fund, #5106-01, 2% (CSO)	1,550,000	-	(125,000)	1,425,000	130,000

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For the year ended September 30, 2006

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Wayne County Rouge Valley - Dearborn					
Heights Michigan Municipal Bond Authority					
Revolving Loan Fund, #5104-01, 2.25% (CSO)	1,600,000	-	(130,000)	1,470,000	130,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series					
1995, Revolving Loan Fund #5123-01, 2.25% (CSO)	4,051,599	-	(275,000)	3,776,599	280,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995B,					
City of River Rouge, Combined Sewer Overflow,					
3.7% in 5.3%, due serially through 2011	11,570,000	-	(720,000)	10,850,000	755,000
Deferred gain (loss) on refunding -					
CSO Basins Sewage Disposal System	<u>(1,598,138)</u>	<u>151,511</u>	<u>-</u>	<u>(1,446,627)</u>	<u>(151,511)</u>
Total CSO Basins general obligation bonds	34,488,461	151,511	(2,600,000)	32,039,972	2,558,489
Non-Major Business-type Activities:					
Northeast Revenue bonds:					
Wayne County Northeast Sewage Disposal System					
Revenue Bonds, Series 1993, Michigan Municipal					
Bond Authority Revolving Loan Fund,					
2%, generally due serially through 2014	3,220,000	-	(330,000)	2,890,000	335,000
Wayne County Northeast Sewage Disposal System					
Michigan Municipal Bond Authority 1999B					
Revenue Bonds AMBAC Insured Bonds, 3.05%					
to 4.75%, generally due serially through 2014	1,420,000	-	(130,000)	1,290,000	140,000
Deferred gain (loss) on refunding -					
Northeast Sewage Disposal System	<u>(128,601)</u>	<u>14,289</u>	<u>-</u>	<u>(114,312)</u>	<u>(14,289)</u>
Total non-major business-type activity					
revenue bonds	<u>4,511,399</u>	<u>14,289</u>	<u>(460,000)</u>	<u>4,065,688</u>	<u>460,711</u>
Total Business-type activities	<u>\$ 226,794,556</u>	<u>3,628,585</u>	<u>(16,386,225)</u>	<u>\$214,036,916</u>	<u>\$ 16,951,422</u>

Governmental Activities

Delinquent property tax receivables (and amounts collected) are pledged as collateral for the repayment of the September 30, 2006 outstanding General Obligation Limited Tax Notes of \$139.3 million (Note 9).

In 1988, in connection with the refinancing of certain General Fund obligations in prior years, the County issued \$103.8 million in Fiscal Stabilization Bonds to the Michigan Municipal Bond Authority (MMBA), which concurrently issued Local Government Loan Program Revenue Bonds (Fiscal Stabilization Bonds), Series 1986A, Group 12B (Insured Wayne County Bonds).

The legislation enabling the issuance of the Fiscal Stabilization Bonds and Emergency Loan Board Notes increased the state cigarette tax to provide revenues to the County with which to fund the debt service requirements on the Fiscal Stabilization Bonds. In addition, the legislation provided for a special tax on airport parking to provide additional General Fund unrestricted revenues. The County's share of state cigarette tax collections is estimated at \$16 million annually. The County's state revenue

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

sharing has also been pledged as security for these bonds. The County's obligation to pay the Fiscal Stabilization Bonds is a limited tax general obligation supported by the full faith and credit of the County, subject to certain limitations.

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.

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 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.

Michigan Transportation Fund Bonds, Series 1998, in the aggregate amount of \$31.3 million, were issued to fund a portion of the capital improvements to the County's road system. The bonds are due serially through 2012 at interest rates ranging from 4.0% to 5.25%. 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.

Michigan Transportation Fund Bonds, Series 1999, in the aggregate amount of \$28.7 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%. 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.

In November 1999, the Wayne County Third Judicial Circuit Court dismissed a \$40 million lawsuit between the State of Michigan (The "State") and the County regarding funding of disputed Juvenile Justice and Abuse/Neglect Fund (formerly the Child Care Fund) costs. Pursuant to this Order of Dismissal, the State and the County entered into a Settlement Agreement (the Agreement), whereby the State agreed to release the County from all related liability in exchange for a loan payable in the amount of approximately \$39.9 million from the Local Emergency Financial Assistance Loan Board, at an initial rate of 5.532% per annum. The State Treasurer, effective July 1st of each year, adjusts the interest rate annually. At September 30, 2006, the amount due on the loan is approximately \$50.4 million.

The Agreement further stipulates that the loan (a) shall be subordinate to the payments due on any outstanding bonds issued by the County under the Fiscal Stabilization Act (the County's Fiscal Stabilization Bonds mature in fiscal year 2010); (b) shall be repaid from distributions received by the County from the State Health and Safety Fund pursuant to section 5(b)(i) of 1987 PA 264, (Cigarette

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

Tax) only; and (c) shall not be secured by the County's full faith and credit or any other resources of the County. Loan payments are not scheduled to commence until such time as Cigarette Tax revenue is available, fiscal year 2010.

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% and will 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.

Claims, litigation, and assessments represent actions, which 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 14, 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. Litigation and assessments are liquidated in the respective funds.

Amounts accrued for unpaid vacation and sick pay represent the accumulated, vested obligation of the County at September 30, 2006 for such benefits, payable to present governmental fund employees at future dates upon employee termination, retirement, or death.

Payments on the general obligation bonds that pertain to the County's governmental activities are made by the debt service funds, except for the note payable, which is repaid directly from the Delinquent Tax Revolving enterprise fund. The compensated absences liability attributable to the governmental activities is liquidated in the respective funds.

Capital Leases

In 1984, the Economic Development Corporation (EDC), of the County sold the Wayne County Building (the Building) to the Old Wayne County Building Limited Partnership (the Partnership) and entered into a lease agreement whereby the County could purchase the Building from the Partnership after agreed upon renovations by the Partnership were made. The lease payments were structured to provide for the debt service on the Partnership's renovation loan, in addition to base rent. The original lease term, which began in 1987 when the County took occupancy of the Building, was for a ten year term, but was later amended to provide for two, ten-year renewal/purchase options – one in 2007 and the other in 2017. The first ten-year renewal/purchase option expires on October 31, 2007. The County has the option to purchase the Building, renegotiate the lease, or exercise the second renewal/purchase option and extend the term of the lease another ten years to October 31, 2017.

This lease agreement qualified as a capital lease for accounting purposes. The building and lease payable were recorded at the present value of the future minimum lease payments (\$27,855,351) as of the inception date. The lease requires minimum quarterly payments from the County of \$790,464.

At September 30, 2006, the outstanding portion of the capital lease obligation was \$12.8 million for base rent until the expiration of the second renewal term in 2017. The \$12.8 million obligation excludes expenses charged by the Partnership in excess of the capital lease base rent.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

The future minimum lease obligation of these minimum lease payments as of September 30, 2006, were as follows:

Wayne County Building
Capital Lease
Obligation

Year Ended September 30	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,169,951	\$ 1,991,903
2008	1,098,546	2,063,308
2009	1,031,498	2,130,356
2010	968,543	2,193,311
2011	909,430	2,252,424
2012-2016	3,779,299	12,029,971
2017-2018	<u>3,851,382</u>	<u>2,687,533</u>
Total	<u>\$ 12,808,649</u>	<u>\$ 25,348,806</u>

In a related transaction, the County recorded a \$5.3 million note from the Partnership, which accrues interest at a rate of 9% (Note 7). The note is recorded as a long-term receivable and the lease is recorded as a long-term liability in the Building and Grounds Maintenance Internal Service Fund.

In June 2001, the County entered into a loan agreement with Fannie Mae, a corporation organized and existing under the laws of the United States of America, to borrow \$2.75 million for the purpose of acquiring, managing, maintaining, renovating, demolishing, marketing and selling blighted properties located primarily in Highland Park, thereby decreasing the number of homes constituting public nuisances, all in furtherance of the County's responsibilities for providing for the health, safety, and welfare of its citizens. This promissory note is backed by the full faith and credit of the County. Annual installments of \$500,000 are due on June 1st, payable through 2007. Interest shall accrue quarterly and shall be determined by Fannie Mae based on a floating rate, obtained by adding ninety (90) basis points to the three (3) month LIBOR, adjustment quarterly, based on such rate as published in the Wall Street Journal on the last business day of the month immediately preceding each quarter.

Operating Leases

The County is committed under 18 leases for office and storage space. These leases are considered for accounting purposes to be non-cancelable operating leases. Lease expenditures for the year ended September 30, 2006 amounted to \$4,141,153. Future minimum lease payments for these leases are as follows:

Year Ended September 30	<u>Operating Lease Obligations</u>
2007	\$ 4,235,761
2008	3,373,204
2009	2,593,556
2010	2,304,749
2011	70,630
2012-2016	353,152
2017	<u>70,630</u>
Total minimum lease payments	<u>\$ 13,001,682</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Business-type Activities

Sewage Disposal Systems – The principal and interest payments on all the sewage disposal system bonds, other than the Wayne County Northeast Sewage Disposal System revenue bonds, are payable from contributions of the participating local governmental units as set forth in the related sewage disposal system contracts and bond ordinances. The Northeast Sewage Disposal System revenue bonds are payable from the net revenues of the sewage disposal system. The net revenues (as defined) of the sewage disposal system are pledged as collateral for the debt service requirements. In the event of default, the County has agreed to advance funds sufficient for payment of bond principal and interest. The County incurred no net bond interest costs for the year ended September 30, 2006.

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, 2006, 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, 2006, the County received \$21.3 million from the revolving loan fund.

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, 2006, 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, 2006, 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, 2006, 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, 2006, the County received \$31.2 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, 2006, 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, 2006, 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, 2006, the County received \$5.1 million from the revolving loan fund.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

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, 2006, the County received \$2.9 million from the revolving loan fund. Subsequent to September 30, 2006, the County has received an additional \$1.1 million.

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 are being paid from the revenues of the various communities' water and sewage fund operations. 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 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's 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.

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.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Other

The annual requirements to pay principal and interest on the debt as reflected above (excluding claims, litigation and assessments, workers' compensation, capital lease obligations, and compensated absences) at September 30, 2006, are summarized as follows:

Governmental Activities - Bonds

Year Ended September 30	<u>General Obligation</u>		<u>Revenue</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 159,447,146	\$ 24,273,616	\$ 146,000	\$ 158,656
2008	20,063,176	17,300,508	154,000	150,140
2009	20,443,234	16,517,162	163,000	140,823
2010	19,393,502	11,355,039	172,000	130,773
2011	10,548,000	3,660,318	182,000	120,153
2012-2016	45,751,000	10,219,561	1,079,000	418,296
2017-2021	13,044,000	1,970,171	806,000	75,827
2022-2024	<u>2,815,001</u>	<u>203,935</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 291,505,059</u>	<u>\$ 85,500,310</u>	<u>\$ 2,702,000</u>	<u>\$ 1,194,668</u>
Bonds Payable	\$ 151,705,059	\$ 78,956,810		
Notes Payable	<u>139,800,000</u>	<u>6,543,500</u>		
Total	<u>\$ 291,505,059</u>	<u>\$ 85,500,310</u>		

Business-type Activities - Bonds

Downriver Sewage Disposal System - General Obligation

Year Ended September 30	<u>Principal</u>	<u>Interest</u>
2007	\$ 12,763,832	\$ 4,239,801
2008	13,081,918	4,021,590
2009	13,391,348	3,695,460
2010	13,738,720	3,359,786
2011	14,075,536	3,013,246
2012-2016	70,880,293	9,620,268
2017-2021	<u>37,373,346</u>	<u>1,855,540</u>
Total	<u>\$ 175,304,993</u>	<u>\$ 29,805,691</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Rouge Valley Sewage Disposal System - General Obligation

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2007	685,000	109,918
2008	700,000	69,450
2009	740,000	27,000
2010	20,000	4,950
2011	20,000	4,500
2012-2016	115,000	15,244
2017-2019	<u>75,000</u>	<u>2,532</u>
Total	<u>\$ 2,355,000</u>	<u>233,594</u>

CSO Basins Sewage Disposal System - General Obligation

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2007	2,710,000	1,443,993
2008	2,820,000	1,336,297
2009	2,940,000	1,221,807
2010	3,015,000	1,100,205
2011	3,140,000	972,257
2012-2016	16,940,000	2,658,361
2017-2018	<u>1,921,599</u>	<u>89,621</u>
Total	<u>\$ 33,486,599</u>	<u>8,822,541</u>

Non-major Business-type Activities - Bonds

Northeast Revenue Bonds

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2007	475,000	115,640
2008	490,000	103,200
2009	500,000	90,210
2010	515,000	76,760
2011	525,000	62,663
2012-2014	<u>1,675,000</u>	<u>97,230</u>
Total	<u>\$ 4,180,000</u>	<u>545,703</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

In prior years, the County defeased the future principal payments of the following issues by depositing U.S. Treasury obligations with escrow agents:

Year Defeased Primary Government:

1994	North Huron Valley - Rouge Valley Wastewater Control System Bonds, Series 1989	\$ 2,050,000
1999	Rouge Valley - Dearborn Heights CSO Basins Bonds Series 1994D	9,150,000
1999	Rouge Valley - Inkster CSO Basins Bonds Series 1994F	2,115,000
1999	Rouge Valley - Inkster CSO Basins Bonds Series 1994G	5,210,000
1999	Northeast Sewage Disposal System Bonds Series 1994G	1,365,000
1999	Downriver Sewage Disposal System Bonds Series 1994A	<u>5,155,000</u>
	Total primary government	<u>\$ 25,045,000</u>

Component Units:

1994	Chapter 20 Drainage Districts - various municipal obligations	\$ 3,010,000
1999	Chapter 21 (Milk River) Drainage District bonds, 1994 Series A	<u>960,000</u>
	Total component units	<u>\$ 3,970,000</u>
	Total defeased debt	<u>\$ 29,015,000</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Component Units

Changes in long-term obligations related to component units at September 30, 2006, are summarized as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Component Units:					
Airport Authority					
Detroit Metropolitan Airport					
Series 1994A, 3.5% to 5.875%, due 2008	\$ 12,185,000	-	(3,120,000)	\$ 9,065,000	\$ 3,070,000
Series 1996A, 3.65% to 5.72%, due 2016	49,110,000	-	(3,000,000)	46,110,000	3,100,000
Series 1996B, 3.65% to 5.72%, due 2016	49,110,000	-	(3,000,000)	46,110,000	3,100,000
Series 1998A, 4.20% to 5.50%, due 2028	807,850,000	-	(17,275,000)	790,575,000	18,195,000
Series 1998B, 4.10% to 5.25%, due 2028	153,535,000	-	(3,410,000)	150,125,000	3,560,000
Series 2001 Junior Lien, variable, 1.66% due 2008	89,180,000	-	(17,635,000)	71,545,000	100,000
Series 2002A, variable, 1.71%, due 2032	141,720,000	-	-	141,720,000	-
Series 2002C, 3.00% to 5.375%, due 2020	26,235,000	-	(105,000)	26,130,000	110,000
Series 2002D, 5.0% to 5.5%, due 2019	76,030,000	-	(1,035,000)	74,995,000	3,270,000
Series 2003A-1, variable, 1.45%, due 2033	75,000,000	-	-	75,000,000	-
Series 2003A-2, variable, 1.5%, due 2033	75,000,000	-	-	75,000,000	-
Series 2003A-3, variable, 1.47%, due 2033	64,975,000	-	-	64,975,000	-
Series 2003B, variable, 1.55%, due 2021	71,575,000	-	(3,125,000)	68,450,000	3,450,000
Series 2003C, variable, 1.32%, due 2021	50,950,000	-	(3,150,000)	47,800,000	3,425,000
Series 2004, variable, 2.6%, due 2024	11,575,000	-	(375,000)	11,200,000	400,000
Series 2005, 3.5% to 5.25%, due 2034	507,135,000	-	-	507,135,000	1,540,000
Energy Conservation Improvement Agreement, 5.625% due 2011	10,235,000	-	(1,495,000)	8,740,000	-
Bond Premium	17,437,544	-	(1,029,878)	16,407,666	-
Bond Discount	(10,574,297)	686,819	-	(9,887,478)	-
Deferred gain (loss) on refunding	<u>(21,577,732)</u>	<u>1,580,217</u>	<u>-</u>	<u>(19,997,515)</u>	<u>-</u>
Total Detroit Metropolitan Airport	2,256,685,515	2,267,036	(57,754,878)	2,201,197,673	43,320,000
Airport Hotel revenue bonds:					
Series 2001A Hotel, 5.00% to 5.50%, due 2030	99,630,000	-	-	99,630,000	-
Series 2001B Hotel, 6.00% to 6.60%, due 2015	11,290,000	-	(100,000)	11,190,000	135,000
Capital/FF&E Reserve Loan, 8%, due 2017	5,000,000	-	-	5,000,000	841,524
Working Capital Loan 8%, due 2017	1,500,000	-	-	1,500,000	-
Bond Discount	<u>(2,481,597)</u>	<u>129,476</u>	<u>-</u>	<u>(2,352,121)</u>	<u>-</u>
Total Airport Hotel revenue bonds and other debt	114,938,403	129,476	(100,000)	114,967,879	976,524
Airport notes payable:					
Washtenaw County, 0%, due 2019	277,527	-	(19,476)	258,051	19,476
Willow Run Airport -					
University of Michigan, 8%, due 2013	<u>441,810</u>	<u>-</u>	<u>(3,931)</u>	<u>437,879</u>	<u>-</u>
Total Airport notes payable	<u>719,337</u>	<u>-</u>	<u>(23,407)</u>	<u>695,930</u>	<u>19,476</u>
Total Airport Authority	2,372,343,255	2,396,512	(57,878,285)	2,316,861,482	44,316,000

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

	Outstanding September 30 2005	Additions	Reductions	Outstanding September 30 2006	Amounts Due within One Year
Circuit Court					
Capital Leases	916,848	-	(916,848)	-	-
Other long-term obligations:					
Compensated absences	<u>51,102</u>	<u>57,525</u>	<u>(51,102)</u>	<u>57,525</u>	<u>57,525</u>
Total Circuit Court	967,950	57,525	(967,950)	57,525	57,525

Non-major Component Units:

General obligation debt:

Chapter 20 Drainage Bonds, payable from
future property tax assessments, 3.15% to
10.0%, generally due serially through 2012:

ECPAD 3 94 C	3,235,000	-	(515,000)	2,720,000	505,000
ECPAD 3 Unref	1,500,000	-	-	1,500,000	-
Hunter-Leng 77 Unref	2,100,000	-	(700,000)	1,400,000	700,000
GI-I-T-IM 78 Unref	200,000	-	-	200,000	-
GIINT-T94; 94C Ref	274,331	-	(113,834)	160,497	160,497
GISANIN94; 94C Ref	32,631	-	(20,571)	12,060	12,060
GRSSEILE 78 Unref	60,000	-	-	60,000	-
SRF5117-01	333,861	-	(20,054)	313,807	20,054
ECPADINP	<u>214,000</u>	<u>-</u>	<u>(54,000)</u>	<u>160,000</u>	<u>54,000</u>
	<u>7,949,823</u>	<u>-</u>	<u>(1,423,459)</u>	<u>6,526,364</u>	<u>1,451,611</u>

Revenue bonds:

Chapter 21 (Milk River) Drainage District
bonds, 1991 Series A, Michigan Municipal
Bond Authority Revolving Loan Fund,
payable from future property tax assessments,
2%, generally due serially through 2012, SRF #5057-01

8,680,000	-	(1,165,000)	7,515,000	1,190,000
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Chapter 21 (Milk River) Drainage District
bonds, 1992 Series A, Michigan Municipal
Bond Authority Revolving Loan Fund,
payable from future property tax assessments,
2%, generally due serially through 2012, SRF #5057-02

1,110,095	-	(160,000)	950,095	165,000
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Chapter 21 (Milk River) Drainage District
bonds, 1993 Series A, payable from future
property tax assessments, 3.50% to 8.50%,
generally due serially through 2012

2,125,000	-	(250,000)	1,875,000	265,000
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Chapter 21 (Milk River) Drainage District
bonds, 1999 Series B, payable from future
property tax assessments, 3.05% to 4.85%,
generally due serially through 2016

995,000	-	(125,000)	870,000	130,000
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Detroit-Wayne County Stadium Authority Revenue
bonds, 3.70% to 5.50%, due serially to 2027

<u>78,995,000</u>	<u>-</u>	<u>(935,000)</u>	<u>78,060,000</u>	<u>1,640,000</u>
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Total Revenue bonds	91,905,095	-	(2,635,000)	89,270,095	3,390,000
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Notes and Leases Payable:

Desbrow Intercounty Drain Drainage District
\$235,000 Note Payable at 2.34% per annum
until 2006

78,334	-	(78,334)	-	-
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Chapter 8 Brooks Drain Drainage District
\$150,000 Note Payable at 3.43% per annum
until 2009 maturity

120,000	-	(30,000)	90,000	30,000
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CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

	Outstanding September 30 <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding September 30 <u>2006</u>	Amounts Due within <u>One Year</u>
Chapter 8 Odette Drain Drainage District					
\$250,000 Note Payable at 3.59% per annum until 2009 maturity	200,000	-	(50,000)	150,000	50,000
Chapter 8 Shuart Drain Drainage District					
\$97,000 Note Payable at 3.39% per annum until 2009 maturity	77,000	-	(20,000)	57,000	20,000
Chapter 8 Strong Drain Drainage District					
\$290,000 Note Payable at 3.70% per annum	290,000	-	(58,000)	232,000	58,000
Probate Court Imaging/Case Management Project MMBA Installment Purchase Agreement, 3.55%, due 2008	686,186	-	(220,726)	465,460	228,634
Healthchoice of Michigan Capital Lease Capital obligation to Wells Fargo Financial, 8.00%, due 2008	-	13,517	-	13,517	7,128
Total Notes and Leases Payable	1,451,520	13,517	(457,060)	1,007,977	393,762
Other long-term obligations:					
Compensated absences	74,220	72,204	(74,220)	72,204	72,204
Total Non-major Component Units	101,380,658	85,721	(4,589,739)	96,876,640	5,307,577
Total Component Units	<u>\$2,474,691,863</u>	<u>2,539,758</u>	<u>(63,435,974)</u>	<u>\$2,413,795,647</u>	<u>\$49,681,102</u>

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 Airport Hotel Revenue Bonds, Series 2001A and 2001B, issued by the County. This includes all 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.

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 May 1990, the County entered into agreements with MESABA Aviation to issue approximately \$3.6 million in Airport Special Facility Revenue Bonds to finance the construction of an airline maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the

CHARTER COUNTY OF WAYNE, MICHIGAN
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For the year ended September 30, 2006

Authority are not obligated in any manner to provide debt service in the event of default by MESABA. The agreement also provides for the airline to construct a ramp and taxiway connection. As these bonds are payable from special facility lease rentals payable in full by the respective airlines, the related debt has not been reflected in the financial statements of the Authority or the County.

In August 1993, the County entered into a \$445,801 note payable agreement to purchase the Packard Hanger 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 Hanger 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 October 1996, the County issued \$135.8 million Charter County of Wayne Airport Revenue Refunding Bonds, Series 1996A and 1996B to retire Series 1986 Bonds, at their earliest optional redemption date of December 1, 1996. The Series 1996A and 1996B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport. The refunding bonds are subject to interest rate adjustments determined from time to time by a remarketing agent to reflect the prevailing market. The interest rate borne by the bonds, however, is capped at 12% or the maximum rate under Michigan law, so long as a letter of credit is in place. In anticipation of this refunding, in October 1993, the County entered into an interest-rate swap agreement with a notional principal amount of \$126 million, which permitted the County to change the terms of the anticipated bond offering from a variable rate to fixed-rate coupon of 5.72%. Additionally, interest payments that are made to and received from the counterparty commencing December 1, 1996, through the swap termination of 2008, will be reflected as an adjustment of interest expense on the refunding bonds.

Effective April 2, 2004, the Airport Authority entered into a wrapper supplement to the 1996 interest rate Swap Agreement, which swaps variable rate to fixed rate on the unhedged portion of 1996 Bonds and which extends final maturity of the Swap from 2008 to 2016 (the final maturity of the 1996 Bonds), resulting in a new fixed-rate coupon of 5.1082% and present value savings of \$2.9 million.

As of September 30, 2006, rates were as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Rate</u>
Fixed payment to counterparties	Fixed	5.1082%
Variable rate from counterparties	BMA	3.7400%
Net interest rate swap payments		1.3682%
Variable-rate bond payment	Market	3.7600%
Synthetic interest rate on bonds		5.1282%

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$5,289,919 as of September 30, 2006. Due to this negative fair value, the Authority was not exposed to a credit risk. However, should interest rates change and the fair value of the Swap becomes positive, the Authority would be exposed. The counterparties, Merrill Lynch and Goldman Sachs, both have S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA-, mitigating this risk.

The Swap exposes the Authority to basis risk should the relationship between BMA and the variable-rate bond payments cause the expected cost savings to not be realized. This risk is mitigated by the Authority maintaining bond insurance, a liquidity facility, and an Authority debt program that limits exposure to synthetic issues to a maximum of 10% of the overall airport debt.

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Notes to the Basic Financial Statements

For the year ended September 30, 2006

The Authority is also exposed to the risk of termination should either the counterparty or the Authority fail to perform under the terms of the contract. A termination during a negative value period could cause the Authority to be liable to the counterparty equal to the Swap fair value. This risk is mitigated by the Authority maintaining bond insurance, a liquidity facility, and the overall debt program.

The Series 1996A and 1996B Bonds are revenue obligations of the County and do not constitute indebtedness of the County within the meaning of any constitutional, statutory, or charter provision or limitation. Neither the credit nor the taxing power of the County is pledged for the payment of principal, premium, if any, or interest on the Series 1996A and 1996B Bonds.

In June 1999, the County entered into agreements with Northwest Airlines 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 Authority are not obligated in any manner to provide debt service in the event of default by Northwest Airlines. As these bonds are payable from special facility lease rentals payable in full by Northwest Airlines, the related debt has not been reflected in the financial statements of the Authority or the County. An "Event of Default" has occurred as a result of the Northwest Airlines bankruptcy filing on September 14, 2005.

In January 2001, the County issued \$141.9 million Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at the Metro Airport. The Series 2001 Bonds and the interest thereon are revenue obligations of the Authority payable from the net revenues derived by the 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, on Senior Lien Bonds as provided in the Ordinance. The Series 2001 Bonds are "Junior Lien Bonds" under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds have been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2001 Bonds.

The Series 2001 Bonds are variable rate bonds. The remarketing agent is responsible under an agreement with the Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest that in the judgment of the remarketing agent, would cause the Series 2001 Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

The Series 2001 Bonds are revenue obligations of the County and do not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on the Series 2001 Bonds, and no owner of any Series 2001 Bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the Ordinance.

In March 2001, the County issued \$110.9 million Airport Hotel Revenue Bonds, Series 2001A and Series 2001B. The 2001A Bonds, \$99.6 million, were issued for the purpose of paying the cost of acquiring, constructing, equipping and furnishing an airport hotel and related improvements (the "Airport Hotel") at the new McNamara Terminal of the Detroit Metropolitan Airport to be owned by the County. In addition, these bonds will pay capitalized interest and certain costs of issuance for this series. The 2001B Bonds, \$11.3 million, were issued for the purpose of paying the County Credit Enhancement Fee, funding the Operation and Maintenance Reserve Fund, and paying capitalized interest and certain costs of issuance related to this series.

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The Airport Authority has pledged all net Airport Hotel revenues solely for the payment of the Bonds and the Parity Obligations and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose. In addition, 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 the Bonds, subject to constitutional, statutory and charter tax rate limitations.

In August 2001, the County entered into an Installment Purchase Contract for \$14.4 million to pay for energy conservation improvements at the Metro Airport. The purchase contract is not a revenue or general obligation of the County and does not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on these improvements.

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

In May 2002, the County issued \$141.7 million Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at the Airport. The Series 2002A Bonds and the interest thereon are revenue obligations of the Authority payable from the net revenues derived from the operation of the Detroit Metropolitan Airport.

The Series 2002A Bonds are variable rate bonds. The remarketing agent is responsible under an agreement with the 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 2002A Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

The Series 2002A Bonds are not revenue obligations of the County and do not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on the Series 2002A Bonds, and no owner of any Series 2002A Bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the Ordinance.

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 Authority payable solely from the net revenues derived by the Authority from the operation of the Detroit Metropolitan Airport.

The County defeased the Series 1990B, Series 1990A, Series 1991B Bonds, and the December 2002 principal amount due on the Series 1998B Bonds by placing the proceeds on 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 \$15.3 million. The County estimates its minimum economic gain (difference

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between the present value of the debt service payments on the old and new debt) was approximately \$14.1 million.

The Series 2002C and 2002D Refunding Bonds are revenue obligations of the County and do not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor the taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on the Series 2002C and 2002D Refunding Bonds, and no owner of any Series 2002C and 2002D Refunding Bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the Ordinance.

In November 2002, the 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. The net Airport Hotel revenues are pledged solely for the payment of the Airport Hotel Bonds and these loans, and statutory first lien, has been granted upon all net Airport Hotel revenues for such purpose.

In December 2003, the Authority issued \$215 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Detroit Metropolitan Airport. The Series 2003A-1, 2003A-2, and 2003A-3 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Series 2003A-1, 2003A-2, and 2003A-3 Bonds were issued as Periodic Auction Reset Securities (PARS). The Auction Agent is responsible under an agreement with the Authority to establish the interest rate weekly. The Winning Bid Rate, as determined by the Auction Agent, becomes the weekly interest rate for the Series 2003A-1, 2003A-2, and 2003A-3 Bonds.

In December 2003, the Authority issued \$129.3 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2003B and 2003C. The Series 2003B and 2003C Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The 2003B Refunding Bonds were issued to refund the Series 1993A Bonds and the Series 1999B Bonds. The Series 2003C Refunding Bonds were issued to refund the Series 1993C Bonds. The 2003B and 2003C Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 1993A, the Series 1993B, and the Series 1993C Bonds. The proceeds of the Series 2003B and 2003C Bonds were placed in an irrevocable trust to provide for all future debt service payments. The Series 1993A, the Series 1993B, and the Series 1993C Bonds were subsequently called and paid in full in February 2004. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$13 million. The 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.

The Series 2003B and 2003C Bonds were issued as PARS. The auction agent is responsible under an agreement with the Authority to establish the interest rate weekly for the 2003C Bonds and monthly for the 2003B Bonds. The winning bid rate, as determined by the auction agent, becomes the weekly interest rate for the Series 2003B and 2003C Bonds.

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For the year ended September 30, 2006

The Authority entered into a variable to fixed interest rate swap agreement, resulting in a fixed coupon rate of 3.4825% for the Series 2003B Bonds and a rate of 3.4265% on the Series 2003C Bonds.

As of September 30, 2006, rates were as follows:

		2003B	2003C
<u>Interest Rate</u>	<u>Term</u>	<u>Rates</u>	<u>Rates</u>
Fixed payment to counterparties	Fixed	3.4825%	3.4265%
Variable rate from counterparties	BMA	3.6219%	3.6219%
Net interest rate swap payments		(0.1394)%	(0.1954)%
Variable-rate bond payment	Market	3.7500%	3.6000%
Synthetic interest rate on bonds		3.6106%	3.4046%

Due to a rising interest rate environment, the Swap had a positive fair value of \$1,940,580 as of September 30, 2006, exposing the Authority to a credit risk. The counterparty, Goldman Sachs, has S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA,- mitigating this risk.

The Series 2003B and 2003C Swap exposes the Authority to risk, which is addressed by the Authority Swap Management Plan. Swap (synthetic variable to fixed) borrowing is limited to 10% of the overall bond program. The following table identifies the Authority's plan for mitigating swap risk.

<u>Type of risk</u>	<u>Concern</u>	<u>Resolution</u>
Counterparty risk	Default of counterparty	Counterparty is rated AA by two rating agencies
Tax risk	Federal marginal rates could decline, reducing tax-exempt advantage of underlying auction rate securities	Can terminate after 7 years (Early Call provision)
Basis risk	Spread could widen, making Swap more expensive	(1) Enhanced LIBOR Index was chosen, protecting the Airport in both low- and high-interest environments (2) Can terminate after 7 years
Termination risk	Authority credit quality could deteriorate during a time when it would be very expensive for the Authority to get out of the Swap	(1) Maintain bond insurance (2) Solid financial performance of the Authority

In October 2004, the Authority issued \$11.6 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2004. The Series 2004 Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The 2004 Refunding Bonds were issued to refund the Series 1994B Bonds. The series 2004 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 1994B Bonds by placing the proceeds of the Series 2004 Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1994B Bonds were subsequently called and paid in full in December 2004. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$1.7 million. The

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Notes to the Basic Financial Statements

For the year ended September 30, 2006

Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$1.1 million.

The Series 2004 Bonds were issued as PARS. The auction agent is responsible under an agreement with the Authority to establish the interest rate weekly. The winning bid rate, as determined by the auction agent, becomes the weekly interest rate for the Series 2004 Bonds.

The Authority entered into a variable to fixed interest rate swap agreement resulting in a fixed coupon rate of 3.9970%.

As of September 30, 2006, rates were as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Rate</u>
Fixed payment to counterparties	Fixed	3.9970%
Variable rate from counterparties	BMA	3.6219%
Net interest rate swap payments		0.3751%
Variable-rate bond payment	Market	3.6500%
Synthetic interest rate on bonds		4.0251%

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$25,182 as of September 30, 2006. Due to this negative fair value, the Authority was not exposed to a credit risk. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed. The counterparty, Goldman Sachs, has S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA-, mitigating this risk.

In April 2005, the Authority issued \$507 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 Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

In November 2005, the County entered into agreements with Northwest to issue \$84.3 million in Airport Special Facility Revenue Bonds, Series 1995 to retire Series 1985 bonds. All debt service costs will be paid by the airline through a trustee. The County and the 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 Authority. An "Event of Default" has occurred as a result of the Northwest Airlines bankruptcy filing in September 14, 2005.

The Authority capitalizes net financing costs during the construction for debt issues specifically related to construction projects. During the year ended September 30, 2006, interest expense incurred on these debt issues totaled \$111,754,824. For 2006, net financing costs capitalized were \$8,346,716.

In June 2006, the Authority entered into a line-of-credit agreement with a maximum borrowing amount of \$15 million. The borrowings charged interest at a rate equal to 35 basis points over the LIBOR rate. The line-of-credit agreement expires June 2007. There were no borrowings on this line during the year ended September 30, 2006.

Circuit Court –In September 2000, the Circuit Court entered into a five-year capital lease obligation through the County's ELF Fund to finance various items of equipment with a total cost of \$4.6 million.

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This obligation qualified as a capital lease for accounting purposes and was recorded at the present value of the future minimum lease payments as of the inception date. As of September 30, 2006, the outstanding portion of this lease obligation has been paid off.

In September 2001, the Circuit Court entered into a five-year capital lease obligation through the County's ELF Fund to finance various items of equipment with a total cost of \$1.7 million. This obligation qualified as a capital lease for accounting purposes and was recorded at the present value of the future minimum lease payments as of the inception date. As of September 30, 2006, the outstanding portion of this lease obligation has been paid off.

Probate Court – In April 2003, the County entered into a five-year note payable for \$1.1 million with an interest rate of 3.55% with the MMBA for the purpose of financing a portion of the Wayne County Probate Court Imaging Project/Case Management System. The new system provides case management, imaging, electronic filing, and internet access. The County's obligation to make the payments is a limited tax general obligation supported by the full faith and credit of the County, subject to certain limitations.

Drainage Districts – Special assessments receivable on properties benefited by the various Chapter 20 and Chapter 21 drainage district obligations have been irrevocably pledged for repayment of the related principal and interest. In addition, the County has pledged its full faith and credit for all outstanding obligations of the various drainage districts, with the exception of \$5.15 million of debt relating to the Ecorse Creek Pollution Abatement Drain No. 1 Phase III Drainage District, which is considered defeased.

In September 1991, the Chapter 21 Drainage District authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$25.7 million for the Milk River Drainage District Water Pollution Control. Through September 30, 2006, the district has received \$25.0 million from the revolving loan fund.

In April 1999, the Chapter 21 Drainage District issued \$1.2 million Series 1999B Revenue Bonds, under the MMBA's Local Government Loan Program. The bond proceeds were used to refund and effectively defease \$1.1 million of the existing Chapter 21 Drainage District Bonds, Series 1994A.

In July 2003, the Desbrow Intercounty Drain Drainage District borrowed \$235,000 from the Hastings City Bank, promising to repay the note payable by July 2006. As of September 30, 2006, the note has been paid off. Proceeds of the note payable are being used to construct major improvements to the Desbrow Intercounty Drain. Repayment of this debt will be made from special assessments against the properties benefiting from these improvements, and are guaranteed by the full faith and credit of the Drainage District.

In August 2004, three Chapter 8 Drainage Districts issued notes to borrow funds to construct major improvements to the specified Drains. The Brooks Drain borrowed \$150,000, the Shuart Drain \$97,000 and the Odette Drain \$250,000 with annual payments scheduled through 2009. Repayment of this debt will be made from special assessments against the properties benefiting from these improvements, and are guaranteed by the full faith and credit of the individual Drainage Districts.

In September 2005, the Chapter 8 Strong Drain Drainage District issued a note to borrow \$290,000 from Citizen's Bank for construction of major improvements to the Strong Drain. Repayment of this debt will be made annually through 2010, financed by special assessments against the properties benefiting from these improvements, and is guaranteed by the full faith and credit of the Drainage District.

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For the year ended September 30, 2006

Detroit-Wayne County Stadium Authority – In April 1997, the Detroit-Wayne County Stadium Authority (Authority) issued bonds totaling \$85.8 million for financing a portion of the cost of acquiring and constructing a baseball stadium for use by the Detroit Tigers major league baseball team and for paying costs of issuance in connection with those bonds. The County has pledged its limited tax full faith and credit for payment of the cash rentals to the Authority under a contract dated March 1, 1997. In addition, the County is required to provide sufficient monies in its annual budget for payment of the cash rentals and, if necessary, to levy ad valorem taxes on all taxable property within its boundaries, subject to constitutional, statutory, and charter tax rate limitations. The County has also pledged certain motor vehicle rentals and hotel tax revenues (the “Tourist Taxes”) levied by the County pursuant to Act No. 180, Public Acts of Michigan 1991.

Capital Leases

HealthChoice of Michigan has various leased equipment that qualified as capital leases for accounting purposes. The equipment and the lease payable were recorded at the present value of the future minimum lease payments (\$13,517) as of the inception date. The lease requires monthly payments of \$663, including interest. As of September 30, 2006, the outstanding balance of the capital lease obligation was \$13,517. Future minimum lease payments are \$7,128 and \$6,389 for the years ended September 30, 2007 and 2008, respectively.

Operating Leases

The County 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, 2006, amounted to \$4,917,450. Future minimum lease payments for these leases are as follows:

Year Ended <u>September 30</u>	Operating Lease <u>Obligations</u>
2007	\$ 5,478,835
2008	5,609,915
2009	5,772,701
2010	5,946,005
2011	4,115,536
2012-2016	22,505,435
2017-2021	26,089,967
2022-2026	30,245,423
2027-2031	35,062,735
2032-2036	40,647,319
2037-2039	<u>27,433,369</u>
Total minimum lease payments	<u>\$ 208,907,240</u>

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Other

The annual requirement to pay principal and interest on the debt outstanding as reflected above, excluding claims, litigation and assessments capital leases obligations, and compensated absences at September 30, 2006, are summarized as follows:

**Airport Authority - Loans, Notes Payable
and Revenue Bonds**

Year Ended September 30	Principal	Interest
2007	\$ 44,316,000	\$ 106,875,168
2008	45,743,470	104,610,944
2009	124,150,074	101,165,008
2010	66,918,887	97,320,626
2011	70,265,090	94,084,144
2012-2016	409,327,500	414,793,859
2017-2021	452,779,909	308,762,488
2022-2026	480,110,000	201,457,688
2027-2031	458,585,000	82,981,191
2032-2035	<u>180,495,000</u>	<u>15,057,033</u>
Total	<u>\$ 2,332,690,930</u>	<u>\$ 1,527,108,149</u>

Revenue Bonds Payable	\$ 2,316,755,000	\$ 1,521,341,915
Loans and Notes Payable	<u>15,935,930</u>	<u>5,766,234</u>
Total	<u>\$ 2,332,690,930</u>	<u>\$ 1,527,108,149</u>

Non-major Component Units - Bonds and Notes Payable

Year Ended September 30	<u>General Obligation</u>		<u>Revenue</u>	
	Principal	Interest	Principal	Interest
2007	\$ 1,838,245	\$ 368,069	\$ 3,390,000	\$ 4,391,157
2008	2,178,879	271,526	3,645,000	4,253,962
2009	967,054	179,051	3,900,000	4,102,442
2010	803,054	126,736	4,185,000	3,937,309
2011	774,065	80,539	4,485,000	3,764,726
2012-2016	870,324	56,171	18,800,095	15,938,492
2017-2021	89,202	3,594	22,965,000	10,373,288
2022-2027	<u>-</u>	<u>-</u>	<u>27,900,000</u>	<u>4,394,250</u>
Total	<u>\$ 7,520,823</u>	<u>\$ 1,085,686</u>	<u>\$ 89,270,095</u>	<u>\$ 51,155,626</u>

Bonds Payable	\$ 6,526,364	\$ 1,024,465
Notes Payable	<u>994,459</u>	<u>61,221</u>
Total	<u>\$ 7,520,823</u>	<u>\$ 1,085,686</u>

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(12) Employee Benefits

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 three defined-benefit retirement options, two 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 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 Plan Option 5, or collectively "the Plan") and the Defined Contribution Plan (Plan Option 4 and Plan Option 5) have been combined for presentation in the financial statements.

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, 2005, the date of the most recent actuarial valuation, combined membership in the Plan consisted of 5,635 retirees and beneficiaries receiving benefits, 83 inactive (separated) employees entitled to benefits but not yet receiving them, and 1,744 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 between October 1, 2001, and June 30, 2002. New employees could elect to participate in Plan Option 4 through September 30, 2001. 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, or 5 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 component of Plan Option 5. The defined contribution portion of Plan Option 5 is included in the financial statements of the WCERS Defined Contribution Plan (Plan Option 4).

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.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

The County's policy, in accordance with State statute, is to fund pension costs. Accrued unfunded actuarial liabilities, if any, are amortized over a 20-year 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; real and personal property; mortgages; and certain other investments.

Market values for common stocks and money market funds are based on September 30, 2006, closing market quotations. Fixed debt quotations are provided by a national brokerage pricing service. Mortgage market values are determined on the basis of comparable yields available in the market place. Investments in certain partnerships that do not have a readily determinable market value are recorded at cost.

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, 2006, and 2005.

Contributions

Participants in Plan Option 1 contribute 2 to 2.58 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, and receive a lower final benefit. Participants in Plan Option 5 make no member contributions.

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.

Annual Pension Cost

For the fiscal year ended September 30, 2006, the County's annual pension of cost of \$12,662,630 was equal to the County's required contribution. The annual required contribution was determined using an actuarial valuation of the Plan dated September 30, 2004, (the projected unit credit 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, and projected salary increases of 4 to 8.4 percent compounded annually.

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

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

Ordinance. Pension benefits paid are based on the following percentages of average final compensation, for each year of credited service:

Plan Option 1 – 2 to 2.65 percent for each year. Maximum County-financed portion is 75 percent of average final compensation. Minimum monthly pension is \$5 times 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 – 1.5 percent for each year up to 20 years, 2 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years. Maximum County – financed portion is 75 percent of average final compensation.

Plan Option 5 – 1.25 percent for each year up to 20 years, and 1.5 percent for each year over 20 years. Maximum pension 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 and 5 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, 2006:

Three Year Trend Information

(Dollar amount in thousands)

<u>Fiscal</u> <u>Year Ended</u> <u>September 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2004	\$ 7,374	116.6	-
2005	11,106	104.3	-
2006	12,663	100	-

Reserves (Employees)

As of September 30, 2006, the Plan's legally required reserves have been fully funded as follows:

Reserve for employee contributions	\$ 55,421,499
Reserve for employer contributions	102,565,670
Reserve for pension payments	775,107,177
Reserve for inflation equity	<u>54,321,015</u>
Total reserve balances	<u>\$ 987,415,361</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2005
Actuarial cost method	Projected unit credit actuarial cost method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years - open
Assets valuation method	4-year smoothed market
Actuarial assumptions:	
*Investment rate of return	8.0%
*Projected salary increases	4.0% - 8.4%
Cost-of-living adjustments	N/A
*Includes inflation at	4.0%

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.

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; real and personal property; mortgages; and certain other investments.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Market values for common stocks and money market funds are based on September 30, 2006, closing market quotations. Fixed debt quotations are provided by a national brokerage pricing service. Mortgage market values are determined on the basis of comparable yields available in the marketplace.

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, 2006, and 2005.

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.

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 normal actuarial cost method is used to determine normal cost and actuarial accrued liabilities.

Annual Pension Cost

For the fiscal year ended September 30, 2006, there were no required contributions or actual contributions made by the County. The annual pension cost of \$50,441 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, 2005. 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.

There were 5 active participants in the Plan for 2006 (all of whom were vested), and 6 retirees and beneficiaries receiving benefits.

Three-Year Trend Information

Fiscal Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	-	-	-
2005	-	-	-
2006	-	-	-

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Reserves (Circuit Court)

As of September 30, 2006, the Plan's legally required reserves have been fully funded as follows:

Reserve for employee contributions	\$ 1,486,522
Reserve for employer contributions	2,465,614
Reserve for pension payments	874,916
Reserve for inflation equity	4,678
Unallocated net assets	<u>774,485</u>
Total reserves balances	<u>\$ 5,606,215</u>

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2005
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percentage of pay
Remaining amortization period	Fully funded
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
*Investment rate of return	7.0%
*Projected salary increases	3.0%
Cost-of-living adjustments	Inflation equity reserve distributions
*Includes inflation at	3.0%

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 Plan Option 5") 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. For eligible executives, the County contributes 12.5 percent of the member's compensation, with the member contribution limited to 2.5

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

percent of compensation. Employees hired prior to July 1, 1984, were eligible to transfer from the Wayne County Employees' Retirement System Defined Benefit Plan to the Plan through September 30, 2002. At September 30, 2005, the date of the most recent actuarial valuation, there were 4,123 employees in the Plan. 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 three percent of gross pay. The County makes matching contributions at a rate equal to the amount contributed by each employee. At September 30, 2005, there were 1,201 employees in the Plan. Classified 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. Those employees hired prior to July 1, 1984, were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective October 1, 2001, the County closed Plan Option 4 to new hires, except for new executives. Plan Option 5 is available to all persons hired after September 30, 2001.

Total employer and employee contributions for Plan Option 4 and 5, during 2006, were \$25.9 million and \$7.7 million, respectively.

In Plan Option 4, members are able to receive loans from the Defined Contribution Plan. Only active employees with a vested account balance of \$2,000 or more are eligible. Interest on the loans is at the rate of five-year Treasury notes plus 300 basis points (3 percent) rounded to the nearest quarter of a 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, 2006, 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, 2006, and 2005.

Other Post Retirement Benefit Obligations

The County provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Commission or the Wayne County Retirement Board of Commissioners. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees. The County paid approximately \$48.1 million for these benefits for the fiscal year ended September 30, 2006, exclusive of retiree life insurance. The County pays the cost of the basic retiree life insurance, up to \$5,000 per employee, on a pay as you go basis. Total costs for the year ended September 30, 2006, amounted to \$2.4 million. There were 5,635 retirees eligible for benefits, as of September 30, 2005, the date of the most recent actuarial valuation.

Substantially all County employees may become eligible for benefits if they reach normal retirement age while employed by the County. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 12, *Disclosure of Information of Post Employment Benefits Other Than Pension Benefits*, no determination of the County's continuing obligation for these benefits has been made as of September 30, 2006.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

Upcoming Reporting Change

The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any “other” postemployment benefits (other than pensions). This change will cause the government wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended September 30, 2008.

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.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

(13) 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.

Fund	Deficit	Source of Funding				
		General Fund Appropriations	Other Internal Appropriations	Expenditure Reduction	Sale of Assets	Other Revenue Sources
Governmental funds:						
Roads	\$ 3,486,166	-	-	-	3,486,166	-
Juvenile Justice	29,500,141	8,700,141	-	-	-	20,800,000
Law Enforcement	1,123,931	476,141	647,790	-	-	-
County Library	1,012,401	205,079	-	-	-	807,322
CDBG	1,388,209	-	-	-	-	1,388,209
E&ND	534,142	534,142	-	-	-	-
Community Corrections	544,738	-	544,738	-	-	-
Nuisance Abatement	2,385,932	500,000	1,885,932	-	-	-
Total governmental funds	\$ 39,975,660	10,415,503	3,078,460	-	3,486,166	22,995,531
Proprietary funds:						
Wetlands Mitigation	\$ 7,256	-	-	-	-	7,256
Component units:						
Third Circuit Court	\$ 26,243,565	10,000,000	-	1,067,843	-	15,175,722

The general fund has committed \$6,683,064 in 2007, \$3,693,539 in 2008, and \$3,346,300 per year from 2009 through 2011 for the funding of these deficits. In the event that other sources of revenue or reductions in revenue fail to meet projected levels, the general fund may be responsible for covering the difference.

(14) Commitment and Contingencies

Claims, litigation, and assessments for the year ended September 30, 2006, and prior years, which were settled shortly after September 30, 2006, have been charged to current fiscal year operations. Claims, litigation, and assessments asserted against the County, which are probable of loss and estimable in amount, are reflected in the government-wide financial statements at September 30, 2006. In the governmental fund financial statements, liabilities are accrued when costs are settled and the amount is due and payable.

In May 1999, the County authorized the expenditure of up to \$50 million for land acquisition and land development costs associated with the Pinnacle Aeropark Project. The Pinnacle Project was conceived as a state of the art business and technology park with associated recreational uses. The project area is 1,300 acres in size and will be linked to the McNamara Terminal at the Detroit Metropolitan Wayne County Airport.

In order to complete land acquisition and assembly for this project, the County commenced eminent domain proceedings against owners who refused to sell. A few property owners, representing about 2% of the total project area, challenged the County's authority to condemn their land. In July of 2004, the Michigan Supreme Court in County of Wayne vs. Hathcock reversed its 1981 decision in Poletown that allowed governments to take private property for "public use" in economic development projects like the Pinnacle Project. The Court held that the term "public use" was originally interpreted to allow

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2006

condemnation of property only to carry out necessary functions of government, such as to build roads. Accordingly, the County could not legally acquire this property through eminent domain.

More than two years after the Supreme Court's ruling, one of the prevailing property owners brought an inverse condemnation claim against the County. The owner claims that following the County's acquisition efforts, it was unable to lease its rental home located on the property, which home was subsequently vandalized and destroyed by fire. Although the County intends to vigorously defend this claim, management is unable to make a meaningful estimate of the amount or range of loss that could result from an unfavorable outcome of this claim. This is the last claim in the Pinnacle condemnation matter. All other claims have been resolved.

Payments made by the Detroit-Wayne County Community Mental Health Agency (the Agency) to its service providers have been audited by the Michigan Department of Community Health, Office of Audit (Office of Audit) for the fiscal years ended September 30, 1999, and September 30, 2000. In December of 2006, the Office of Audit issued its final report, which indicated that the Agency has disallowed expenditures of \$27,194,942, and that this would be recouped by the State through future reductions in Medicaid reimbursements. In addition, the final report indicated that the Agency had \$7,822,964 of excess general fund dollars from fiscal year 2000 that were eligible for carryforward to 2001. In order for the Agency to avoid remitting these funds to the State, it must amend its 2001 FSRs, to properly account for the use of these carryforward dollars. In January 2007, the County filed an administrative appeal under the terms of its Special Services and Supports Managed Care Contract with the Department of Community Health (the State). As management is unable to determine the outcome of this matter, \$27.2 million has been designated in unreserved fund balance.

The Agency's Special Services and Supports Managed Care Contract with the State allows the Agency to carry-forward surplus Medicaid and State general fund dollars, subject to certain limitations, for use in operations in the next fiscal year. The Agency's preliminary estimate of the amount of surplus funds eligible for carry-forward as of September 30, 2006, is \$7,011,895. If the amount of the carry-forward is not approved by the State as part of the Agency's re-investment plan, the amount becomes due and payable to the State. The Agency has designated fund balance for this amount, pending final approval by the State.

The Agency is also both a defendant and plaintiff in several lawsuits and claims resulting from unresolved service provider audits. The outcome of these matters is not reasonably determinable.

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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2006

(15) Subsequent Events

In August 2006, the County offered early retirement incentives to certain eligible employees. The purpose of the retirement incentives was to limit or possibly avoid a reduction in workforce through involuntary layoffs and displacements. Those employees who filed for retirement by September 15, 2006, were eligible for retirement on November 1, 2006. Thirty-six employees (out of sixty-five eligible under the incentive) who could not otherwise have retired due to age or years of service, opted to accept the incentive, and retired from the County effective November 1, 2006.

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

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule Major Governmental Funds General Fund For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 360,777,300	362,712,900	432,239,656	69,526,756
Licenses and permits	225,000	225,000	243,625	18,625
Federal grants	1,358,700	5,082,740	6,473,565	1,390,825
State grants and contracts	105,969,600	100,679,188	51,842,838	(48,836,350)
Local grants and contracts	3,658,200	3,859,314	1,714,725	(2,144,589)
Charges for services	69,356,300	71,393,001	70,483,424	(909,577)
Interest and rents	2,750,000	2,750,000	2,189,022	(560,978)
Other	21,915,000	22,522,700	21,012,473	(1,510,227)
Total revenues	<u>566,010,100</u>	<u>569,224,843</u>	<u>586,199,328</u>	<u>16,974,485</u>
Expenditures:				
Current operations:				
Legislative	11,531,600	11,527,965	10,991,753	(536,212)
Judicial	95,525,000	95,525,000	95,525,000	-
General government	97,655,000	98,878,909	94,483,258	(4,395,651)
Public safety	125,838,700	130,873,925	138,130,362	7,256,437
Public works	1,262,900	1,262,900	1,163,851	(99,049)
Highways, streets, and bridges	-	-	-	-
Health and welfare	93,564,000	88,364,222	83,106,525	(5,257,697)
Recreational and cultural	-	-	-	-
Non-departmental	18,302,000	18,552,000	17,665,758	(886,242)
Capital outlay	169,300	368,565	3,789,102	3,420,537
Debt service	1,021,700	-	-	-
Total expenditures	<u>444,870,200</u>	<u>445,353,486</u>	<u>444,855,609</u>	<u>(497,877)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>121,139,900</u>	<u>123,871,357</u>	<u>141,343,719</u>	<u>17,472,362</u>
Other Financing Sources (Uses):				
Transfers in	22,022,200	20,086,600	67,743,724	47,657,124
Transfers out	(143,162,100)	(143,957,957)	(209,029,907)	(65,071,950)
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	4,125	4,125
Total other financing sources (uses):	<u>(121,139,900)</u>	<u>(123,871,357)</u>	<u>(141,282,058)</u>	<u>(17,410,701)</u>
Net change in fund balance	-	-	61,661	61,661
Fund balance at October 1, 2005	<u>23,637,332</u>	<u>23,637,332</u>	<u>23,637,332</u>	<u>-</u>
Fund balance at September 30, 2006	<u>\$ 23,637,332</u>	<u>23,637,332</u>	<u>23,698,993</u>	<u>61,661</u>

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule

Major Governmental Funds

Roads Fund

For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	12,057,894	12,057,894	1,395,334	(10,662,560)
State grants and contracts	95,389,415	95,499,281	90,457,331	(5,041,950)
Local grants and contracts	2,646,440	2,646,440	4,259,431	1,612,991
Charges for services	6,580,693	7,029,343	6,648,977	(380,366)
Interest and rents	751,560	1,051,560	419,463	(632,097)
Other	4,777	4,777	9,050	4,273
Total revenues	117,430,779	118,289,295	103,189,586	(15,099,709)
Expenditures:				
Current operations:				
Personnel	37,060,422	37,403,613	35,603,131	(1,800,482)
Fringe benefits	15,726,621	15,904,326	16,624,593	720,267
Pension	4,434,806	4,480,188	4,514,293	34,105
Materials and supplies	9,747,300	9,848,100	12,340,335	2,492,235
Contractual services	34,506,778	34,646,788	14,541,862	(20,104,926)
Travel	308,800	308,800	188,655	(120,145)
Operating	5,136,335	5,095,063	8,006,252	2,911,189
Rentals	577,600	622,600	530,513	(92,087)
Other charges	1,150,639	1,440,339	2,471,537	1,031,198
Capital outlay	3,162,000	2,920,000	7,153,937	4,233,937
Debt service	-	-	-	-
Total expenditures	111,811,301	112,669,817	101,975,108	(10,694,709)
Excess (deficiency) of revenues over (under) expenditures	5,619,478	5,619,478	1,214,478	(4,405,000)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(5,956,683)	(5,956,683)	(5,956,683)	-
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	337,205	337,205	162,886	(174,319)
Total other financing sources (uses):	(5,619,478)	(5,619,478)	(5,793,797)	(174,319)
Net change in fund balance	-	-	(4,579,319)	(4,579,319)
Fund balance at October 1, 2005	1,093,153	1,093,153	1,093,153	-
Fund balance at September 30, 2006	\$ 1,093,153	1,093,153	(3,486,166)	(4,579,319)

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule

Major Governmental Funds

Mental Health Fund

For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	4,813,100	4,501,000	4,500,934	(66)
State grants and contracts	505,830,300	532,518,500	532,518,513	13
Local grants and contracts	177,750	144,900	144,900	-
Charges for services	543,600	29,100	29,113	13
Interest and rents	1,075,100	7,231,200	6,992,540	(238,660)
Other	-	141,400	141,401	1
Total revenues	512,439,850	544,566,100	544,327,401	(238,699)
Expenditures:				
Current operations:				
Personnel	9,972,100	9,716,200	7,314,139	(2,402,061)
Fringe benefits	3,902,900	3,844,700	3,086,065	(758,635)
Pension	1,138,500	1,121,700	803,987	(317,713)
Materials and supplies	226,200	247,400	204,568	(42,832)
Contractual services	493,432,350	520,624,100	532,463,377	11,839,277
Travel	212,800	277,800	245,557	(32,243)
Operating	21,758,400	20,392,900	2,181,940	(18,210,960)
Rentals	1,030,300	1,030,300	972,070	(58,230)
Other charges	-	-	-	-
Capital outlay	-	10,000	-	(10,000)
Debt service	-	-	-	-
Total expenditures	531,673,550	557,265,100	547,271,703	(9,993,397)
Excess (deficiency) of revenues over (under) expenditures	(19,233,700)	(12,699,000)	(2,944,302)	9,754,698
Other Financing Sources (Uses):				
Transfers in	17,733,700	17,733,700	-	(17,733,700)
Transfers out	-	(5,034,700)	(13,219,148)	(8,184,448)
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses):	17,733,700	12,699,000	(13,219,148)	(25,918,148)
Net change in fund balances	(1,500,000)	-	(16,163,450)	(16,163,450)
Fund balance at October 1, 2005	90,298,807	90,298,807	90,298,807	-
Fund balance at September 30, 2006	\$ 88,798,807	90,298,807	74,135,357	(16,163,450)

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule

Major Governmental Funds

Health Fund

For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	163,900	262,721	9,593,625	9,330,904
State grants and contracts	7,416,400	8,826,508	3,799,735	(5,026,773)
Local grants and contracts	120,000	148,550	-	(148,550)
Charges for services	19,585,700	19,522,363	17,008,891	(2,513,472)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	27,286,000	28,760,142	30,402,251	1,642,109
Expenditures:				
Current operations:				
Personnel	9,344,700	9,370,496	8,921,830	(448,666)
Fringe benefits	4,144,100	4,126,296	4,054,112	(72,184)
Pension	1,105,700	1,099,466	1,042,749	(56,717)
Materials and supplies	562,400	729,943	5,160,638	4,430,695
Contractual services	21,569,800	22,456,354	20,302,812	(2,153,542)
Travel	252,300	271,888	323,815	51,927
Operating	283,300	315,846	332,046	16,200
Rentals	577,900	609,373	561,676	(47,697)
Other charges	18,000	352,679	144,552	(208,127)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	37,858,200	39,332,341	40,844,230	1,511,889
Excess (deficiency) of revenues over (under) expenditures	(10,572,200)	(10,572,199)	(10,441,979)	130,220
Other Financing Sources (Uses):				
Transfers in	10,572,200	10,572,199	10,440,395	(131,804)
Transfers out	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	1,584	1,584
Total other financing sources (uses):	10,572,200	10,572,199	10,441,979	(130,220)
Net change in fund balances	-	-	-	-
Fund balance at October 1, 2005	-	-	-	-
Fund balance at September 30, 2006	\$ -	-	-	-

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule Major Governmental Funds Juvenile Justice and Abuse/Neglect Fund For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	220,000	409,989	189,989
State grants and contracts	91,131,900	92,285,043	83,438,837	(8,846,206)
Local grants and contracts	359,000	1,732,143	1,568,716	(163,427)
Charges for services	154,100	154,100	175,148	21,048
Interest and rents	-	-	-	-
Other	-	-	7,036	7,036
Total revenues	91,645,000	94,391,286	85,599,726	(8,791,560)
Expenditures:				
Current operations:				
Personnel	16,942,400	17,041,499	17,402,803	361,304
Fringe benefits	6,756,300	6,246,273	6,685,299	439,026
Pension	1,988,500	2,139,107	1,979,499	(159,608)
Materials and supplies	316,800	428,700	352,897	(75,803)
Contractual services	165,074,700	172,474,786	176,870,576	4,395,790
Travel	61,300	70,500	73,290	2,790
Operating	189,000	203,321	189,563	(13,758)
Rentals	3,396,900	3,396,900	3,454,150	57,250
Other charges	56,300	59,000	10,682	(48,318)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	194,782,200	202,060,086	207,018,759	4,958,673
Excess (deficiency) of revenues over (under) expenditures	(103,137,200)	(107,668,800)	(121,419,033)	(13,750,233)
Other Financing Sources (Uses):				
Transfers in	103,137,200	107,668,800	113,304,025	5,635,225
Transfers out	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses):	103,137,200	107,668,800	113,304,025	5,635,225
Net change in fund balances	-	-	(8,115,008)	(8,115,008)
Fund balance at October 1, 2005	(21,385,133)	(21,385,133)	(21,385,133)	-
Fund balance at September 30, 2006	<u>\$ (21,385,133)</u>	<u>(21,385,133)</u>	<u>(29,500,141)</u>	<u>(8,115,008)</u>

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Required Supplementary Information

For the year ended September 30, 2006

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

(Dollar Amounts in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Overfunded) Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
09/30/00 &	\$ 1,028.6	\$ 947.6	\$ (81.0)	108.5%	\$ 275.6	N/A
09/30/01 #	\$ 1,041.6	\$ 979.2	\$ (62.4)	106.4%	\$ 294.1	N/A
09/30/02	1,043.3	1,010.7	(32.6)	103.2%	309.0	N/A
09/30/03	996.6	1,007.7	11.1	98.9%	289.3	3.8%
09/30/04 #	910.1	959.7	49.6	94.8%	343.3	14.4%
09/30/05	891.4	969.3	77.9	92.0%	298.6	26.1%

After changes in benefit provisions or revised actuarial assumptions

& Change in Inflation Equity calculation

Note: The schedule includes Hybrid Plan 5 for Years Ended September 30, 2003 and later

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)

(Dollar Amounts in Thousands)

Fiscal Year Ended September 30	Annual Required Contributions	Actual Contributions	Percent Contributed
2001	\$ 39	\$ 39	100.0%
2002	-	45	100.0%
2003	1,328	3,002	226.1%
2004	6,326	7,374	116.6%
2005	10,647	11,106	104.3%
2006	12,663	12,663	100.0%

Note: The schedule includes Hybrid Plan 5 for Years Ended September 30, 2003 and later.

CHARTER COUNTY OF WAYNE, MICHIGAN

Required Supplementary Information
For the year ended September 30, 2006

WAYNE COUNTY CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
(Dollar Amounts in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Overfunded) Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
09/30/00	\$ 4,324	\$ 3,789	\$ (535)	114.1%	\$ 714	-
09/30/01	4,391	3,789	(602)	115.9%	714	-
09/30/02	4,367	3,527	(840)	123.8%	714	-
09/30/03	4,403	3,557	(846)	123.8%	714	-
09/30/04	4,437	3,584	(853)	123.8%	714	-
09/30/05	4,661	3,314	(1,347)	140.6%	600	-

WAYNE COUNTY CIRCUIT COURT COMMISSIONERS BAILIFFS' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)

Fiscal Year Ended September 30	Annual Required Contributions	Actual Contributions	Percent Contributed
2001	-	\$ 61,159	-
2002	-	68,063	-
2003	-	63,133	-
2004	-	44,023	-
2005	-	28,850	-
2006	-	50,441	-

CHARTER COUNTY OF WAYNE, MICHIGAN
Note to the Required Supplementary Information
For the year ended September 30, 2006

(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 operation 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 to appropriations that change the County's 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.

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

NON-MAJOR GOVERNMENTAL FUNDS

***Special Revenue Funds** are used to account for specific revenues that are legally restricted for expenditure for particular purposes.*

***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

Revenue Sharing Reserve Fund – This fund was created under Michigan Public Act 357 of 2004 to serve as a substitute to state revenue sharing payments. This fund provides a funding mechanism to shift county property tax levels from winter to summer over a three-year period.

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.

County Library – This fund is used to account for Wayne County revenue designated for library purposes.

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 – Through covert operations, the Drug Enforcement Unit enforces State of Michigan drug laws throughout the County and acts in concert with federal law enforcement agencies. This fund accounts for that activity.

Nutrition – This fund is used to account for nutritional services provided to homebound 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.

Economic and Neighborhood Development (E&ND) – 21st Century – This fund accounts for economic development within Wayne County communities.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds are used to account for specific revenues that are legally restricted for expenditure for particular purposes.

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

Community Corrections – This fund accounts for Alternative Work Force activity and other programs for offenders.

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 – The fund accounts for deterrent programs and other youth services.

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.

Budget Stabilization – This fund was established by charter and is used to account for funds set aside from the General Fund under the provisions of Public Act 30 of 1978.

Environmental Programs – This fund accounts for the activities of the air quality management and land resource management programs.

Nuisance Abatement – This fund accounts for activity related to the prosecution of forfeiture, nuisance and criminal environmental enforcement actions. The activities include seizures of assets derived from illegal activity, including illegal drug activity, seizures of vehicles in connection with drug buys and prostitution, and prosecution of nuisance actions associated with abandoned properties.

Health and Family Services – This fund accounts for Head Start program services.

Pinnacle Aeropark – This fund is used to account for the appropriations for the Pinnacle Aeropark project.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

***Special Revenue Funds** are used to account for specific revenues that are legally restricted for expenditure for particular purposes.*

***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 debt service associated with the Fiscal Stabilization Bonds.

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 the costs associated with structural repairs to the tower of the Wayne County building and renovations to the Wayne County Prosecutor's offices.

Wayne County Building Authority Construction – This fund is used to account for the funding and costs of constructing new facilities or for major renovations of existing facilities.

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
Non-major Governmental Funds
Combining Balance Sheet
As of September 30, 2006

	Special Revenue Funds			
	Revenue Sharing Reserve	Parks	Rouge Demonstration Project	Law Enforcement
<u>Assets</u>				
Equity in pooled cash and investments	\$ 44,436,194	10,271,990	-	463,674
Other cash and investments	-	3,132	500	-
Due from other funds	-	-	-	-
Due from component units	-	69,647	-	-
Receivables:				
Accounts receivable	-	465	556,960	1,709,225
Due from other governmental units	-	212,500	207	-
Less allowance for uncollectible accounts	-	-	-	-
Supplies inventory, at cost	-	40,304	-	-
Prepayments and deposits	-	-	-	-
Total assets	<u>\$ 44,436,194</u>	<u>10,598,038</u>	<u>557,667</u>	<u>2,172,899</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Negative equity in pooled cash	\$ -	-	99,206	-
Accounts and contracts payable	-	1,119,884	5,777	278,286
Due to other funds	-	-	7,440	-
Accrued wages and benefits	-	64,079	17,318	64,598
Other liabilities	-	-	227,512	10,927
Deferred revenue	-	-	-	2,943,019
Total liabilities	-	1,183,963	357,253	3,296,830
Fund Balances:				
Reserved for:				
Supplies inventory	-	40,304	-	-
Other long-term assets	44,436,194	-	-	-
Debt service	-	-	-	-
Capital projects	-	9,299,000	-	-
Unreserved	-	74,771	200,414	(1,123,931)
Total fund balances	<u>44,436,194</u>	<u>9,414,075</u>	<u>200,414</u>	<u>(1,123,931)</u>
Total liabilities and fund balances	<u>\$ 44,436,194</u>	<u>10,598,038</u>	<u>557,667</u>	<u>2,172,899</u>

Special Revenue Funds

<u>County Library</u>	<u>Community Development Block Grants</u>	<u>Drug Enforcement</u>	<u>Nutrition</u>	<u>Veteran's Trust</u>
-	-	361,614	-	11,508
500	-	-	10,250	-
-	-	-	-	-
-	-	-	-	-
-	-	-	22,452	18,547
1,453,908	1,099,307	211,178	348,551	-
(193,014)	-	(29,267)	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,261,394</u>	<u>1,099,307</u>	<u>543,525</u>	<u>381,253</u>	<u>30,055</u>
1,326,219	949,993	-	102,388	-
102,766	237,395	17,618	111,844	5,444
-	-	-	5,329	-
37,488	4,975	23,528	29,767	-
-	195,846	-	20,953	-
<u>807,322</u>	<u>1,099,307</u>	<u>134,969</u>	<u>50,078</u>	<u>-</u>
2,273,795	2,487,516	176,115	320,359	5,444
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(1,012,401)</u>	<u>(1,388,209)</u>	<u>367,410</u>	<u>60,894</u>	<u>24,611</u>
<u>(1,012,401)</u>	<u>(1,388,209)</u>	<u>367,410</u>	<u>60,894</u>	<u>24,611</u>
<u>1,261,394</u>	<u>1,099,307</u>	<u>543,525</u>	<u>381,253</u>	<u>30,055</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Balance Sheet
As of September 30, 2006

	Special Revenue Funds			
	E & ND 21st Century	Community Corrections	Victim Witness	Soldiers' Relief
<u>Assets</u>				
Equity in pooled cash and investments	\$ -	-	188,295	1,127,061
Other cash and investments	290	600	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Receivables:				
Accounts receivable	65,558	1,343,939	-	-
Due from other governmental units	1,683,843	1,655,161	-	-
Less allowance for uncollectible accounts	-	(19,050)	-	-
Supplies inventory, at cost	-	-	-	-
Prepayments and deposits	-	-	-	-
Total assets	<u>\$ 1,749,691</u>	<u>2,980,650</u>	<u>188,295</u>	<u>1,127,061</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Negative equity in pooled cash	\$ 1,304,344	1,747,266	-	-
Accounts and contracts payable	182,535	799,407	-	73,257
Due to other funds	-	-	178,231	-
Accrued wages and benefits	29,240	18,126	10,064	4,343
Other liabilities	30,981	-	-	-
Deferred revenue	736,733	960,589	-	-
Total liabilities	2,283,833	3,525,388	188,295	77,600
Fund Balances:				
Reserved for:				
Supplies inventory	-	-	-	-
Other long-term assets	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved	(534,142)	(544,738)	-	1,049,461
Total fund balances	<u>(534,142)</u>	<u>(544,738)</u>	<u>-</u>	<u>1,049,461</u>
Total liabilities and fund balances	<u>\$ 1,749,691</u>	<u>2,980,650</u>	<u>188,295</u>	<u>1,127,061</u>

Special Revenue Funds

Youth Services	Building Authority	Stadium and Land Development	Budget Stabilization
1,272,244	-	929,057	3,000,000
-	-	-	-
-	-	5,329	-
-	-	-	-
61,486	-	11,404	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,333,730	-	945,790	3,000,000
-	-	-	-
233,552	-	-	-
-	-	271,708	-
-	-	-	-
-	-	-	-
-	-	-	-
233,552	-	271,708	-
-	-	-	-
-	-	-	3,000,000
-	-	-	-
-	-	-	-
1,100,178	-	674,082	-
1,100,178	-	674,082	3,000,000
1,333,730	-	945,790	3,000,000

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Balance Sheet, Continued
As of September 30, 2006

	Special Revenue Funds			
	Environmental Programs	Nuisance Abatement	Health and Family Services	Pinnacle Aeropark
<u>Assets</u>				
Equity in pooled cash and investments	\$ 3,316,451	-	1,859,148	1,158,248
Other cash and investments	200	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Receivables:				
Accounts receivable	-	9,344	-	-
Due from other governmental units	-	20,832	109,407	-
Less allowance for uncollectible accounts	-	(4,415)	-	-
Supplies inventory, at cost	-	-	-	-
Prepayments and deposits	-	-	601,404	-
Total assets	<u>\$ 3,316,651</u>	<u>25,761</u>	<u>2,569,959</u>	<u>1,158,248</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Negative equity in pooled cash	\$ -	2,229,215	-	-
Accounts and contracts payable	144,718	168,579	1,961,611	35,120
Due to other funds	6,916	-	-	-
Accrued wages and benefits	15,916	63	6,944	-
Other liabilities	-	-	-	-
Deferred revenue	-	13,836	601,404	-
Total liabilities	167,550	2,411,693	2,569,959	35,120
Fund Balances:				
Reserved for:				
Supplies inventory	-	-	-	-
Other long-term assets	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved	3,149,101	(2,385,932)	-	1,123,128
Total fund balances	<u>3,149,101</u>	<u>(2,385,932)</u>	<u>-</u>	<u>1,123,128</u>
Total liabilities and fund balances	<u>\$ 3,316,651</u>	<u>25,761</u>	<u>2,569,959</u>	<u>1,158,248</u>

Debt Service Funds

General Debt Service	Roads	Wayne County Building Authority
27,496,189	13,752	5,932,973
-	-	-
-	-	-
-	-	-
-	-	13,932
-	-	-
-	-	-
-	-	-
-	-	-
27,496,189	13,752	5,946,905
-	-	-
-	-	6,856
-	-	-
-	-	-
-	-	-
-	-	-
-	-	6,856
-	-	-
-	-	-
27,496,189	13,752	5,940,049
-	-	-
-	-	-
27,496,189	13,752	5,940,049
27,496,189	13,752	5,946,905

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Balance Sheet, Continued
As of September 30, 2006

	Capital Projects Funds			
	Wayne County Construction	Wayne County Building Authority Construction	County Roads Projects	Other Capital Projects
<u>Assets</u>				
Equity in pooled cash and investments	\$ 2,472,081	3,771,455	6,688	731,289
Other cash and investments	-	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Receivables:				
Accounts receivable	-	3,631	-	-
Due from other governmental units	-	-	-	-
Less allowance for uncollectible accounts	-	-	-	-
Supplies inventory, at cost	-	-	-	-
Prepayments and deposits	-	-	-	-
Total assets	<u>\$ 2,472,081</u>	<u>3,775,086</u>	<u>6,688</u>	<u>731,289</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Negative equity in pooled cash	\$ -	-	-	-
Accounts and contracts payable	217,575	-	-	-
Due to other funds	-	-	-	-
Accrued wages and benefits	-	-	-	-
Other liabilities	10,759	-	138	428,850
Deferred revenue	-	-	-	-
Total liabilities	228,334	-	138	428,850
Fund Balances:				
Reserved for:				
Supplies inventory	-	-	-	-
Other long-term assets	-	-	-	-
Debt service	-	-	-	-
Capital projects	2,243,747	3,775,086	6,550	302,439
Unreserved	-	-	-	-
Total fund balances	<u>2,243,747</u>	<u>3,775,086</u>	<u>6,550</u>	<u>302,439</u>
Total liabilities and fund balances	<u>\$ 2,472,081</u>	<u>3,775,086</u>	<u>6,688</u>	<u>731,289</u>

Special Revenue Funds Totals	Debt Service Funds Totals	Capital Projects Funds Totals	Non-major Governmental Funds Totals
\$ 68,395,484	\$ 33,442,914	\$ 6,981,513	\$ 108,819,911
15,472	-	-	15,472
5,329	-	-	5,329
69,647	-	-	69,647
3,799,380	13,932	3,631	3,816,943
6,794,894	-	-	6,794,894
(245,746)	-	-	(245,746)
40,304	-	-	40,304
601,404	-	-	601,404
<u>\$ 79,476,168</u>	<u>\$ 33,456,846</u>	<u>\$ 6,985,144</u>	<u>\$ 119,918,158</u>
\$ 7,758,631	\$ -	\$ -	\$ 7,758,631
5,477,793	6,856	217,575	5,702,224
469,624	-	-	469,624
326,449	-	-	326,449
486,219	-	439,747	925,966
7,347,257	-	-	7,347,257
21,865,973	6,856	657,322	22,530,151
40,304	-	-	40,304
47,436,194	-	-	47,436,194
-	33,449,990	-	33,449,990
9,299,000	-	6,327,822	15,626,822
834,697	-	-	834,697
<u>57,610,195</u>	<u>33,449,990</u>	<u>6,327,822</u>	<u>97,388,007</u>
<u>\$ 79,476,168</u>	<u>\$ 33,456,846</u>	<u>\$ 6,985,144</u>	<u>\$ 119,918,158</u>

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended September 30, 2006

	Special Revenue Funds			
	Revenue Sharing Reserve	Parks	Rouge Demonstration Project	Law Enforcement
Revenues:				
Taxes	\$ -	11,100,420	-	-
Licenses and permits	-	51,377	-	-
Federal grants	-	-	15,673,462	2,059,999
State grants and contracts	-	666,442	-	2,069,216
Local grants and contracts	-	549,804	14,431,147	-
Charges for services	-	3,848,589	2,380,633	3,812,667
Interest and rents	171,581	522,598	-	-
Other	-	223,948	-	22,766
Total revenues	171,581	16,963,178	32,485,242	7,964,648
Expenditures:				
Current operations:				
Personnel	-	4,035,272	980,740	4,989,404
Fringe benefits	-	1,806,914	476,445	2,013,125
Pension	-	462,995	115,528	659,903
Materials and supplies	-	412,939	19,363	144,901
Contractual services	-	11,776,413	29,195,653	1,038,049
Travel	-	30,418	47,521	1,806
Operating	-	453,804	60,003	295,988
Rentals	-	935,670	75,510	94,774
Other charges	-	38,737	689	119,430
Capital outlay	-	239,448	-	43,809
Debt service	-	-	-	-
Total expenditures	-	20,192,610	30,971,452	9,401,189
Excess (deficiency) of revenues over (under) expenditures	171,581	(3,229,432)	1,513,790	(1,436,541)
Other Financing Sources (Uses):				
Transfers in	80,062,934	2,782,000	-	788,761
Transfers out	(45,175,379)	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	34,887,555	2,782,000	-	788,761
Net change in fund balances	35,059,136	(447,432)	1,513,790	(647,780)
Fund balances at October 1, 2005	9,377,058	9,861,507	(1,313,376)	(476,151)
Fund balances at September 30, 2006	\$ 44,436,194	9,414,075	200,414	(1,123,931)

Special Revenue Funds

<u>County Library</u>	<u>Community Development Block Grant</u>	<u>Drug Enforcement</u>	<u>Nutrition</u>	<u>Veteran's Trust</u>
-	-	-	-	-
-	-	-	-	-
-	4,775,681	-	2,492,863	-
354,158	-	-	1,043,803	181,460
-	-	-	-	-
1,284,873	11,143	3,592,506	695,028	-
2,256,967	-	13,214	-	2,862
-	-	-	38,257	-
<u>3,895,998</u>	<u>4,786,824</u>	<u>3,605,720</u>	<u>4,269,951</u>	<u>184,322</u>
2,493,393	311,208	1,298,622	1,849,995	-
933,136	138,042	499,701	718,102	-
312,731	34,615	150,113	156,858	-
39,742	4,454	165,617	2,339,528	-
1,364,287	400,767	610,987	820,241	189,633
12,474	9,254	-	175,085	-
40,501	7,128	44,939	29,385	-
2,590	-	72,661	-	-
452,041	5,420,350	1,013,115	33,563	-
-	-	-	-	-
-	-	-	-	-
<u>5,650,895</u>	<u>6,325,818</u>	<u>3,855,755</u>	<u>6,122,757</u>	<u>189,633</u>
(1,754,897)	(1,538,994)	(250,035)	(1,852,806)	(5,311)
502,900	140,851	250,000	1,913,700	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>502,900</u>	<u>140,851</u>	<u>250,000</u>	<u>1,913,700</u>	<u>-</u>
(1,251,997)	(1,398,143)	(35)	60,894	(5,311)
<u>239,596</u>	<u>9,934</u>	<u>367,445</u>	<u>-</u>	<u>29,922</u>
<u>(1,012,401)</u>	<u>(1,388,209)</u>	<u>367,410</u>	<u>60,894</u>	<u>24,611</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances, Continued
For the Year Ended September 30, 2006

	Special Revenue Funds			
	E & ND 21st Century	Community Corrections	Victim Witness	Soldiers' Relief
Revenues:				
Taxes	\$ -	-	-	1,670,553
Licenses and permits	-	-	-	-
Federal grants	3,805,336	1,387,296	-	-
State grants and contracts	116,123	5,292,966	559,607	-
Local grants and contracts	-	-	-	-
Charges for services	287,863	1,647,540	2,058	426
Interest and rents	385,862	98,438	-	18,507
Other	-	-	-	-
Total revenues	4,595,184	8,426,240	561,665	1,689,486
Expenditures:				
Current operations:				
Personnel	1,646,943	1,129,118	614,034	259,497
Fringe benefits	750,809	460,025	281,244	114,335
Pension	207,691	133,942	67,678	32,288
Materials and supplies	161,345	53,917	-	3,380
Contractual services	4,284,130	6,833,219	129,895	1,305,351
Travel	63,702	6,265	3,519	8,641
Operating	18,947	17,353	6,173	4,703
Rentals	-	738,720	-	27,308
Other charges	2,626,139	5,906	375	210
Capital outlay	-	11,594	-	-
Debt service	551,101	-	-	-
Total expenditures	10,310,807	9,390,059	1,102,918	1,755,713
Excess (deficiency) of revenues over (under) expenditures	(5,715,623)	(963,819)	(541,253)	(66,227)
Other Financing Sources (Uses):				
Transfers in	6,013,149	356,000	541,253	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	350,640	-	-	-
Total other financing sources (uses)	6,363,789	356,000	541,253	-
Net change in fund balances	648,166	(607,819)	-	(66,227)
Fund balances at October 1, 2005	(1,182,308)	63,081	-	1,115,688
Fund balances at September 30, 2006	\$ (534,142)	(544,738)	-	1,049,461

Special Revenue Funds

Youth Services	Building Authority	Stadium and Land Development	Budget Stabilization
4,271,894	-	7,274,426	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
46,905	-	45,343	-
-	-	-	-
<u>4,318,799</u>	<u>-</u>	<u>7,319,769</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,953,811	45	243,654	-
-	-	-	-
-	-	4,903,561	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,953,811</u>	<u>45</u>	<u>5,147,215</u>	<u>-</u>
2,364,988	(45)	2,172,554	-
1,100,000	-	-	-
(3,768,100)	-	(2,045,977)	-
-	-	-	-
-	-	-	-
<u>(2,668,100)</u>	<u>-</u>	<u>(2,045,977)</u>	<u>-</u>
(303,112)	(45)	126,577	-
<u>1,403,290</u>	<u>45</u>	<u>547,505</u>	<u>3,000,000</u>
<u>1,100,178</u>	<u>-</u>	<u>674,082</u>	<u>3,000,000</u>
			(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances, Continued
For the Year Ended September 30, 2006

	Special Revenue Funds			
	Environmental Programs	Nuisance Abatement	Health and Family Services	Pinnacle Aeropark
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	21,780,237	-
State grants and contracts	262,310	-	-	-
Local grants and contracts	610,043	-	-	-
Charges for services	3,049,520	65,508	109	21,249
Interest and rents	248,954	-	-	-
Other	-	946,930	-	-
Total revenues	4,170,827	1,012,438	21,780,346	21,249
Expenditures:				
Current operations:				
Personnel	839,314	893,188	465,832	-
Fringe benefits	380,727	403,646	214,441	-
Pension	98,437	115,456	61,850	-
Materials and supplies	32,375	6,822	13,896	-
Contractual services	1,666,638	270,899	21,069,618	969,002
Travel	58,678	30,950	24,701	-
Operating	94,722	8,275	34,803	-
Rentals	51,600	-	-	577,872
Other charges	1,425	149,478	559	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	3,223,916	1,878,714	21,885,700	1,546,874
Excess (deficiency) of revenues over (under) expenditures	946,911	(866,276)	(105,354)	(1,525,625)
Other Financing Sources (Uses):				
Transfers in	-	871,900	105,354	2,045,977
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	1,000
Total other financing sources (uses)	-	871,900	105,354	2,046,977
Net change in fund balances	946,911	5,624	-	521,352
Fund balances at October 1, 2005	2,202,190	(2,391,556)	-	601,776
Fund balances at September 30, 2006	\$ 3,149,101	(2,385,932)	-	1,123,128

Debt Service Funds

General Debt Service	Roads	Wayne County Building Authority
15,993,563	-	-
-	-	-
-	-	-
-	-	-
-	-	-
489,748	1,913	15,036,141
-	-	-
<u>16,483,311</u>	<u>1,913</u>	<u>15,036,141</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
17,024,248	5,956,683	14,740,548
<u>17,024,248</u>	<u>5,956,683</u>	<u>14,740,548</u>
(540,937)	(5,954,770)	295,593
1,021,686	5,956,683	-
-	-	-
-	-	-
-	-	-
<u>1,021,686</u>	<u>5,956,683</u>	<u>-</u>
480,749	1,913	295,593
<u>27,015,440</u>	<u>11,839</u>	<u>5,644,456</u>
<u>27,496,189</u>	<u>13,752</u>	<u>5,940,049</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances, Continued
For the Year Ended September 30, 2006

	Capital Projects Funds			
	Wayne County Construction	Wayne County Building Authority Construction	County Roads Projects	Other Capital Projects
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	146,084
Interest and rents	671,865	285,612	310	25,917
Other	-	-	-	-
Total revenues	671,865	285,612	310	172,001
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	233,156	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	608,380	-	-	-
Debt service	-	-	-	-
Total expenditures	841,536	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(169,671)	285,612	310	172,001
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(3,246,098)	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	(3,246,098)	-	-
Net change in fund balances	(169,671)	(2,960,486)	310	172,001
Fund balances at October 1, 2005	2,413,418	6,735,572	6,240	130,438
Fund balances at September 30, 2006	\$ 2,243,747	3,775,086	6,550	302,439

Special Revenue Funds Totals	Debt Service Funds Totals	Capital Projects Funds Totals	Non-major Governmental Funds Totals
\$ 24,317,293	\$ 15,993,563	\$ -	\$ 40,310,856
51,377	-	-	51,377
51,974,874	-	-	51,974,874
10,546,085	-	-	10,546,085
15,590,994	-	-	15,590,994
20,699,712	-	146,084	20,845,796
3,811,231	15,527,802	983,704	20,322,737
1,231,901	-	-	1,231,901
<u>128,223,467</u>	<u>31,521,365</u>	<u>1,129,788</u>	<u>160,874,620</u>
21,806,560	-	-	21,806,560
9,190,692	-	-	9,190,692
2,610,085	-	-	2,610,085
3,398,279	-	-	3,398,279
84,122,292	-	233,156	84,355,448
473,014	-	-	473,014
1,116,724	-	-	1,116,724
7,480,266	-	-	7,480,266
9,862,017	-	-	9,862,017
294,851	-	608,380	903,231
551,101	37,721,479	-	38,272,580
<u>140,905,881</u>	<u>37,721,479</u>	<u>841,536</u>	<u>179,468,896</u>
(12,682,414)	(6,200,114)	288,252	(18,594,276)
97,474,779	6,978,369	-	104,453,148
(50,989,456)	-	(3,246,098)	(54,235,554)
-	-	-	-
351,640	-	-	351,640
<u>46,836,963</u>	<u>6,978,369</u>	<u>(3,246,098)</u>	<u>50,569,234</u>
34,154,549	778,255	(2,957,846)	31,974,958
23,455,646	32,671,735	9,285,668	65,413,049
<u>\$ 57,610,195</u>	<u>\$ 33,449,990</u>	<u>\$ 6,327,822</u>	<u>\$ 97,388,007</u>
			(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Revenue Sharing Reserve Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	171,581	171,581
Other	-	-	-	-
Total revenues	-	-	171,581	171,581
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	171,581	171,581
Other Financing Sources (Uses):				
Transfers in	44,738,100	44,738,100	80,062,934	35,324,834
Transfers out	(44,738,100)	(44,738,100)	(45,175,379)	(437,279)
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	34,887,555	34,887,555
Net change in fund balances	-	-	35,059,136	35,059,136
Fund balances at October 1, 2005	9,377,058	9,377,058	9,377,058	-
Fund balances at September 30, 2006	<u>\$ 9,377,058</u>	<u>9,377,058</u>	<u>44,436,194</u>	<u>35,059,136</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Parks Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 11,237,400	11,237,400	11,100,420	(136,980)
Licenses and permits	82,000	82,000	51,377	(30,623)
Federal grants	-	-	-	-
State grants and contracts	-	-	666,442	666,442
Local grants and contracts	-	365,000	549,804	184,804
Charges for services	2,171,400	2,171,400	3,848,589	1,677,189
Interest and rents	28,700	28,700	522,598	493,898
Other	290,000	290,000	223,948	(66,052)
Total revenues	13,809,500	14,174,500	16,963,178	2,788,678
Expenditures:				
Current operations:				
Personnel	4,196,800	3,941,915	4,035,272	93,357
Fringe benefits	1,661,000	1,680,924	1,806,914	125,990
Pension	455,800	468,135	462,995	(5,140)
Materials and supplies	429,200	429,200	412,939	(16,261)
Contractual services	9,360,900	19,662,600	11,776,413	(7,886,187)
Travel	17,200	17,200	30,418	13,218
Operating	583,100	584,026	453,804	(130,222)
Rentals	656,600	656,600	935,670	279,070
Other charges	175,000	340,000	38,737	(301,263)
Capital outlay	760,000	1,015,000	239,448	(775,552)
Debt service	308,600	308,600	-	(308,600)
Total expenditures	18,604,200	29,104,200	20,192,610	(8,911,590)
Excess (deficiency) of revenues over (under) expenditures	(4,794,700)	(14,929,700)	(3,229,432)	11,700,268
Other Financing Sources (Uses):				
Transfers in	2,360,400	2,360,400	2,782,000	421,600
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	421,600	421,600	-	(421,600)
Total other financing sources (uses)	2,782,000	2,782,000	2,782,000	-
Net change in fund balances	(2,012,700)	(12,147,700)	(447,432)	11,700,268
Fund balances at October 1, 2005	9,861,507	9,861,507	9,861,507	-
Fund balances at September 30, 2006	\$ 7,848,807	(2,286,193)	9,414,075	11,700,268

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Rouge Demonstration Project Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	32,461,997	32,461,997	15,673,462	(16,788,535)
State grants and contracts	-	-	-	-
Local grants and contracts	26,561,230	26,561,230	14,431,147	(12,130,083)
Charges for services	2,741,287	2,741,287	2,380,633	(360,654)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	61,764,514	61,764,514	32,485,242	(29,279,272)
Expenditures:				
Current operations:				
Personnel	1,007,733	1,007,733	980,740	(26,993)
Fringe benefits	472,200	472,200	476,445	4,245
Pension	120,900	120,900	115,528	(5,372)
Materials and supplies	118,825	118,825	19,363	(99,462)
Contractual services	59,837,206	59,837,206	29,195,653	(30,641,553)
Travel	47,550	47,550	47,521	(29)
Operating	77,500	77,500	60,003	(17,497)
Rentals	63,600	63,600	75,510	11,910
Other charges	19,000	19,000	689	(18,311)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	61,764,514	61,764,514	30,971,452	(30,793,062)
Excess (deficiency) of revenues over (under) expenditures	-	-	1,513,790	1,513,790
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	-	-	1,513,790	1,513,790
Fund balances at October 1, 2005	(1,313,376)	(1,313,376)	(1,313,376)	-
Fund balances at September 30, 2006	\$ (1,313,376)	(1,313,376)	200,414	1,513,790

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Law Enforcement Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	312,000	4,454,520	2,059,999	(2,394,521)
State grants and contracts	3,195,000	3,484,555	2,069,216	(1,415,339)
Local grants and contracts	-	-	-	-
Charges for services	3,426,300	3,846,362	3,812,667	(33,695)
Interest and rents	-	-	-	-
Other	-	-	22,766	22,766
Total revenues	6,933,300	11,785,437	7,964,648	(3,820,789)
Expenditures:				
Current operations:				
Personnel	4,296,600	5,468,578	4,989,404	(479,174)
Fringe benefits	1,775,200	2,117,416	2,013,125	(104,291)
Pension	514,900	638,758	659,903	21,145
Materials and supplies	224,200	210,673	144,901	(65,772)
Contractual services	680,500	2,983,769	1,038,049	(1,945,720)
Travel	-	-	1,806	1,806
Operating	139,800	1,030,293	295,988	(734,305)
Rentals	112,800	378,060	94,774	(283,286)
Other charges	108,100	101,225	119,430	18,205
Capital outlay	43,200	49,000	43,809	(5,191)
Debt service	-	-	-	-
Total expenditures	7,895,300	12,977,772	9,401,189	(3,576,583)
Excess (deficiency) of revenues over (under) expenditures	(962,000)	(1,192,335)	(1,436,541)	(244,206)
Other Financing Sources (Uses):				
Transfers in	962,000	986,157	788,761	(197,396)
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	962,000	986,157	788,761	(197,396)
Net change in fund balances	-	(206,178)	(647,780)	(441,602)
Fund balance at October 1, 2005	(476,151)	(476,151)	(476,151)	-
Fund balance at September 30, 2006	\$ (476,151)	(682,329)	(1,123,931)	(441,602)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 County Library Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	421,400	421,400	354,158	(67,242)
Local grants and contracts	-	-	-	-
Charges for services	951,100	951,100	1,284,873	333,773
Interest and rents	4,306,800	4,306,800	2,256,967	(2,049,833)
Other	-	-	-	-
Total revenues	5,679,300	5,679,300	3,895,998	(1,783,302)
Expenditures:				
Current operations:				
Personnel	2,697,900	2,697,900	2,493,393	(204,507)
Fringe benefits	966,300	966,300	933,136	(33,164)
Pension	262,800	262,800	312,731	49,931
Materials and supplies	111,600	112,450	39,742	(72,708)
Contractual services	1,351,400	1,351,400	1,364,287	12,887
Travel	13,200	13,200	12,474	(726)
Operating	45,000	44,150	40,501	(3,649)
Rentals	4,800	4,800	2,590	(2,210)
Other charges	729,200	729,200	452,041	(277,159)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	6,182,200	6,182,200	5,650,895	(531,305)
Excess (deficiency) of revenues over (under) expenditures	(502,900)	(502,900)	(1,754,897)	(1,251,997)
Other Financing Sources (Uses):				
Transfers in	502,900	502,900	502,900	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	502,900	502,900	502,900	-
Net change in fund balances	-	-	(1,251,997)	(1,251,997)
Fund balance at October 1, 2005	239,596	239,596	239,596	-
Fund balance at September 30, 2006	\$ 239,596	239,596	(1,012,401)	(1,251,997)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Community Development Block Grant Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	16,580,100	16,580,100	4,775,681	(11,804,419)
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	209,800	209,800	11,143	(198,657)
Interest and rents	4,000	4,000	-	(4,000)
Other	-	-	-	-
Total revenues	16,793,900	16,793,900	4,786,824	(12,007,076)
Expenditures:				
Current operations:				
Personnel	326,400	326,400	311,208	(15,192)
Fringe benefits	144,800	144,800	138,042	(6,758)
Pension	39,200	39,200	34,615	(4,585)
Materials and supplies	14,500	11,900	4,454	(7,446)
Contractual services	349,200	336,500	400,767	64,267
Travel	13,000	13,000	9,254	(3,746)
Operating	6,000	12,700	7,128	(5,572)
Rentals	-	-	-	-
Other charges	15,691,000	15,699,600	5,420,350	(10,279,250)
Capital outlay	-	-	-	-
Debt service	209,800	209,800	-	(209,800)
Total expenditures	16,793,900	16,793,900	6,325,818	(10,468,082)
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,538,994)	(1,538,994)
Other Financing Sources (Uses):				
Transfers in	-	-	140,851	140,851
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	140,851	140,851
Net change in fund balances	-	-	(1,398,143)	(1,398,143)
Fund balance at October 1, 2005	9,934	9,934	9,934	-
Fund balance at September 30, 2006	\$ 9,934	9,934	(1,388,209)	(1,398,143)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Drug Enforcement Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	2,653,600	2,653,600	3,592,506	938,906
Interest and rents	-	-	13,214	13,214
Other	-	-	-	-
Total revenues	<u>2,653,600</u>	<u>2,653,600</u>	<u>3,605,720</u>	<u>952,120</u>
Expenditures:				
Current operations:				
Personnel	1,378,900	1,533,989	1,298,622	(235,367)
Fringe benefits	588,100	662,958	499,701	(163,257)
Pension	164,600	183,211	150,113	(33,098)
Materials and supplies	95,100	89,600	165,617	76,017
Contractual services	474,700	224,700	610,987	386,287
Travel	-	-	-	-
Operating	16,300	23,242	44,939	21,697
Rentals	65,900	65,900	72,661	6,761
Other charges	120,000	120,000	1,013,115	893,115
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>2,903,600</u>	<u>2,903,600</u>	<u>3,855,755</u>	<u>952,155</u>
Excess (deficiency) of revenues over (under) expenditures	(250,000)	(250,000)	(250,035)	(35)
Other Financing Sources (Uses):				
Transfers in	250,000	250,000	250,000	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	-	-	(35)	(35)
Fund balance at October 1, 2005	<u>367,445</u>	<u>367,445</u>	<u>367,445</u>	<u>-</u>
Fund balance at September 30, 2006	<u>\$ 367,445</u>	<u>367,445</u>	<u>367,410</u>	<u>(35)</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Nutrition Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	1,467,900	2,428,560	2,492,863	64,303
State grants and contracts	1,144,100	1,144,503	1,043,803	(100,700)
Local grants and contracts	-	-	-	-
Charges for services	1,280,000	600,000	695,028	95,028
Interest and rents	-	-	-	-
Other	30,000	30,000	38,257	8,257
Total revenues	3,922,000	4,203,063	4,269,951	66,888
Expenditures:				
Current operations:				
Personnel	1,881,200	1,881,200	1,849,995	(31,205)
Fringe benefits	714,700	714,700	718,102	3,402
Pension	168,300	168,300	156,858	(11,442)
Materials and supplies	2,196,600	2,447,298	2,339,528	(107,770)
Contractual services	694,200	694,200	820,241	126,041
Travel	146,300	174,300	175,085	785
Operating	33,400	35,765	29,385	(6,380)
Rentals	-	-	-	-
Other charges	1,000	1,000	33,563	32,563
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	5,835,700	6,116,763	6,122,757	5,994
Excess (deficiency) of revenues over (under) expenditures	(1,913,700)	(1,913,700)	(1,852,806)	60,894
Other Financing Sources (Uses):				
Transfers in	1,913,700	1,913,700	1,913,700	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	1,913,700	1,913,700	1,913,700	-
Net change in fund balances	-	-	60,894	60,894
Fund balance at October 1, 2005	-	-	-	-
Fund balance at September 30, 2006	\$ -	-	60,894	60,894

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Veteran's Trust Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	450,000	450,000	181,460	(268,540)
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	2,862	2,862
Other	-	-	-	-
Total revenues	450,000	450,000	184,322	(265,678)
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	450,000	450,000	189,633	(260,367)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	450,000	450,000	189,633	(260,367)
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,311)	(5,311)
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	-	-	(5,311)	(5,311)
Fund balance at October 1, 2005	29,922	29,922	29,922	-
Fund balance at September 30, 2006	\$ 29,922	29,922	24,611	(5,311)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 E & ND 21st Century Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	11,257,800	11,257,800	3,805,336	(7,452,464)
State grants and contracts	1,099,500	1,179,104	116,123	(1,062,981)
Local grants and contracts	-	-	-	-
Charges for services	359,600	374,600	287,863	(86,737)
Interest and rents	-	-	385,862	385,862
Other	-	-	-	-
Total revenues	12,716,900	12,811,504	4,595,184	(8,216,320)
Expenditures:				
Current operations:				
Personnel	1,770,100	1,774,345	1,646,943	(127,402)
Fringe benefits	777,500	779,148	750,809	(28,339)
Pension	212,400	212,825	207,691	(5,134)
Materials and supplies	160,700	158,897	161,345	2,448
Contractual services	4,321,800	4,392,755	4,284,130	(108,625)
Travel	43,200	36,873	63,702	26,829
Operating	18,100	20,068	18,947	(1,121)
Rentals	-	-	-	-
Other charges	11,360,000	11,129,493	2,626,139	(8,503,354)
Capital outlay	-	4,000	-	(4,000)
Debt service	575,000	575,000	551,101	(23,899)
Total expenditures	19,238,800	19,083,404	10,310,807	(8,772,597)
Excess (deficiency) of revenues over (under) expenditures	(6,521,900)	(6,271,900)	(5,715,623)	556,277
Other Financing Sources (Uses):				
Transfers in	6,404,000	6,154,000	6,013,149	(140,851)
Transfers out	(875,000)	(875,000)	-	875,000
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	992,900	992,900	350,640	(642,260)
Total other financing sources (uses)	6,521,900	6,271,900	6,363,789	91,889
Net change in fund balances	-	-	648,166	648,166
Fund balance at October 1, 2005	(1,182,308)	(1,182,308)	(1,182,308)	-
Fund balance at September 30, 2006	\$ (1,182,308)	(1,182,308)	(534,142)	648,166

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Community Corrections Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	250,800	1,333,544	1,387,296	53,752
State grants and contracts	6,858,800	6,111,120	5,292,966	(818,154)
Local grants and contracts	-	-	-	-
Charges for services	1,633,700	1,670,357	1,647,540	(22,817)
Interest and rents	393,800	393,800	98,438	(295,362)
Other	54,600	-	-	-
Total revenues	9,191,700	9,508,821	8,426,240	(1,082,581)
Expenditures:				
Current operations:				
Personnel	1,008,700	1,036,518	1,129,118	92,600
Fringe benefits	457,300	469,693	460,025	(9,668)
Pension	121,100	125,589	133,942	8,353
Materials and supplies	77,400	78,300	53,917	(24,383)
Contractual services	7,081,600	7,309,023	6,833,219	(475,804)
Travel	20,600	21,100	6,265	(14,835)
Operating	13,600	13,752	17,353	3,601
Rentals	686,200	711,400	738,720	27,320
Other charges	1,500	19,746	5,906	(13,840)
Capital outlay	79,700	79,700	11,594	(68,106)
Debt service	-	-	-	-
Total expenditures	9,547,700	9,864,821	9,390,059	(474,762)
Excess (deficiency) of revenues over (under) expenditures	(356,000)	(356,000)	(963,819)	(607,819)
Other Financing Sources (Uses):				
Transfers in	356,000	356,000	356,000	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	356,000	356,000	356,000	-
Net change in fund balances	-	-	(607,819)	(607,819)
Fund balance at October 1, 2005	63,081	63,081	63,081	-
Fund balance at September 30, 2006	\$ 63,081	63,081	(544,738)	(607,819)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Victim Witness Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	750,000	750,000	559,607	(190,393)
Local grants and contracts	-	-	-	-
Charges for services	-	-	2,058	2,058
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	750,000	750,000	561,665	(188,335)
Expenditures:				
Current operations:				
Personnel	659,200	659,200	614,034	(45,166)
Fringe benefits	285,500	285,500	281,244	(4,256)
Pension	79,100	79,100	67,678	(11,422)
Materials and supplies	6,200	6,200	-	(6,200)
Contractual services	63,200	63,200	129,895	66,695
Travel	8,000	8,000	3,519	(4,481)
Operating	5,600	5,600	6,173	573
Rentals	-	-	-	-
Other charges	-	-	375	375
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,106,800	1,106,800	1,102,918	(3,882)
Excess (deficiency) of revenues over (under) expenditures	(356,800)	(356,800)	(541,253)	(184,453)
Other Financing Sources (Uses):				
Transfers in	356,800	356,800	541,253	184,453
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	356,800	356,800	541,253	184,453
Net change in fund balances	-	-	-	-
Fund balance at October 1, 2005	-	-	-	-
Fund balance at September 30, 2006	\$ -	-	-	-

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Soldiers' Relief Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 1,682,800	1,682,800	1,670,553	(12,247)
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	426	426
Interest and rents	-	-	18,507	18,507
Other	-	-	-	-
Total revenues	1,682,800	1,682,800	1,689,486	6,686
Expenditures:				
Current operations:				
Personnel	287,400	287,400	259,497	(27,903)
Fringe benefits	127,400	127,400	114,335	(13,065)
Pension	34,500	34,500	32,288	(2,212)
Materials and supplies	11,000	11,000	3,380	(7,620)
Contractual services	1,138,600	1,138,600	1,305,351	166,751
Travel	10,000	10,000	8,641	(1,359)
Operating	11,500	11,500	4,703	(6,797)
Rentals	27,400	27,400	27,308	(92)
Other charges	20,000	22,500	210	(22,290)
Capital outlay	15,000	12,500	-	(12,500)
Debt service	-	-	-	-
Total expenditures	1,682,800	1,682,800	1,755,713	72,913
Excess (deficiency) of revenues over (under) expenditures	-	-	(66,227)	(66,227)
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	-	-	(66,227)	(66,227)
Fund balance at October 1, 2005	1,115,688	1,115,688	1,115,688	-
Fund balance at September 30, 2006	\$ 1,115,688	1,115,688	1,049,461	(66,227)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Youth Services Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 4,287,500	4,287,500	4,271,894	(15,606)
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	160,700	160,700	46,905	(113,795)
Other	-	-	-	-
Total revenues	4,448,200	4,448,200	4,318,799	(129,401)
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	1,780,100	2,099,439	1,953,811	(145,628)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,780,100	2,099,439	1,953,811	(145,628)
Excess (deficiency) of revenues over (under) expenditures	2,668,100	2,348,761	2,364,988	16,227
Other Financing Sources (Uses):				
Transfers in	1,100,000	1,100,000	1,100,000	-
Transfers out	(3,768,100)	(3,768,100)	(3,768,100)	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(2,668,100)	(2,668,100)	(2,668,100)	-
Net change in fund balances	-	(319,339)	(303,112)	16,227
Fund balance at October 1, 2005	1,403,290	1,403,290	1,403,290	-
Fund balance at September 30, 2006	\$ 1,403,290	1,083,951	1,100,178	16,227

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Building Authority Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	45	45
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(45)	(45)
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	-	-	(45)	(45)
Fund balance at October 1, 2005	<u>45</u>	<u>45</u>	<u>45</u>	<u>-</u>
Fund balance at September 30, 2006	<u>\$ 45</u>	<u>45</u>	<u>-</u>	<u>(45)</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Stadium and Land Development Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 7,000,000	7,000,000	7,274,426	274,426
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	135,500	135,500	45,343	(90,157)
Other	-	-	-	-
Total revenues	<u>7,135,500</u>	<u>7,135,500</u>	<u>7,319,769</u>	<u>184,269</u>
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	396,200	396,200	243,654	(152,546)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	6,739,300	6,739,300	4,903,561	(1,835,739)
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>7,135,500</u>	<u>7,135,500</u>	<u>5,147,215</u>	<u>(1,988,285)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	2,172,554	2,172,554
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(2,045,977)	(2,045,977)
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,045,977)</u>	<u>(2,045,977)</u>
Net change in fund balances	-	-	126,577	126,577
Fund balance at October 1, 2005	<u>547,505</u>	<u>547,505</u>	<u>547,505</u>	<u>-</u>
Fund balance at September 30, 2006	<u>\$ 547,505</u>	<u>547,505</u>	<u>674,082</u>	<u>126,577</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Budget Stabilization Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
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 balance at October 1, 2005	3,000,000	3,000,000	3,000,000	-
Fund balance at September 30, 2006	<u>\$ 3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Environmental Programs Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	497,707	518,507	262,310	(256,197)
Local grants and contracts	172,847	172,847	610,043	437,196
Charges for services	3,479,996	3,524,196	3,049,520	(474,676)
Interest and rents	20,000	20,000	248,954	228,954
Other	-	-	-	-
Total revenues	<u>4,170,550</u>	<u>4,235,550</u>	<u>4,170,827</u>	<u>(64,723)</u>
Expenditures:				
Current operations:				
Personnel	981,178	981,178	839,314	(141,864)
Fringe benefits	431,000	431,000	380,727	(50,273)
Pension	117,700	117,700	98,437	(19,263)
Materials and supplies	91,800	103,800	32,375	(71,425)
Contractual services	2,279,772	2,379,772	1,666,638	(713,134)
Travel	85,000	85,000	58,678	(26,322)
Operating	111,500	104,500	94,722	(9,778)
Rentals	60,100	60,100	51,600	(8,500)
Other charges	7,500	7,500	1,425	(6,075)
Capital outlay	5,000	5,000	-	(5,000)
Debt service	-	-	-	-
Total expenditures	<u>4,170,550</u>	<u>4,275,550</u>	<u>3,223,916</u>	<u>(1,051,634)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(40,000)	946,911	986,911
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	-	(40,000)	946,911	986,911
Fund balance at October 1, 2005	<u>2,202,190</u>	<u>2,202,190</u>	<u>2,202,190</u>	<u>-</u>
Fund balance at September 30, 2006	<u>\$ 2,202,190</u>	<u>2,162,190</u>	<u>3,149,101</u>	<u>986,911</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Nuisance Abatement Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	40,000	40,000	65,508	25,508
Interest and rents	-	-	-	-
Other	1,255,000	1,255,000	946,930	(308,070)
Total revenues	1,295,000	1,295,000	1,012,438	(282,562)
Expenditures:				
Current operations:				
Personnel	1,190,000	1,190,000	893,188	(296,812)
Fringe benefits	523,500	523,500	403,646	(119,854)
Pension	142,800	142,800	115,456	(27,344)
Materials and supplies	10,300	10,300	6,822	(3,478)
Contractual services	274,100	274,100	270,899	(3,201)
Travel	10,000	10,000	30,950	20,950
Operating	16,000	16,000	8,275	(7,725)
Rentals	-	-	-	-
Other charges	200	200	149,478	149,278
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,166,900	2,166,900	1,878,714	(288,186)
Excess (deficiency) of revenues over (under) expenditures	(871,900)	(871,900)	(866,276)	5,624
Other Financing Sources (Uses):				
Transfers in	871,900	871,900	871,900	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	871,900	871,900	871,900	-
Net change in fund balances	-	-	5,624	5,624
Fund balance at October 1, 2005	(2,391,556)	(2,391,556)	(2,391,556)	-
Fund balance at September 30, 2006	<u>\$ (2,391,556)</u>	<u>(2,391,556)</u>	<u>(2,385,932)</u>	<u>5,624</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Health and Family Services Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	22,295,500	22,762,473	21,780,237	(982,236)
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	109	109
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	<u>22,295,500</u>	<u>22,762,473</u>	<u>21,780,346</u>	<u>(982,127)</u>
Expenditures:				
Current operations:				
Personnel	497,700	497,700	465,832	(31,868)
Fringe benefits	220,400	220,400	214,441	(5,959)
Pension	59,700	59,700	61,850	2,150
Materials and supplies	26,000	23,800	13,896	(9,904)
Contractual services	21,441,700	21,906,173	21,069,618	(836,555)
Travel	18,400	22,100	24,701	2,601
Operating	30,500	30,500	34,803	4,303
Rentals	1,100	1,100	-	(1,100)
Other charges	-	1,000	559	(441)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>22,295,500</u>	<u>22,762,473</u>	<u>21,885,700</u>	<u>(876,773)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(105,354)	(105,354)
Other Financing Sources (Uses):				
Transfers in	-	-	105,354	105,354
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>105,354</u>	<u>105,354</u>
Net change in fund balances	-	-	-	-
Fund balance at October 1, 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at September 30, 2006	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Pinnacle Aeropark Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	2,046,000	2,046,000	21,249	(2,024,751)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	<u>2,046,000</u>	<u>2,046,000</u>	<u>21,249</u>	<u>(2,024,751)</u>
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	349,500	1,219,500	969,002	(250,498)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	2,571,500	1,801,500	577,872	(1,223,628)
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>2,921,000</u>	<u>3,021,000</u>	<u>1,546,874</u>	<u>(1,474,126)</u>
Excess (deficiency) of revenues over (under) expenditures	(875,000)	(975,000)	(1,525,625)	(550,625)
Other Financing Sources (Uses):				
Transfers in	875,000	975,000	2,045,977	1,070,977
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	1,000	1,000
Total other financing sources (uses)	<u>875,000</u>	<u>975,000</u>	<u>2,046,977</u>	<u>1,071,977</u>
Net change in fund balances	-	-	521,352	521,352
Fund balances at October 1, 2005	<u>601,776</u>	<u>601,776</u>	<u>601,776</u>	-
Fund balances at September 30, 2006	<u>\$ 601,776</u>	<u>601,776</u>	<u>1,123,128</u>	<u>521,352</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 General Debt Service Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 15,998,600	15,998,600	15,993,563	(5,037)
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	5,000	5,000	489,748	484,748
Other	-	-	-	-
Total revenues	16,003,600	16,003,600	16,483,311	479,711
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	17,025,300	17,025,300	17,024,248	(1,052)
Total expenditures	17,025,300	17,025,300	17,024,248	(1,052)
Excess (deficiency) of revenues over (under) expenditures	(1,021,700)	(1,021,700)	(540,937)	480,763
Other Financing Sources (Uses):				
Transfers in	-	1,021,700	1,021,686	(14)
Transfers out	-	-	-	-
Proceeds from bond issuance	1,021,700	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	1,021,700	1,021,700	1,021,686	(14)
Net change in fund balances	-	-	480,749	480,749
Fund balances at October 1, 2005	27,015,440	27,015,440	27,015,440	-
Fund balances at September 30, 2006	\$ 27,015,440	27,015,440	27,496,189	480,749

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Roads Debt Service Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	1,913	1,913
Other	-	-	-	-
Total revenues	-	-	1,913	1,913
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	5,956,700	5,956,700	5,956,683	(17)
Total expenditures	5,956,700	5,956,700	5,956,683	(17)
Excess (deficiency) of revenues over (under) expenditures	(5,956,700)	(5,956,700)	(5,954,770)	1,930
Other Financing Sources (Uses):				
Transfers in	5,956,700	5,956,700	5,956,683	(17)
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	5,956,700	5,956,700	5,956,683	(17)
Net change in fund balances	-	-	1,913	1,913
Fund balances at October 1, 2005	11,839	11,839	11,839	-
Fund balances at September 30, 2006	<u>\$ 11,839</u>	<u>11,839</u>	<u>13,752</u>	<u>1,913</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Wayne County Building Authority Debt Service Fund
 For the Year Ended September 30, 2006

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	14,736,800	14,736,800	15,036,141	299,341
Other	-	-	-	-
Total revenues	14,736,800	14,736,800	15,036,141	299,341
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	300	300	-	(300)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	14,736,500	14,736,500	14,740,548	4,048
Total expenditures	14,736,800	14,736,800	14,740,548	3,748
Excess (deficiency) of revenues over (under) expenditures	-	-	295,593	295,593
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	-	-	295,593	295,593
Fund balances at October 1, 2005	5,644,456	5,644,456	5,644,456	-
Fund balances at September 30, 2006	\$ 5,644,456	5,644,456	5,940,049	295,593

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.

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.

Wetlands 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
Non-major Enterprise Funds
Combining Statement of Net Assets
As of September 30, 2006

<u>Assets</u>	Northeast Sewage Disposal System	Jail Commissary	Parking Lots	Wetlands Mitigation	Copy Center	Total Non-major Enterprise Funds
Current assets:						
Unrestricted current assets:						
Equity in pooled cash and investments	\$ 2,370,818	-	-	-	224,624	\$ 2,595,442
Other cash and investments	-	40,000	-	-	-	40,000
Receivables:						
Accounts	1,528,871	117,265	-	-	-	1,646,136
Due from other governmental units	2,838,339	-	-	-	-	2,838,339
Supplies inventory, at cost	-	50,561	-	-	-	50,561
Restricted current assets:						
Equity in pooled cash and investments	1,693,589	-	-	-	-	1,693,589
Accounts receivable	460,711	-	-	-	-	460,711
Total current assets	8,892,328	207,826	-	-	224,624	9,324,778
Non-current assets:						
Restricted assets - bond principal due from municipalities	3,604,977	-	-	-	-	3,604,977
Capital assets:						
Non-depreciable	11,040	-	1,422,679	155,467	-	1,589,186
Depreciable, net	5,035,785	46,790	-	-	-	5,082,575
Total non-current assets	8,651,802	46,790	1,422,679	155,467	-	10,276,738
Total assets	<u>\$ 17,544,130</u>	<u>254,616</u>	<u>1,422,679</u>	<u>155,467</u>	<u>224,624</u>	<u>\$ 19,601,516</u>
<u>Liabilities and Net Assets</u>						
Current liabilities:						
Payable from unrestricted current assets:						
Negative equity in pooled cash (note 4)	\$ -	50,998	1,013,040	162,723	-	\$ 1,226,761
Accounts and contracts payable	3,295,270	5,924	160	-	-	3,301,354
Accrued wages and benefits	-	-	-	-	857	857
Other liabilities	-	45,241	-	-	-	45,241
Payable from restricted current assets:						
Accounts payable	130,000	-	-	-	-	130,000
Current portion of long-term obligations	460,711	-	-	-	-	460,711
Other liabilities	31,553	-	-	-	-	31,553
Total current liabilities	3,917,534	102,163	1,013,200	162,723	857	5,196,477
Long-term obligations - bonds payable from restricted assets	3,604,977	-	-	-	-	3,604,977
Total liabilities	7,522,511	102,163	1,013,200	162,723	857	8,801,454
Net Assets:						
Invested in capital assets, net of related debt	5,046,825	46,790	1,422,679	155,467	-	6,671,761
Restricted for bond programs	1,532,036	-	-	-	-	1,532,036
Unrestricted	3,442,758	105,663	(1,013,200)	(162,723)	223,767	2,596,265
Total net assets	10,021,619	152,453	409,479	(7,256)	223,767	10,800,062
Total liabilities and net assets	<u>\$ 17,544,130</u>	<u>254,616</u>	<u>1,422,679</u>	<u>155,467</u>	<u>224,624</u>	<u>\$ 19,601,516</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended September 30, 2006

	Northeast Sewage Disposal System	Jail Commissary	Parking Lots	Wetlands Mitigation	Copy Center	Total Non-major Enterprise Funds
Operating revenues:						
Sewage disposal charges	\$ 15,543,981	-	-	-	-	\$ 15,543,981
Other charges for services	-	1,314,368	196,838	-	247,039	1,758,245
Total operating revenues	15,543,981	1,314,368	196,838	-	247,039	17,302,226
Operating expenses:						
Personnel	-	-	-	-	857	857
Materials and supplies	6,608	674,508	-	-	91	681,207
Contractual services	14,797,411	842,069	112,326	665	20,654	15,773,125
Miscellaneous operating	283,674	301	-	-	-	283,975
Rentals	237,331	-	-	-	-	237,331
Other charges	-	98,323	1,867	-	1,676	101,866
Depreciation and amortization	396,305	33,158	-	-	-	429,463
Total operating expenses	15,721,329	1,648,359	114,193	665	23,278	17,507,824
Operating income (loss)	(177,348)	(333,991)	82,645	(665)	223,761	(205,598)
Non-operating revenues (expenses)						
Investment earnings (loss)	223,982	6,264	(51,676)	(7,500)	6	171,076
Collections from participating local units	127,505	-	-	-	-	127,505
Interest expense	(141,794)	-	-	-	-	(141,794)
Total non-operating revenues (expenses)	209,693	6,264	(51,676)	(7,500)	6	156,787
Change in net assets	32,345	(327,727)	30,969	(8,165)	223,767	(48,811)
Net assets at October 1, 2005	9,989,274	480,180	378,510	909	-	10,848,873
Net assets at September 30, 2006	\$ 10,021,619	152,453	409,479	(7,256)	223,767	\$ 10,800,062

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2006

	Northeast Sewage Disposal System	Jail Commissary	Parking Lots	Wetlands Mitigation	Copy Center	Total Non-major Enterprise Funds
Cash flows from operating activities:						
Receipts from customers	\$ 15,247,134	1,197,103	196,838	-	247,039	\$ 16,888,114
Payments to suppliers	(15,249,675)	(1,621,557)	(128,933)	(665)	(22,421)	(17,023,251)
Internal activity - receipts from other funds	-	-	-	(154,558)	-	(154,558)
Internal activity - payments from other funds	-	-	(1,029,269)	-	-	(1,029,269)
Net cash provided by (used in) operating activities	(2,541)	(424,454)	(961,364)	(155,223)	224,618	(1,318,964)
Cash flows from non-capital financing activities:						
Collections from participating local units	127,505	-	-	-	-	127,505
Net cash provided by non-capital and related financing activities	127,505	-	-	-	-	127,505
Cash flows from capital and related financing activities:						
Repayment of long-term debt	(460,000)	-	-	-	-	(460,000)
Bond principal received from municipalities	906,422	-	-	-	-	906,422
Interest paid	(127,504)	-	-	-	-	(127,504)
Net cash provided used in capital and related financing activities	318,918	-	-	-	-	318,918
Cash flows from investing activities:						
Investment earnings	223,982	6,264	(51,676)	(7,500)	6	171,076
Net cash provided by investing activities	223,982	6,264	(51,676)	(7,500)	6	171,076
Net decrease in cash and cash equivalents	667,864	(418,190)	(1,013,040)	(162,723)	224,624	(701,465)
Cash and cash equivalents at October 1, 2005	3,396,543	407,192	-	-	-	3,803,735
Cash and cash equivalents at September 30, 2006	<u>\$ 4,064,407</u>	<u>(10,998)</u>	<u>(1,013,040)</u>	<u>(162,723)</u>	<u>224,624</u>	<u>\$ 3,102,270</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (177,348)	(333,991)	82,645	(665)	223,761	\$ (205,598)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:						
Depreciation and amortization	396,305	33,158	-	-	-	429,463
Decreases (increases) in current assets:						
Accounts receivable	(367,246)	(117,265)	-	-	-	(484,511)
Due from other governmental units	70,399	-	-	-	-	70,399
Increases (decreases) in current liabilities:						
Accounts and contracts payable	43,796	(51,597)	(14,740)	-	-	(22,541)
Accrued wages and benefits	-	-	-	-	857	857
Due to other funds	-	-	(1,029,269)	(154,558)	-	(1,183,827)
Other liabilities	31,553	45,241	-	-	-	76,794
Net cash provided by (used in) operating activities	<u>\$ (2,541)</u>	<u>(424,454)</u>	<u>(961,364)</u>	<u>(155,223)</u>	<u>224,618</u>	<u>\$ (1,318,964)</u>
Cash and cash equivalents at September 30, 2006 consists of the following:						
Equity in pooled cash and investments	\$ 2,370,818	-	-	-	224,624	2,595,442
Negative equity in pooled cash	-	(50,998)	(1,013,040)	(162,723)	-	(1,226,761)
Other cash and investments	-	40,000	-	-	-	40,000
Restricted assets:						
Equity in pooled cash and equivalents	1,693,589	-	-	-	-	1,693,589
Total cash and investments	<u>\$ 4,064,407</u>	<u>(10,998)</u>	<u>(1,013,040)</u>	<u>(162,723)</u>	<u>224,624</u>	<u>\$ 3,102,270</u>

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 operating costs of the departments of Management and Budget, Technology and Personnel/Human Resources, and the Building and Grounds Maintenance Division of the Department of Public Services.

Department of Environment – This fund is used to distribute costs to the various sewage districts, drains, and other Department of 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
Internal Service Funds
Combining Statement of Net Assets
As of September 30, 2006

<u>Assets</u>	Central Services	Department of Environment	Long-Term Disability	General Health
Current assets:				
Equity in pooled cash and investments	\$ 5,210,865	124,347	2,672,772	8,081,709
Other cash and investments	3,450	1,375	-	100
Due from other funds	62,699	196,828	570	40,261
Due from component units	299,693	-	32	2,640
Receivables:				
Accounts	1,047,948	75,802	2,930	618,036
Due from other governmental units	-	2,843	-	-
Supplies inventory, at cost	218,305	-	-	-
Prepayments and deposits	29,014	-	-	-
Total current assets	6,871,974	401,195	2,676,304	8,742,746
Non-current assets:				
Capital assets:				
Non-depreciable	871,751	23,678	-	-
Depreciable, net	5,255,190	737,832	-	-
Other Assets:				
Long-term receivables	-	-	-	-
Total non-current assets	6,126,941	761,510	-	-
Total assets	\$ 12,998,915	1,162,705	2,676,304	8,742,746
 <u>Liabilities and Net Assets</u>				
Current liabilities:				
Negative equity in pooled cash (note 4)	\$ -	-	-	-
Accounts and contracts payable	2,598,446	154,757	1,275	3,650,340
Accrued wages and benefits	379,342	48,033	19,540	4,253
Due to other funds	-	24,325	-	-
Current portion of long-term obligations	-	-	-	-
Other liabilities	2,603,686	-	331,086	4,234,404
Total current liabilities	5,581,474	227,115	351,901	7,888,997
Non-current liabilities:				
Other liabilities	-	524,744	-	-
Advances from other funds	-	-	-	-
Notes payable	-	-	-	-
Total non-current liabilities	-	524,744	-	-
Total liabilities	5,581,474	751,859	351,901	7,888,997
Net assets:				
Invested in capital assets, net of related debt	6,126,941	761,510	-	-
Unrestricted	1,290,500	(350,664)	2,324,403	853,749
Total net assets	7,417,441	410,846	2,324,403	853,749
Total liabilities and net assets	\$ 12,998,915	1,162,705	2,676,304	8,742,746

Workers' Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
7,353,033	1,637,964	-	-	\$ 25,080,690
-	-	-	-	4,925
3,123	1,134	-	-	304,615
23	37	-	-	302,425
1,544,823	80,976	-	1,423,601	4,794,116
-	-	-	-	2,843
-	-	-	-	218,305
-	-	-	-	29,014
8,901,002	1,720,111	-	1,423,601	30,736,933
-	-	47,527,087	-	48,422,516
-	-	4,978,998	25,044,781	36,016,801
-	-	-	29,097,733	29,097,733
-	-	52,506,085	54,142,514	113,537,050
8,901,002	1,720,111	52,506,085	55,566,115	\$ 144,273,983
-	-	-	8,956,410	\$ 8,956,410
233,388	5,355	-	1,497,289	8,140,850
-	-	-	119,537	570,705
-	-	-	-	24,325
-	-	-	1,169,951	1,169,951
6,126,929	75,000	-	-	13,371,105
6,360,317	80,355	-	11,743,187	32,233,346
-	-	-	29,097,733	29,622,477
-	-	41,081,036	-	41,081,036
-	-	-	11,638,698	11,638,698
-	-	41,081,036	40,736,431	82,342,211
6,360,317	80,355	41,081,036	52,479,618	114,575,557
-	-	11,425,049	12,236,132	30,549,632
2,540,685	1,639,756	-	(9,149,635)	(851,206)
2,540,685	1,639,756	11,425,049	3,086,497	29,698,426
8,901,002	1,720,111	52,506,085	55,566,115	\$ 144,273,983

CHARTER COUNTY OF WAYNE, MICHIGAN
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended September 30, 2006

	Central Services	Department of Environment	Long-Term Disability	General Health
Operating revenues:				
Charges for services	\$ 53,675,760	6,978,635	1,367,117	107,824,072
Rentals and expense recoveries	-	279,865	-	-
Other charges for services	-	4,688	-	-
Total operating revenues	<u>53,675,760</u>	<u>7,263,188</u>	<u>1,367,117</u>	<u>107,824,072</u>
Operating expenses:				
Personnel	16,791,061	2,976,563	-	1,535
Fringe benefits	7,448,829	1,438,463	-	-
Pension	1,995,138	362,069	-	-
Materials and supplies	353,891	135,199	-	-
Contractual services	20,832,643	1,693,860	4,710	327,904
Travel	304,531	420,883	-	-
Miscellaneous operating	5,425,319	102,177	872,745	106,452,321
Rentals	1,084,978	36,231	-	-
Other charges	41,944	-	-	-
Depreciation and amortization	1,717,037	104,523	-	-
Total operating expenses	<u>55,995,371</u>	<u>7,269,968</u>	<u>877,455</u>	<u>106,781,760</u>
Operating income (loss)	<u>(2,319,611)</u>	<u>(6,780)</u>	<u>489,662</u>	<u>1,042,312</u>
Non-operating revenues (expenses):				
Investment earnings (loss)	-	-	-	-
Interest expense	-	-	-	-
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(2,319,611)</u>	<u>(6,780)</u>	<u>489,662</u>	<u>1,042,312</u>
Capital transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>(2,319,611)</u>	<u>(6,780)</u>	<u>489,662</u>	<u>1,042,312</u>
Net assets at October 1, 2005	<u>9,737,052</u>	<u>417,626</u>	<u>1,834,741</u>	<u>(188,563)</u>
Net assets at September 30, 2006	<u>\$ 7,417,441</u>	<u>410,846</u>	<u>2,324,403</u>	<u>853,749</u>

Workers' Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
5,165,904	2,804,217	-	21,656,298	\$ 199,472,003
-	-	1,009,255	1,611,398	2,900,518
-	-	-	-	4,688
5,165,904	2,804,217	1,009,255	23,267,696	202,377,209
-	-	-	7,234,508	27,003,667
-	-	-	3,231,226	12,118,518
-	-	-	856,369	3,213,576
-	-	-	1,247,193	1,736,283
320,547	9,977	9,000	1,716,955	24,915,596
-	-	-	69,577	794,991
3,936,563	2,372,845	-	4,634,077	123,796,047
-	-	-	2,998,597	4,119,806
91,000	-	-	13,313	146,257
-	-	-	900,851	2,722,411
4,348,110	2,382,822	9,000	22,902,666	200,567,152
817,794	421,395	1,000,255	365,030	1,810,057
-	-	(1,865,054)	(629,339)	(2,494,393)
-	-	(5,404)	(915,856)	(921,260)
-	-	(1,870,458)	(1,545,195)	(3,415,653)
817,794	421,395	(870,203)	(1,180,165)	(1,605,596)
-	-	8,111,190	-	8,111,190
817,794	421,395	7,240,987	(1,180,165)	6,505,594
1,722,891	1,218,361	4,184,062	4,266,662	23,192,832
2,540,685	1,639,756	11,425,049	3,086,497	\$ 29,698,426

CHARTER COUNTY OF WAYNE, MICHIGAN
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2006

	Central Services	Department of Environment	Long-term Disability	General Health
Cash flows from operating activities:				
Receipts for interfund services provided	\$ 53,716,861	7,187,106	1,367,117	108,161,696
Receipts/(payments) from interfund loans	(155,102)	(10,067)	19,068	1,741,987
Payments to employees and payments for benefits	(26,099,218)	(4,771,991)	1,319	(837)
Payments to suppliers	(26,058,543)	(2,289,136)	(877,708)	(106,323,405)
Receipts/(payments) from component units	(299,693)	-	2,909	308,456
Net cash provided by (used in) operating activities	1,104,305	115,912	512,705	3,887,897
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:				
Repayment of long-term debt	-	-	-	-
Capital transfers from other funds	-	-	-	-
Contribution of capital	-	-	-	-
Acquisition of capital assets	(1,114,301)	(179,762)	-	-
Interest paid	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,114,301)	(179,762)	-	-
Cash flows from investing activities:				
Investment earnings (loss)	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(9,996)	(63,850)	512,705	3,887,897
Cash and cash equivalents at October 1, 2005	5,224,311	189,572	2,160,067	4,193,912
Cash and cash equivalents at September 30, 2006	\$ 5,214,315	125,722	2,672,772	8,081,809
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (2,319,611)	(6,780)	489,662	1,042,312
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,717,037	104,523	-	-
(Increases) decreases in current assets:				
Accounts receivable	41,101	(75,802)	-	337,624
Due from other funds	(14,030)	-	19,096	1,741,987
Due from other governmental units	-	(280)	-	-
Due from component units	(299,693)	-	2,909	308,456
Other assets	155,586	-	-	-
Increases (decreases) in current liabilities:				
Accounts and contracts payable	839,265	62,825	(253)	659,215
Accrued wages and benefits	135,810	5,104	1,319	698
Due to other funds	(141,072)	(10,067)	(28)	-
Other liabilities	989,912	36,389	-	(202,395)
Net cash provided by (used in) operating activities	\$ 1,104,305	115,912	512,705	3,887,897
Cash and cash equivalents at September 30, 2006 consists of the following:				
Equity in pooled cash and investments	\$ 5,210,865	124,347	2,672,772	8,081,709
Negative equity in pooled cash	-	-	-	-
Other cash and investments	3,450	1,375	-	100
Total cash and investments	\$ 5,214,315	125,722	2,672,772	8,081,809

Workers' Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
5,165,904	2,804,217	1,009,255	22,908,752	\$ 202,320,908
50,352	27,053	(1,950,442)	(8,961,136)	(9,238,287)
(118,933)	-	-	(11,305,011)	(42,294,671)
(3,682,688)	(2,290,865)	(9,000)	(10,088,717)	(151,620,062)
836	4,403	-	-	16,911
<u>1,415,471</u>	<u>544,808</u>	<u>(950,187)</u>	<u>(7,446,112)</u>	<u>(815,201)</u>
-	-	1,235,077	(1,515,733)	(280,656)
-	-	-	1,515,733	1,515,733
-	-	2,820,645	-	2,820,645
-	-	-	(1,245,998)	(1,245,998)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(1,294,063)
-	-	(5,404)	(915,856)	(921,260)
-	-	(5,404)	(2,161,854)	(3,461,321)
-	-	(1,865,054)	(629,339)	(2,494,393)
-	-	(1,865,054)	(629,339)	(2,494,393)
1,415,471	544,808	-	(10,237,305)	(3,950,270)
<u>5,937,562</u>	<u>1,093,156</u>	<u>-</u>	<u>1,280,895</u>	<u>20,079,475</u>
<u>7,353,033</u>	<u>1,637,964</u>	<u>-</u>	<u>(8,956,410)</u>	<u>\$ 16,129,205</u>
817,794	421,395	1,000,255	365,030	\$ 1,810,057
-	-	-	900,851	2,722,411
-	-	-	(358,944)	(56,021)
50,751	36,074	-	-	1,833,878
-	-	-	-	(280)
836	4,403	-	-	16,911
91,000	86,602	-	-	333,188
177,316	5,355	-	590,995	2,334,718
(118,933)	-	-	17,092	41,090
(399)	(9,021)	(1,950,442)	(8,961,136)	(11,072,165)
397,106	-	-	-	1,221,012
<u>1,415,471</u>	<u>544,808</u>	<u>(950,187)</u>	<u>(7,446,112)</u>	<u>\$ (815,201)</u>
7,353,033	1,637,964	-	-	\$ 25,080,690
-	-	-	(8,956,410)	(8,956,410)
-	-	-	-	4,925
<u>7,353,033</u>	<u>1,637,964</u>	<u>-</u>	<u>(8,956,410)</u>	<u>\$ 16,129,205</u>

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 pension 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 benefits payments to retirees.

CHARTER COUNTY OF WAYNE, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and (Other Employee Benefit) Trust Funds
As of September 30, 2006

	<u>Employees</u>	<u>Circuit Court Commissioners Bailiffs'</u>	<u>Defined Contribution Plan</u>	<u>Total Pension and (Other Employee Benefit) Trust Funds</u>
<u>Assets</u>				
Equity in pooled cash and investments	\$ 1,812,554	343,890	405,534	\$ 2,561,978
Due from component units	-	-	16,127	16,127
Receivables:				
Accounts receivable	468,551	-	1,887	470,438
Accrued interest receivable	<u>1,873,275</u>	<u>4,479</u>	<u>-</u>	<u>1,877,754</u>
Total receivables	2,341,826	4,479	1,887	2,348,192
Retirement investments:				
Equity securities	653,098,478	5,059,960	286,076,043	944,234,481
Debt securities	148,191,268	104,596	87,416,454	235,712,318
Money market funds	20,607,048	95,753	-	20,702,801
Other investments	<u>163,500,558</u>	<u>-</u>	<u>31,974,828</u>	<u>195,475,386</u>
Total retirement investments	985,397,352	5,260,309	405,467,325	1,396,124,986
Prepayments and deposits	58,459	-	-	58,459
Depreciable capital assets, net	<u>63,351</u>	<u>-</u>	<u>-</u>	<u>63,351</u>
Total assets	<u>\$ 989,673,542</u>	<u>5,608,678</u>	<u>405,890,873</u>	<u>\$ 1,401,173,093</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 619,172	-	68,500	\$ 687,672
Accrued wages and benefits	20,912	-	-	20,912
Due to broker for securities purchased	<u>1,618,097</u>	<u>2,463</u>	<u>-</u>	<u>1,620,560</u>
Total liabilities	<u>\$ 2,258,181</u>	<u>2,463</u>	<u>68,500</u>	<u>\$ 2,329,144</u>
<u>Net Assets</u>				
Net assets held in trust for pension benefits	<u>\$ 987,415,361</u>	<u>5,606,215</u>	<u>405,822,373</u>	<u>\$ 1,398,843,949</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Employee Benefit) Trust Funds
For the Year Ended September 30, 2006

	<u>Employees</u>	<u>Circuit Court Commissioners Bailiffs'</u>	<u>Defined Contribution Plan</u>	<u>Total Pension and (Other Employee Benefits) Trust Funds</u>
<u>Additions</u>				
Investment income:				
Net appreciation to fair market value	\$ 54,072,950	544,852	23,411,626	\$ 78,029,428
Interest and dividends	37,893,663	16,582	6,218,646	44,128,891
Other investment income	1,168,311	26,054	406,332	1,600,697
Investment expenses	<u>(3,604,614)</u>	<u>-</u>	<u>-</u>	<u>(3,604,614)</u>
Net investment income	89,530,310	587,488	30,036,604	120,154,402
Retirement contributions:				
Employer	12,662,630	50,441	25,931,419	38,644,490
Employee	<u>7,589,805</u>	<u>25,055</u>	<u>7,735,007</u>	<u>15,349,867</u>
Total additions	<u>109,782,745</u>	<u>662,984</u>	<u>63,703,030</u>	<u>174,148,759</u>
<u>Deductions</u>				
Administrative expenses:				
Personnel	1,228,839	-	-	1,228,839
Fringe benefits	552,635	-	-	552,635
Pension	149,665	-	-	149,665
Materials and supplies	93,526	-	-	93,526
Contractual services	466,622	11,750	425,221	903,593
Travel	92,167	-	-	92,167
Rentals	261,283	-	-	261,283
Depreciation and amortization	83,240	-	-	83,240
Other charges	<u>15,756</u>	<u>-</u>	<u>-</u>	<u>15,756</u>
Total administrative expenses	2,943,733	11,750	425,221	3,380,704
Participant benefits	<u>110,872,215</u>	<u>122,588</u>	<u>20,210,582</u>	<u>131,205,385</u>
Total participant benefits	<u>110,872,215</u>	<u>122,588</u>	<u>20,210,582</u>	<u>131,205,385</u>
Total deductions	<u>113,815,948</u>	<u>134,338</u>	<u>20,635,803</u>	<u>134,586,089</u>
Change in net assets	(4,033,203)	528,646	43,067,227	39,562,670
Net assets at October 1, 2005	<u>991,448,564</u>	<u>5,077,569</u>	<u>362,755,146</u>	<u>1,359,281,279</u>
Net assets at September 30, 2006	<u>\$ 987,415,361</u>	<u>5,606,215</u>	<u>405,822,373</u>	<u>\$ 1,398,843,949</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
As of September 30, 2006

	Trust and Agency	Undistributed Tax	Library Penal Fines	Office of the County Clerk	Retainages	Imprest Payroll	Imprest Retirement Payroll	Total Agency Funds
<u>Assets</u>								
Equity in pooled cash and investments	\$ 5,495,119	188,656,542	1,244,274	7,584,976	905,374	5,361,883	4,089,630	\$ 213,337,798
Other cash and investments	-	-	-	-	313,522	-	-	313,522
Due from other funds	8,390	-	-	-	-	-	-	8,390
Due from component units	593	-	-	-	-	-	-	593
Accounts receivable	634,426	7,292,363	-	83,387	54,589	1,094,330	-	9,159,095
Total assets	<u>\$ 6,138,528</u>	<u>195,948,905</u>	<u>1,244,274</u>	<u>7,668,363</u>	<u>1,273,485</u>	<u>6,456,213</u>	<u>4,089,630</u>	<u>\$ 222,819,398</u>
<u>Liabilities</u>								
Accounts and contracts payable	\$ 919,833	58,705	-	316,467	43,534	2,460,531	1,074,767	\$ 4,873,837
Due to other governmental units	492,589	-	-	-	-	3,073,011	6,385	3,571,985
Accrued wages and benefits	-	-	-	-	-	451,795	2,934,771	3,386,566
Undistributed taxes	100	195,890,200	-	-	-	-	-	195,890,300
Retainage	1,481,066	-	-	-	1,229,951	-	-	2,711,017
Other liabilities	3,244,940	-	1,244,274	7,351,896	-	470,876	73,707	12,385,693
Total liabilities	<u>\$ 6,138,528</u>	<u>195,948,905</u>	<u>1,244,274</u>	<u>7,668,363</u>	<u>1,273,485</u>	<u>6,456,213</u>	<u>4,089,630</u>	<u>\$ 222,819,398</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended September 30, 2006

	Balance October 1, 2005	Additions	Deductions	Balance September 30, 2006
Trust and Agency				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 3,974,848	1,866,722,317	1,865,202,046	\$ 5,495,119
Other cash and investments	-	2,056,048	2,056,048	-
Receivables:				
Accounts	2,509,115	25,279,143	27,153,832	634,426
Due from other funds	327,905	2,011,972,824	2,012,292,339	8,390
Due from component units	46,394	-	45,801	593
Total assets	<u>\$ 6,858,262</u>	<u>3,906,030,332</u>	<u>3,906,750,066</u>	<u>\$ 6,138,528</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 914,064	23,344,837	23,339,068	\$ 919,833
Due to other funds	25,638	-	25,638	-
Due to component units	-	-	-	-
Due to other governmental units	669,627	33,264,259	33,441,297	492,589
Accrued wages and benefits	-	-	-	-
Undistributed taxes	34,638	-	34,538	100
Retainage	4,989,361	-	3,508,295	1,481,066
Other liabilities	224,934	4,248,206,832	4,245,186,826	3,244,940
Total liabilities	<u>\$ 6,858,262</u>	<u>4,304,815,928</u>	<u>4,305,535,662</u>	<u>\$ 6,138,528</u>
Undistributed Tax				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 142,213,799	868,389,884	821,947,141	\$ 188,656,542
Other cash and investments	-	-	-	-
Receivables:				
Accounts	7,311,292	393,393,830	393,412,759	7,292,363
Due from other funds	-	638,405,738	638,405,738	-
Due from component units	-	-	-	-
Total assets	<u>\$ 149,525,091</u>	<u>1,900,189,452</u>	<u>1,853,765,638</u>	<u>\$ 195,948,905</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 384,758	29,746,335	30,072,388	\$ 58,705
Due to other funds	-	-	-	-
Due to component units	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	149,140,333	1,028,571,332	981,821,465	195,890,200
Retainage	-	-	-	-
Total liabilities	<u>\$ 149,525,091</u>	<u>1,058,317,667</u>	<u>1,011,893,853</u>	<u>\$ 195,948,905</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended September 30, 2006

	Balance October 1, 2005	Additions	Deductions	Balance September 30, 2006
Library Penal Fines				
Equity in pooled cash and investments	\$ 780,509	463,765	-	\$ 1,244,274
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	3,291,587	3,291,587	-
Due from component units	26,597	-	26,597	-
Total assets	<u>\$ 807,106</u>	<u>3,755,352</u>	<u>3,318,184</u>	<u>\$ 1,244,274</u>
Liabilities				
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	807,106	5,570,128	5,132,960	1,244,274
Total liabilities	<u>\$ 807,106</u>	<u>5,570,128</u>	<u>5,132,960</u>	<u>\$ 1,244,274</u>

Office of the County Clerk

Assets				
Equity in pooled cash and investments	\$ 9,996,303	10,058,415	12,469,742	\$ 7,584,976
Other cash and investments	-	14,310,681	14,310,681	-
Receivables:				
Accounts	80,647	9,196,638	9,193,898	83,387
Due from other funds	-	8,937,630	8,937,630	-
Due from component units	-	-	-	-
Total assets	<u>\$ 10,076,950</u>	<u>42,503,364</u>	<u>44,911,951</u>	<u>\$ 7,668,363</u>
Liabilities				
Accounts and contracts payable	\$ 55,886	4,952,715	4,692,134	\$ 316,467
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	10,021,064	26,976,036	29,645,204	7,351,896
Total liabilities	<u>\$ 10,076,950</u>	<u>31,928,751</u>	<u>34,337,338</u>	<u>\$ 7,668,363</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities, Continued
For the Year Ended September 30, 2006

	Balance October 1, 2005	Additions	Deductions	Balance September 30, 2006
Retainages				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 642,316	454,767	191,709	\$ 905,374
Other cash and investments	734,095	479,096	899,669	313,522
Receivables:				
Accounts	44,961	54,592	44,964	54,589
Due from other funds	-	219,831	219,831	-
Due from component units	-	-	-	-
Total assets	<u>\$ 1,421,372</u>	<u>1,208,286</u>	<u>1,356,173</u>	<u>\$ 1,273,485</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 1,421,372	2,678,272	4,056,110	\$ 43,534
Due to other funds	-	-	-	-
Due to component unit	-	194,841	194,841	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	1,229,951	-	1,229,951
Other liabilities	-	-	-	-
Total liabilities	<u>\$ 1,421,372</u>	<u>4,103,064</u>	<u>4,250,951</u>	<u>\$ 1,273,485</u>
 Imprest Payroll				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 5,499,023	328,799,581	328,936,721	\$ 5,361,883
Other cash and investments	-	-	-	-
Receivables:				
Accounts	1,145,107	1,094,330	1,145,107	1,094,330
Due from other funds	9,447	417,978,697	417,988,144	-
Due from component units	-	-	-	-
Total assets	<u>\$ 6,653,577</u>	<u>747,872,608</u>	<u>748,069,972</u>	<u>\$ 6,456,213</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 2,356,651	24,583,009	24,479,129	\$ 2,460,531
Due to other funds	-	23,115,771	23,115,771	-
Due to component unit	-	-	-	-
Due to other governmental units	3,271,535	135,068,924	135,267,448	3,073,011
Accrued wages and benefits	255,948	706,388,577	706,192,730	451,795
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	769,443	955,953	1,254,520	470,876
Total liabilities	<u>\$ 6,653,577</u>	<u>890,112,234</u>	<u>890,309,598</u>	<u>\$ 6,456,213</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities, Continued
For the Year Ended September 30, 2006

	Balance October 1, 2005	Additions	Deductions	Balance September 30, 2006
Imprest Retirement Payroll				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 4,274,505	145,888,270	146,073,145	\$ 4,089,630
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	998,122	998,122	-
Due from component units	-	-	-	-
Total assets	<u>\$ 4,274,505</u>	<u>146,886,392</u>	<u>147,071,267</u>	<u>\$ 4,089,630</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 1,085,981	13,102,506	13,113,720	\$ 1,074,767
Due to other funds	-	676,781	676,781	-
Due to component unit	-	-	-	-
Due to other governmental units	4,536	70,416	68,567	6,385
Accrued wages and benefits	3,110,781	244,994,295	245,170,305	2,934,771
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	73,207	1,033,193	1,032,693	73,707
Total liabilities	<u>\$ 4,274,505</u>	<u>259,877,191</u>	<u>260,062,066</u>	<u>\$ 4,089,630</u>
Totals - All Agency Funds				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 167,381,303	3,220,776,999	3,174,820,504	\$ 213,337,798
Other cash and investments	734,095	16,845,825	17,266,398	313,522
Receivables:				
Accounts	11,091,122	429,018,533	430,950,560	9,159,095
Due from other funds	337,352	3,081,804,429	3,082,133,391	8,390
Due from component units	72,991	-	72,398	593
Total assets	<u>\$ 179,616,863</u>	<u>6,748,445,786</u>	<u>6,705,243,251</u>	<u>\$ 222,819,398</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 6,218,712	98,407,674	99,752,549	\$ 4,873,837
Due to other funds	25,638	23,792,552	23,818,190	-
Due to component units	-	194,841	194,841	-
Due to other governmental units	3,945,698	168,403,599	168,777,312	3,571,985
Accrued wages and benefits	3,366,729	951,382,872	951,363,035	3,386,566
Undistributed taxes	149,174,971	1,028,571,332	981,856,003	195,890,300
Retainage	4,989,361	1,229,951	3,508,295	2,711,017
Other liabilities	11,895,754	4,282,742,142	4,282,252,203	12,385,693
Total liabilities	<u>\$ 179,616,863</u>	<u>6,554,724,963</u>	<u>6,511,522,428</u>	<u>\$ 222,819,398</u>

(Concluded)

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.

Detroit-Wayne County Stadium Authority (DWCSA) – This authority was incorporated by the County on August 20, 1996 under the provisions of Act 31 for the purpose of acquiring, building, furnishing, equipping, owning, improving, enlarging, operating and/or maintaining one or more stadia. The DWCSA's Articles of Incorporation provide for a six-member board ("the Commission"). Each member of the Commission is appointed by the Wayne County Executive.

Chapter 8, 20 and 21 Drainage Districts – 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. There are 408 active drainage districts that are component units of the County.

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.

CDE, Inc. – The CDE, Inc. 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.

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.

Metropolitan Growth and Development Corporation – This fund is used to account for the administration of federal loans received from the Small Business Administration and the Federal Grant Urban Loan Fund. These loans are then distributed to minority businesses and businesses in distressed communities.

Brownfield Redevelopment Authority (BRA) – The BRA was established by State enabling legislation. The BRA will assist the Wayne County Department of 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 – 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.

Development Corporation of Wayne County (DCWC) – The DCWC is an IRS Section 501 (c) (3) Michigan foundation formed to facilitate, plan, organize, promote, manage and administer programs and activities designed to foster local Wayne County neighborhood community improvement and development, with emphasis on improving opportunities for low and moderate income individuals and families within Wayne County. The DCWC will obtain and maintain qualification as a Community Housing Development Corporation, under applicable state and federal laws and regulations. The foundation is funded solely by grants from the County.

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Discretely Presented Component Units
Combining Statement of Net Assets
As of September 30, 2006

<u>Assets</u>	<u>Stadium Authority</u>	<u>Chapter 8 Drainage District</u>	<u>Chapter 20 Drainage District</u>	<u>Chapter 21 Drainage District</u>	<u>Probate Court</u>	<u>Economic Development Corporation</u>
Current assets:						
Equity in pooled cash and investments	\$ -	3,194,798	5,378,862	-	-	283,576
Other cash and investments	13,711,551	-	100	-	-	-
Due from primary government	-	-	355	-	-	-
Receivables:						
Accounts receivable	107,376	5,777	-	-	838,933	-
Special assessments	-	529,000	6,526,364	11,210,095	-	-
Due from other governmental units	-	146,862	2,684,645	144,165	-	-
Less allowance for uncollectable accounts	-	(134,201)	-	-	-	-
Prepayments and deposits	-	-	-	-	30,058	-
Restricted assets:						
Equity in pooled cash and investments	-	-	-	889,448	-	-
Total current assets	<u>13,818,927</u>	<u>3,742,236</u>	<u>14,590,326</u>	<u>12,243,708</u>	<u>868,991</u>	<u>283,576</u>
Capital assets:						
Non-depreciable	81,983,744	-	52,948	-	432,131	-
Depreciable, net	544,409,294	-	18,609,578	17,184,260	1,062,946	-
Long-term receivables	-	-	-	-	-	-
Total non-current assets	<u>626,393,038</u>	<u>-</u>	<u>18,662,526</u>	<u>17,184,260</u>	<u>1,495,077</u>	<u>-</u>
Total assets	<u>\$ 640,211,965</u>	<u>3,742,236</u>	<u>33,252,852</u>	<u>29,427,968</u>	<u>2,364,068</u>	<u>283,576</u>
 <u>Liabilities and Net Assets</u>						
Current liabilities:						
Negative equity in pooled cash (note 4)	\$ -	-	-	-	132,054	-
Accounts and contracts payable	37,622	61,664	1,022,656	133,750	10,798	1,551
Accrued wages and benefits	-	-	5,335	3,982	66,473	-
Due to primary government	-	-	2,261	1,942	-	-
Due to other governmental units	-	-	104,133	-	-	-
Accrued interest	-	-	189,071	21,619	-	-
Current portion of long-term obligations	1,640,000	158,000	1,483,050	1,790,765	228,634	-
Unearned revenue	-	-	-	-	39,527	-
Other liabilities	6,203,214	8,121	-	-	475,576	-
Total current liabilities	<u>7,880,836</u>	<u>227,785</u>	<u>2,806,506</u>	<u>1,952,058</u>	<u>953,062</u>	<u>1,551</u>
Long-term obligations:						
Bonds payable	<u>76,420,000</u>	<u>371,000</u>	<u>5,074,753</u>	<u>9,460,095</u>	<u>236,826</u>	<u>-</u>
Total liabilities	<u>84,300,836</u>	<u>598,785</u>	<u>7,881,259</u>	<u>11,412,153</u>	<u>1,189,888</u>	<u>1,551</u>
Net assets:						
Invested in capital assets, net of related debt	548,333,038	-	12,136,162	17,184,260	1,029,617	-
Restricted net assets:						
Bond programs	7,053,701	-	-	889,448	-	-
Capital projects	-	-	-	-	-	-
Unrestricted	<u>524,390</u>	<u>3,143,451</u>	<u>13,235,431</u>	<u>(57,893)</u>	<u>144,563</u>	<u>282,025</u>
Total net assets	<u>555,911,129</u>	<u>3,143,451</u>	<u>25,371,593</u>	<u>18,015,815</u>	<u>1,174,180</u>	<u>282,025</u>
Total liabilities and net assets	<u>\$ 640,211,965</u>	<u>3,742,236</u>	<u>33,252,852</u>	<u>29,427,968</u>	<u>2,364,068</u>	<u>283,576</u>

Wayne County- Detroit CDE, Inc.	Greater Wayne County Economic Development Corporation	Metropolitan Growth and Development Corporation	Brownfield Redevelopment Authority	HealthChoice of Michigan	Regional Jobs and Economic Growth Foundation	Development Corporation of Wayne County	Total Non-major Discretely Presented Component Units
-	-	-	-	2,763,545	-	-	\$ 11,620,781
166,895	10,659	569,727	-	353,561	332,962	2,024,834	17,170,289
-	-	-	-	-	-	-	355
76,812	3,785	146,777	306,989	-	900	-	1,487,349
-	-	-	-	-	-	-	18,265,459
-	-	-	250,327	-	-	-	3,225,999
-	-	-	-	-	-	-	(134,201)
-	4,748	1,262	-	8,676	-	475	45,219
-	-	-	-	-	-	-	889,448
243,707	19,192	717,766	557,316	3,125,782	333,862	2,025,309	52,570,698
-	-	-	-	-	-	-	82,468,823
-	22,969	4,215	-	16,079	-	-	581,309,341
-	-	504,737	-	-	-	-	504,737
-	22,969	508,952	-	16,079	-	-	664,282,901
243,707	42,161	1,226,718	557,316	3,141,861	333,862	2,025,309	\$ 716,853,599
-	-	-	110,903	-	-	-	\$ 242,957
-	28,677	-	43,482	1,372,122	4,697	7,801	2,724,820
-	-	-	-	-	-	-	75,790
-	-	-	-	-	-	-	4,203
-	-	793,719	-	-	-	-	897,852
-	-	-	-	-	-	-	210,690
-	-	-	-	7,128	-	-	5,307,577
-	-	-	-	501,004	-	-	540,531
12,784	2,360	23,995	-	-	48,245	-	6,774,295
12,784	31,037	817,714	154,385	1,880,254	52,942	7,801	16,778,715
-	-	-	-	6,389	-	-	91,569,063
12,784	31,037	817,714	154,385	1,886,643	52,942	7,801	108,347,778
-	22,969	4,215	-	2,562	-	-	578,712,823
-	-	-	-	-	-	-	7,943,149
230,923	(11,845)	404,789	402,931	1,252,656	280,920	2,017,508	21,849,849
230,923	11,124	409,004	402,931	1,255,218	280,920	2,017,508	608,505,821
243,707	42,161	1,226,718	557,316	3,141,861	333,862	2,025,309	\$ 716,853,599

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended September 30, 2006

	Stadium Authority	Chapter 8 Drainage District	Chapter 20 Drainage District	Chapter 21 Drainage District	Probate Court	Economic Development Corporation
Expenses	46,967,397	1,821,425	4,152,249	2,998,561	11,804,213	356,814
Program revenues:						
Charges for services	6,949,537	526,381	3,011,553	1,987,844	899,877	-
Operating grants and contributions	3,156,186	6,414	412,922	337,657	10,907,956	-
Capital grants and contributions	-	-	819,733	-	-	-
Total program revenues	10,105,723	532,795	4,244,208	2,325,501	11,807,833	-
Net (expense) / program revenue	(36,861,674)	(1,288,630)	91,959	(673,060)	3,620	(356,814)
General revenues:						
Investment earnings (loss)	562,094	186,306	263,241	26,998	29,581	20,048
Other revenue	-	-	1,571,014	-	33,224	350,640
Total general revenues	562,094	186,306	1,834,255	26,998	62,805	370,688
Change in net assets	(36,299,580)	(1,102,324)	1,926,214	(646,062)	66,425	13,874
Net assets at October 1, 2005	592,210,709	4,245,775	23,445,379	18,661,877	1,107,755	268,151
Net assets at September 30, 2006	\$ 555,911,129	3,143,451	25,371,593	18,015,815	1,174,180	282,025

Wayne County- Detroit CDE, Inc.	Greater Wayne County Economic Development Corporation	Metropolitan Growth and Development Corporation	Brownfield Redevelopment Authority	HealthChoice of Michigan	Regional Jobs and Economic Growth Foundation	Development Corporation of Wayne County	Total Non-major Discretely Presented Component Units
453,736	543,378	194,420	552,182	10,507,613	115,015	289,312	\$ 80,756,315
55,019	-	207,827	9,478	10,421,434	8,695	-	24,077,645
-	538,175	-	442,411	-	387,240	2,286,200	18,475,161
-	-	-	-	-	-	-	819,733
55,019	538,175	207,827	451,889	10,421,434	395,935	2,286,200	43,372,539
(398,717)	(5,203)	13,407	(100,293)	(86,179)	280,920	1,996,888	(37,383,776)
-	173	-	(3,374)	48,575	-	20,620	1,154,262
-	-	-	1,500	-	-	-	1,956,378
-	173	-	(1,874)	48,575	-	20,620	3,110,640
(398,717)	(5,030)	13,407	(102,167)	(37,604)	280,920	2,017,508	(34,273,136)
629,640	16,154	395,597	505,098	1,292,822	-	-	642,778,957
230,923	11,124	409,004	402,931	1,255,218	280,920	2,017,508	\$ 608,505,821

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 (p. III-1 through III-9) 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 (p. III-10 through III-13) contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

These schedules (p. III-14 through III-18) 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 (p. III-19 through III-20) 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 (p. III-21 through III-25) 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.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 1

Net Assets by Component
 Last Four Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

	Fiscal Year			
	2006	2005	2004	2003
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,073,350,154	\$ 1,120,349,764	\$ 1,197,506,095	\$ 1,121,200,569
Restricted	86,317,600	78,499,486	89,283,168	116,567,440
Unrestricted	66,706,322	31,744,912	(100,261,050)	14,882,430
Total governmental activities net assets	\$ 1,226,374,076	\$ 1,230,594,162	\$ 1,186,528,213	\$ 1,252,650,439
Business-type activities				
Invested in capital assets, net of related debt	\$ 180,638,043	\$ 215,294,234	\$ 213,588,076	\$ 210,961,174
Restricted	188,935,224	27,756,939	8,860,494	5,597,729
Unrestricted	22,332,239	226,293,783	263,048,648	284,801,461
Total business-type activities net assets	\$ 391,905,506	\$ 469,344,956	\$ 485,497,218	\$ 501,360,364
Primary government				
Invested in capital assets, net of related debt	\$ 1,253,988,197	\$ 1,335,643,998	\$ 1,411,094,171	\$ 1,332,161,743
Restricted	275,252,824	106,256,425	98,143,662	122,165,169
Unrestricted	89,038,561	258,038,695	162,787,598	299,683,891
Total primary government net assets	\$ 1,618,279,582	\$ 1,699,939,118	\$ 1,672,025,431	\$ 1,754,010,803

Source: Statement of Net Assets

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 2

Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2006	2005	2004	2003
Expenses				
Governmental activities:				
Legislative	\$ 8,972,403	\$ 9,188,573	\$ 10,177,044	\$ 11,411,617
Judicial	96,897,346	97,825,306	96,132,126	95,641,722
General government	151,149,473	145,810,861	153,568,662	138,170,641
Public safety	166,593,399	155,603,090	155,073,064	143,033,539
Public works	6,991,922	7,213,592	1,405,283	1,361,556
Highways, streets and bridges	164,344,774	153,092,909	155,501,853	136,367,997
Health and welfare	944,028,810	901,419,542	898,801,705	810,848,226
Recreation and cultural	32,173,152	29,385,031	21,381,501	25,315,782
Community and economic development	17,965,678	-	-	-
Non-departmental	16,057,236	26,348,341	68,457,086	16,193,940
Interest on long-term debt	27,411,535	24,700,535	21,852,165	18,523,682
Total governmental activities net expenses	1,632,585,728	1,550,587,780	1,582,350,489	1,396,868,702
Business-type activities				
Sewage Disposal Systems	157,498,984	93,032,938	94,528,542	88,811,396
Jail Commissary	1,648,359	1,187,155	1,617,312	1,519,288
Parking Lots	114,193	203,767	219,255	204,126
Wetlands Mitigation	665	4,714	3,412	18,043
Copy Center	23,278	-	-	-
Total business-type activities expenses	159,285,479	94,428,574	96,368,521	90,552,853
Total primary government expenses	\$ 1,791,871,207	\$ 1,645,016,354	\$ 1,678,719,010	\$ 1,487,421,555

Program Revenues

Governmental activities:				
Charges for services:				
Legislative	\$ -	\$ -	\$ -	\$ -
Judicial	2,058	-	-	-
General government	111,035,210	110,026,444	98,694,975	53,753,677
Public safety	26,020,237	27,283,187	21,876,293	31,025,293
Public works	5,972,865	6,030,406	165,596	149,994
Highways, streets and bridges	6,648,977	6,440,722	2,515,692	14,058,496
Health and welfare	24,881,371	30,722,630	28,000,366	36,016,844
Recreation and cultural	5,712,871	3,681,338	5,024,490	3,604,126
Community and economic development	1,320,675	-	-	-
Non-departmental	-	1,366,679	3,016,276	7,831,229
Operating grants and contributions	878,984,865	872,743,248	866,483,146	788,897,167
Capital grants and contributions	12,681,096	10,280,664	18,963,218	8,277,614
Total governmental activities program revenues	\$ 1,073,260,225	\$ 1,068,575,318	\$ 1,044,740,052	\$ 943,614,440

Source: Statement of Activities

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 2

Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2006	2005	2004	2003
Business-type activities:				
Charges for services:				
Sewage Disposal Systems	\$ 67,552,992	\$ 68,001,057	\$ 68,028,486	\$ 65,805,555
Jail Commissary	1,314,368	1,313,955	1,218,282	1,387,085
Parking Lots	196,838	174,439	314,121	482,715
Wetlands Mitigation	-	-	2,501	6,579
Copy Center	247,039	-	-	-
Operating grants and contributions	7,070,727	7,121,073	9,286,908	4,415,319
Capital grants and contributions	3,316,543	334,776	1,508,266	1,890,080
Total business-type activities program revenues	79,698,507	76,945,300	80,358,564	73,987,333
Total primary government revenues	\$ 1,152,958,732	\$ 1,145,520,618	\$ 1,125,098,616	\$ 1,017,601,773
Net revenue (expense)				
Governmental activities	(559,325,503)	(482,012,462)	(537,610,437)	(453,254,262)
Business-type activities	(79,586,972)	(17,483,274)	(16,009,957)	(16,565,520)
Total primary government net revenue (expense)	\$ (638,912,475)	\$ (499,495,736)	\$ (553,620,394)	\$ (469,819,782)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes	\$ 484,636,368	\$ 465,466,446	\$ 382,482,152	\$ 378,550,713
Investment earnings	33,317,194	29,596,690	21,817,258	28,434,900
State sales tax	-	-	31,687,048	36,295,009
Airport parking taxes	12,696,145	10,170,273	7,227,758	6,689,988
Other revenue	24,455,710	20,845,002	28,319,339	6,816,810
Transfers	-	-	(45,344)	(111,184)
Total governmental activities	555,105,417	526,078,411	471,488,211	456,676,236
Business-type activities:				
Investment earnings	2,147,521	1,156,012	101,467	499,367
Other revenue	-	175,000	-	-
Transfers	-	-	45,344	111,184
Total business-type activities	2,147,521	1,331,012	146,811	610,551
Total primary government	\$ 557,252,938	\$ 527,409,423	\$ 471,635,022	\$ 457,286,787
Change in Net Assets				
Governmental activities	\$ (4,220,086)	\$ 44,065,949	\$ (66,122,226)	3,421,974
Business-type activities	(77,439,451)	(16,152,262)	(15,863,146)	(15,954,969)
Total primary government	\$ (81,659,537)	\$ 27,913,687	\$ (81,985,372)	\$ (12,532,995)

CHARTER COUNTY OF WAYNE, MICHIGAN
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 3

	Fiscal Year					
	2006	2005	2004	2003	2002	2001
General fund						
Reserved	\$ 7,856,642	\$ 5,558,375	\$ 2,034,486	\$ 16,243,273	\$ 2,717,219	\$ 2,504,350
Unreserved	15,842,351	18,078,957	17,065,541	14,516,980	27,705,724	27,355,022
Total general fund	<u>23,698,993</u>	<u>23,637,332</u>	<u>19,100,027</u>	<u>30,760,253</u>	<u>30,422,943</u>	<u>29,859,372</u>
 All other governmental funds						
Reserved	116,088,849	53,910,375	50,624,376	71,896,261	65,273,732	86,763,871
Unreserved, reported in:						
Special revenue funds	22,448,208	81,509,501	49,647,768	33,272,083	31,667,942	73,548,313
Total all other governmental funds	<u>\$ 138,537,057</u>	<u>\$ 135,419,876</u>	<u>\$ 100,272,144</u>	<u>\$ 105,168,344</u>	<u>\$ 96,941,674</u>	<u>\$ 160,312,184</u>

Source: Balance Sheet - Governmental Funds

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 3

Fiscal Year			
2000	1999	1998	1997
\$ 2,504,350	\$ 2,575,708	\$ 2,527,107	\$ 721,190
22,418,540	16,955,160	16,666,238	14,495,457
<u>24,922,890</u>	<u>19,530,868</u>	<u>19,193,345</u>	<u>15,216,647</u>
87,255,224	103,911,785	110,513,349	96,629,537
81,437,161	78,681,990	68,013,826	43,506,914
<u>\$ 168,692,385</u>	<u>\$ 182,593,775</u>	<u>\$ 178,527,175</u>	<u>\$ 140,136,451</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Governmental Activities Tax Revenues By Source
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 4

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Investment Earnings</u>	<u>State Sales Tax</u>	<u>Airport Parking Tax</u>	<u>Other Revenue</u>	<u>Transfer in (out)</u>	<u>Total</u>
2003	378,550,713	28,434,900	36,295,009	6,689,988	6,816,810	(111,184)	456,676,236
2004	382,482,152	21,817,258	31,687,048	7,227,758	28,319,339	(45,344)	471,488,211
2005	465,466,446	29,596,690	-	10,170,273	20,845,002	-	526,078,411
2006	484,636,368	33,317,194	-	12,696,145	24,455,710	-	555,105,417

Source: Statement of Activities

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)

Table 5

	Fiscal Year				
	2006	2005	2004	2003	2002
Revenues					
Taxes	\$ 472,550,512	\$ 444,819,266	\$ 366,881,312	\$ 349,422,242	\$ 329,479,794
Licenses and permits	295,002	361,912	257,308	244,276	255,730
Federal grants	74,348,321	86,857,480	73,029,823	66,665,551	55,462,877
State grants and contracts	772,603,339	762,754,386	809,758,806	751,244,421	788,538,608
Local grants and contracts	23,278,766	25,185,504	21,601,175	23,132,104	18,994,676
Charges for services	115,191,349	133,186,617	118,979,951	123,714,357	141,038,420
Investment earnings	29,923,762	27,193,049	19,818,309	23,308,753	24,292,118
Other	22,401,861	17,908,702	17,784,226	22,273,783	25,524,882
Total revenues	1,510,592,912	1,498,266,916	1,428,110,910	1,360,005,487	1,383,587,105
Expenditures					
Legislative	10,991,753	11,024,055	11,369,556	11,399,270	11,869,328
Judicial	96,627,918	97,595,531	94,200,236	93,707,488	107,007,993
General government	124,876,459	109,078,546	117,704,116	109,917,422	121,990,951
Public safety	151,343,498	150,353,795	149,489,084	137,391,534	135,372,786
Public works	1,163,851	1,318,381	1,405,283	1,361,556	1,611,438
Highways, streets and bridges	94,821,171	102,427,859	106,791,407	86,604,534	141,317,974
Health and welfare	948,724,671	901,865,417	895,239,267	810,141,899	866,151,161
Recreation and cultural	25,100,377	28,148,791	21,937,798	23,916,073	20,216,706
Non-departmental	17,665,758	26,348,344	21,664,698	23,258,713	10,556,049
Capital outlay	11,846,269	13,412,324	16,149,894	44,848,675	37,107,744
Debt service	38,272,580	38,535,108	37,888,747	36,628,221	36,785,248
Total expenditures	1,521,434,305	1,480,108,151	1,473,840,086	1,379,175,385	1,489,987,378
Excess of revenues over (under) expenditures	(10,841,393)	18,158,765	(45,729,176)	(19,169,898)	(106,400,273)
Other financing sources (uses)					
Transfers in	295,941,292	329,148,461	176,072,485	149,134,747	178,017,912
Transfers out	(282,441,292)	(308,148,461)	(147,980,578)	(135,140,868)	(154,017,912)
Sale of capital assets	520,235	526,272	1,080,843	13,740,000	19,774,797
Other financing sources	-	-	-	-	-
Total other financing sources (uses)	14,020,235	21,526,272	29,172,750	27,733,879	43,774,797
Net change in fund balances	3,178,842	39,685,037	(16,556,427)	8,563,981	(62,625,476)
Debt service as a percentage of noncapital expenditures	2.5%	2.6%	2.6%	2.7%	2.5%

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)

Table 5

		Fiscal Year							
2001		2000	1999	1998	1997				
\$	314,987,964	\$	306,971,671	\$	293,883,683	\$	275,639,561	\$	261,934,487
	219,041		212,018		199,890		153,365		181,109
	53,761,913		50,145,473		38,344,033		40,774,226		62,461,081
	771,477,861		732,032,679		726,939,812		442,695,594		501,035,539
	22,990,198		17,153,388		31,866,111		14,119,516		28,921,511
	138,739,515		128,673,748		144,439,603		163,427,152		199,070,389
	37,204,453		40,201,699		33,335,876		30,031,602		31,774,039
	26,813,599		62,935,399		47,942,198		20,462,133		11,161,074
	1,366,194,544		1,338,326,075		1,316,951,206		987,303,149		1,096,539,229
	9,923,070		9,520,738		8,802,924		7,011,905		6,290,717
	90,957,613		91,427,865		124,976,106		99,437,747		99,316,456
	98,746,632		110,628,525		101,570,117		71,337,661		89,818,905
	127,104,143		121,641,545		115,820,337		87,841,801		100,781,812
	1,758,065		715,471		861,243		2,096,355		1,274,099
	124,257,420		124,106,052		102,717,684		79,087,259		94,156,059
	836,844,370		792,688,863		768,186,955		529,362,642		633,724,389
	20,805,964		20,628,835		20,609,402		14,845,257		12,609,756
	13,104,471		12,216,705		7,422,340		23,291,780		26,209,379
	37,319,937		64,508,704		30,870,670		38,181,254		18,101,693
	39,297,658		37,398,824		40,709,305		33,780,591		6,779,668
	1,400,119,343		1,385,482,127		1,322,547,083		986,274,252		1,089,062,933
	(33,924,799)		(47,156,052)		(5,595,877)		1,028,897		7,476,296
	156,501,441		143,442,662		143,675,342		148,906,310		151,450,730
	(144,501,441)		(132,991,395)		(133,675,342)		(138,906,310)		(141,450,730)
	15,731,080		-		(14,892,121)		-		-
	2,750,000		28,195,417		14,892,121		31,315,000		-
	30,481,080		38,646,684		10,000,000		41,315,000		10,000,000
	(3,443,719)		(8,509,368)		4,404,123		42,343,897		17,476,296
	2.9%		2.8%		3.2%		3.6%		0.6%

CHARTER COUNTY OF WAYNE, MICHIGAN
General Governmental Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 6

Fiscal year	Taxes	Licenses and Permits	Federal Grants	State Grants and Contracts	Local Grants and Contracts	Charges for Services	Interest and Rents	Other
1997	261,934,487	181,109	62,461,081	501,035,539	28,921,511	199,070,389	31,774,039	11,161,074
1998	275,639,561	153,365	40,774,226	442,695,594	14,119,516	163,427,152	30,031,602	20,462,133
1999	293,883,683	199,890	38,344,033	726,939,812	31,866,111	144,439,603	33,335,876	47,942,198
2000	306,971,671	212,018	50,145,473	732,032,679	17,153,388	128,673,748	40,201,699	62,935,399
2001	314,987,964	219,041	53,761,913	771,477,861	22,990,198	138,739,515	37,204,453	26,813,599
2002	329,479,794	255,730	55,462,877	788,538,608	18,994,676	141,038,420	24,292,118	25,524,882
2003	349,422,242	244,276	66,665,551	751,244,421	23,132,104	123,714,357	23,308,753	22,273,783
2004	366,881,312	257,308	73,029,823	809,758,806	21,601,175	118,979,951	19,818,309	17,784,226
2005	444,819,266	361,912	86,857,480	762,754,386	25,185,504	133,186,617	27,193,049	17,908,702
2006	472,550,512	295,002	74,348,321	772,603,339	23,278,766	115,191,349	29,923,762	22,401,861

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Table 7

Fiscal Year	STATE EQUALIZED VALUATIONS (SEV) (1)(3)						TAXABLE VALUE (2)
	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Assessed Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1997	26,310,993,779	52,621,987,558	5,241,020,060	10,482,040,120	31,552,013,839	63,104,027,678	30,879,770,793
1998	28,077,320,530	56,154,641,060	5,546,412,960	11,092,825,920	33,623,733,490	67,247,466,980	32,269,314,691
1999	30,601,942,266	61,203,884,532	5,751,356,480	11,502,712,960	36,353,298,746	72,706,597,492	33,736,851,177
2000	34,063,838,498	68,127,676,996	6,021,875,360	12,043,750,720	40,085,713,858	80,171,427,716	35,393,234,384
2001	38,238,922,564	76,477,845,128	6,147,794,749	12,295,589,498	44,386,717,313	88,773,434,626	37,296,590,731
2002	42,794,406,516	85,588,813,032	6,243,221,790	12,486,443,580	49,037,628,306	98,075,256,612	39,686,041,102
2003	47,568,226,224	95,136,452,448	6,221,665,095	12,443,330,190	53,789,891,319	107,579,782,638	41,905,186,259
2004	51,195,511,023	102,391,022,046	5,777,906,287	11,555,812,574	56,973,417,310	113,946,834,620	43,339,343,473
2005	54,203,139,061	108,406,278,122	5,989,064,136	11,978,128,272	60,192,203,197	120,384,406,394	45,917,929,737
2006	56,589,672,759	113,179,345,518	6,090,236,147	12,180,472,294	62,679,908,906	125,359,817,812	48,309,100,039

- (1) The State Equalized Valuation against which the tax levy is applied to is determined as of the December 31 prior to the December 1 on which the taxes are levied
- (2) Beginning in fiscal year 1996, the ad valorem mileage is based on the Taxable Value rather than the State Equalized Valuation
- (3) In accordance with Act 409, Public Acts of Michigan, 1965, and Article IX, Section 3, of the Michigan Constitution the State Equalized Valuation represents fifty percent (50%) of true cash value

Source: Wayne County Assessment and Equalization Division.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Table 8

<u>For Tax Levy December 1</u>	<u>Fiscal Year</u>	<u>County General</u>	<u>County Parks</u>	<u>County Jail</u>	<u>R.E.S.A. (I.S.D.)</u>	<u>H.C.M.A.</u>	<u>Community College</u>	<u>County Tax Levy</u>
1996	1997	6.7258	0.2500	0.9532	1.9971	0.2236	1.2019	11.3516
1997	1998	6.7258	0.2500	0.9532	1.9971	0.2236	1.1913	11.3410
1998	1999	6.7258	0.2500	0.9532	1.9971	0.2235	1.1489	11.2985
1999	2000	6.7068	0.2493	0.9505	1.9914	0.2218	1.0190	11.1388
2000	2001	6.6651	0.2477	0.9446	1.9789	0.2202	1.0000	11.0565
2001	2002	6.6556	0.2473	0.9432	1.9753	0.2186	2.4995	12.5395
2002	2003	6.6380	0.2459	0.9381	3.4643	0.2170	2.4862	13.9895
2003	2004	6.6380	0.2459	0.9381	3.4643	0.2161	2.4862	13.9886
2004	2005	6.6380	0.2459	0.9381	3.4643	0.2154	2.4844	13.9861
2005	2006	6.6380	0.2459	0.9381	3.4643	0.2146	2.4769	13.9778

Note: The property tax rates are stated per \$1,000 of State Equalized Assessed Valuation. Beginning in fiscal year 1996, the ad valorem mileage is based on the Taxable Valuation rather than the State Equalized Valuation.

Some Wayne County communities will also levy an additional 0.5980 mill on behalf of the Wayne County Transportation Authority.

Source: Wayne County Assessment and Equalization Division.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Principal Property Taxpayers
Fiscal Year 2006
(Unaudited)

Table 9

<u>Company</u>	<u>Line of Business</u>	2006			1997		
		<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of State Equalized Value</u>	<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of State Equalized Value</u>
Ford Motor Company	Automotive	1,589,497,369	1	2.54 %	1,743,557,917.00	1	5.53 %
DTE Energy	Utility	1,062,699,397	2	1.70	764,762,007	2	2.42
Daimler Chrysler Corp.	Automotive	552,890,165	3	0.88	418,529,998	3	1.33
General Motors Corp.	Automotive	326,094,456	4	0.52	302,270,584	5	0.96
Marathon Oil / Ashland Petroleum LLC	Automotive	173,900,387	5	0.28			
Auto Alliance Int'l Inc.	Automotive	142,493,647	6	0.23	-		-
Severstal Steel Company	Automotive	113,584,700	7	0.18	-		-
Visteon Corp	Automotive	102,900,990	8	0.16	71,793,280	8	0.23
Sprint Nextel Corporation	Wireless Phones	90,456,960	9	0.14			
American Axel & MFG	Automotive	77,144,955	10	0.12			
Dayton-Hudson Company	Retail				65,550,800	9	0.21
BASF Corporation	Technology				57,187,182	10	0.18
Michigan Consolidated Gas	Utility				331,141,972	4	1.05
National Steel Corp	Steel				228,324,440	6	0.72
Rouge Steel Company	Steel				147,761,550	7	0.47
Total		\$ 4,231,663,026		6.75 %	\$ 4,130,879,730		13.09 %
Total State Equalized Value (S.E.V.) (1)		\$ 62,679,908,906			\$ 31,552,013,839		

(1) The State Equalized Value for the County's fiscal year 2006, which commenced October 1, 2005 was determined, as of December 31, 2004.

(2) Fiscal year end was November 30 in 1997.

Note: Total assessments do not include abated properties.

Source: Wayne County Assessment and Equalization Division.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>For Tax Levy</u>	<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percent of Tax Levy Collected Before Delinquent</u>	<u>Reimbursed From Delinquent Tax Fund</u>	<u>Total Tax Collection</u>	<u>Ratio of Total Collection to Levy</u>	<u>Delinquent Personal Taxes</u>
December 1, 1994	1995	\$ 226,658,925	\$211,507,344	93.32 %	\$ 13,385,415	\$ 224,892,759	99.22 %	\$ 1,630,922
December 1, 1995	1996	236,905,639	220,616,102	93.12	14,126,637	234,742,739	99.09	1,759,383
December 1, 1996	1997	242,287,914	229,108,059	94.56	12,855,050	241,963,109	99.87	1,811,829
December 1, 1997	1998	247,018,029	225,955,747	91.47	14,207,618	240,163,365	97.23	1,854,438
December 1, 1998	1999	254,999,786	234,945,114	92.14	16,702,140	251,647,254	98.69	1,883,896
December 1, 1999	2000	260,030,697	239,438,026	92.08	18,514,831	257,952,857	99.20	2,139,285
December 1, 2000	2001	272,033,478	248,582,057	91.38	18,858,352	267,440,409	98.31	4,655,954
December 1, 2001	2002	287,619,351	259,130,292	90.09	18,994,664	278,124,956	96.70	6,583,342
December 1, 2002	2003	299,829,827	270,740,080	90.30	20,918,039	291,658,119	97.27	7,218,939
December 1, 2003	2004	311,499,004	283,265,437	90.94	19,576,210	302,841,647	97.22	5,726,032
December 1, 2004	2005	326,906,648	295,662,273	90.44	23,843,012	319,505,285	97.74	6,268,748
July 1, 2005	2005	93,415,262	84,099,914	^ 90.03	7,434,077	91,533,990	97.99	1,678,422
December 1, 2005	2006	248,139,625	223,395,200	90.03	19,747,193	243,142,392	97.99	4,458,404
July 1, 2006	2006	190,431,904	102,097,783	* **	**	**	**	**

Source: Office of Wayne County Treasurer

See accompanying accountant's report.

^ Collections on the July 1, 2005 levy differ from the amount recognized as revenue in the September 30, 2005 financial statements. Collections on this schedule represent all collections on the July 1, 2005 levy through the delinquency date of March 1, 2006.

* Collections on the July 1, 2006 levy represent collections from the levy date through November 30, 2006.

** The July 1, 2006 levy became delinquent on March 1, 2007.

CHARTER COUNTY OF WAYNE, MICHIGAN
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Table 11

Fiscal year	Governmental Activities				Business-Type Activities		Total Primary Government
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Sewer Bonds	Revenue Bonds	
1997	-	2,425,523	52,500,000	-	188,425,999	463,291,678	706,643,200
1998	-	1,916,394	64,950,000	23,670,972	214,724,800	1,441,407,866	1,746,670,032
1999	-	1,638,195	67,390,000	24,405,630	267,223,568	1,424,916,285	1,785,573,678
2000	-	1,219,523	59,100,000	22,337,630	292,452,751	1,407,289,970	1,782,399,874
2001	-	855,279	46,800,000	20,302,534	283,593,848	1,657,103,155	2,008,654,816
2002	131,298,816	84,843,000	53,069,276	66,418,468	264,089,165	5,788,532	605,507,257
2003	204,732,085	3,566,000	84,800,000	63,394,198	251,349,838	5,377,821	613,219,942
2004	183,854,770	3,294,000	135,000,000	15,381,635	236,718,744	4,952,110	579,201,259
2005	165,505,194	3,007,000	142,400,000	14,054,647	221,840,603	4,511,399	551,318,843
2006	146,835,865	2,702,000	139,800,000	12,808,649	209,452,483	4,065,688	515,664,685

Source: Wayne County Department of Management and Budget.

(A) - For population and per capita person income data see Table 15, Demographic and Economic Statistics.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Ratio of Net General Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Table 12

Fiscal Year	Population	Assessed Value To Fund Operations in Fiscal Year	Net Bonded Debt	Net Bonded Debt as a Percentage of Assessed Value	Net Bonded Debt Per Capita
1997	2,109,282	\$ 31,552,013,839	\$ 662,995,155	2.10 %	\$ 314.32
1998	2,109,282	33,623,733,490	702,835,477	2.09	333.21
1999	2,109,282	36,353,298,746	725,325,752	2.00	343.87
2000	2,109,282	40,085,713,858	742,868,123	1.85	352.19
2001	2,061,162	44,386,717,313	809,140,185	1.82	392.57
2002	2,061,162	49,037,628,306	771,793,219	1.57	374.45
2003	2,061,162	53,789,891,319	788,049,544	1.47	382.33
2004	2,061,162	56,973,417,310	798,858,655	1.40	387.58
2005	2,006,527	60,193,381,061	757,276,595	1.26	377.41
2006	1,985,999	62,679,908,906	717,144,569	1.14	361.10

Source: SEMCOG, U.S. Census Bureau and Wayne County Department of Management and Budget.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Direct and Overlapping Governmental Activities Debt
As of September, 2006
(Unaudited)

Table 13

Indebtedness:

The following table sets forth the indebtedness of the County as of September 30, 2006:

Debt Carrying the County's Limited Tax General Obligation:	
Fiscal Stabilization Bonds	\$ 16,987,059
Fannie Mae Note	500,000
Capital Improvement Bonds	12,760,000
Building Authority Bonds ⁽¹⁾	87,785,000
Stadium Authority Bonds ⁽¹⁾	78,060,000
Chapter 8 Drainage Notes	529,000
Drainage Districts Bonds	17,736,459
Probate Court Installment Purchase Agreement (IPA)	465,460
Michigan Transportation Fund Bonds	36,875,000
Delinquent Tax Notes	139,300,000
Airport Hotel Revenue Bonds	110,820,000
Sewage Disposal Bonds	215,326,592
Total Debt Carrying the County's Limited Tax General Obligation	717,144,569
Other Debt:	
Metro Airport Revenue Bonds	2,205,935,000
Hotel Debt (Capital Loans)	6,500,000
Willow Run Notes	695,930
Airport Energy Conservation IPA	8,740,000
Capital Lease Obligations ⁽¹⁾	12,808,649
State of Michigan Emergency Loan	50,427,590
Total Other Debt	2,285,107,169
Gross Direct Debt	\$ 3,002,251,738
Deductions:	
Metro Airport Revenue Bonds ⁽²⁾	2,205,935,000
Airport Energy Conservation IPA ⁽²⁾	695,930
Willow Run Notes ⁽²⁾	8,740,000
Fiscal Stabilization Bonds ⁽³⁾	16,987,059
Stadium Authority Bonds ⁽⁴⁾	78,060,000
Drainage Districts Bonds ⁽⁵⁾	17,736,459
Michigan Transportation Fund Bonds ⁽⁶⁾	36,875,000
Delinquent Tax Notes ⁽⁷⁾	139,300,000
Airport Hotel Revenue Bonds ⁽⁹⁾	110,820,000
Sewage Disposal Bonds ⁽⁸⁾	215,326,592
State of Michigan Emergency Loan ⁽¹⁰⁾	50,427,590
Total Deductions	2,880,903,629
Net Direct Debt	\$ 121,348,109

- (1) Payable from lease rentals which constitute full faith and credit obligations of the County.
- (2) Payable solely from airport revenues, passenger facility charges, or direct airline pledges.
- (3) Revenues are projected to be sufficient to cover debt service, based on experience.
- (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.

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, 2005.

OVERLAPPING DEBT	
As of September 30, 2006	
School Districts	\$ 3,016,495,807
Cities and Villages	2,143,164,088
Townships	188,022,570
Libraries	33,806,256
Community Colleges	50,100,000
Total Overlapping Debt	<u>\$ 5,431,588,721</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, 2006:

NET DIRECT AND OVERLAPPING DEBT	
As of September 30, 2006	
Direct debt:	
Gross Principal amount	\$ 3,002,251,738
Less amount payable from other sources	<u>2,880,903,629</u>
Net direct debt	121,348,109
Overlapping debt	<u>5,431,588,721</u>
Net direct and overlapping debt	<u>\$ 5,552,936,830</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
Legal Debt Margin Information
September 30, 2006
(Unaudited)

Table 14

Legal Debt Margin:

The amount of general purpose, general obligation debt the County may have outstanding at any time is limited by State law. The County's legal debt margin is calculated below:

State Equalized Valuation (SEV)	\$	64,401,640,723
General Purpose Debt Limit (10% of SEV)		6,440,164,072
Tax-Supported Debt Outstanding		717,144,569
Percent of debt outstanding to SEV		1.11%
Margin of additional debt which could legally be incurred subject to debt limit	\$	5,723,019,503

Trend of Indebtedness

<u>Fiscal Year</u>	<u>Tax-Supported Debt Outstanding</u>
1997	\$ 662,995,155
1998	702,835,477
1999	725,325,751
2000	742,868,123
2001	809,140,185
2002	771,793,219
2003	788,049,544
2004	798,858,655
2005	757,018,978
2006	717,144,569

Source: Wayne County Department of Management and Budget

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Demographic and Economic Statistics
Last Ten fiscal Years
(Unaudited)

Table 15

Year	Population				Per Capita Personal Income				Michigan Average Unemployment Rate
	U.S.	Change from Prior Period	Michigan	Change from Prior Period	U.S.	Michigan	Michigan as percent of U.S.	Michigan Median Age	
1997	272,646,925	1.21%	9,809,051	0.52%	25,334	25,367	100%	32.6	4.7
1998	275,854,104	1.18%	9,847,942	0.40%	26,883	26,919	100%	32.6	4.3
1999	279,040,168	1.15%	9,897,116	0.50%	27,939	28,095	101%	32.6	4.2
2000	281,421,906	0.85%	9,956,111	0.60%	29,845	29,552	99%	35.5	3.7
2001	285,107,923	1.31%	10,002,663	0.47%	30,574	29,946	98%	35.5	5.5
2002	287,984,799	1.01%	10,039,379	0.37%	30,810	30,227	98%	35.5	7.1
2003	290,850,005	0.99%	10,078,146	0.39%	31,463	31,129	99%	35.5	8.8
2004	293,656,842	0.97%	10,104,206	0.26%	33,090	31,711	96%	35.5	8.8
2005	296,410,404	0.94%	10,120,860	0.16%	34,495	32,735	95%	35.5	8.7
2006	299,398,484	1.01%	10,095,643	-0.25%	N/A	N/A	N/A	N/A	N/A

Source: U.S. Census Bureau, U.S. Department of Commerce-Bureau of Economic Analysis and Michigan Department of Labor and Economic Growth-Bureau of Labor Market Information & Strategic Initiatives

N/A Information for 2006 per capita income is not yet published

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Table 16

<u>Employer</u>	2006			1997		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Ford Motor Company	47,091	1	5.75%	60,404	1	6.65%
Detroit Public Schools	18,639	2	2.28%	19,067	2	2.10%
City of Detroit	17,151	3	2.09%	17,256	3	1.90%
U.S. Government	7,241	4	0.88%	14,281	5	1.57%
Detroit Medical Center	10,617	5	1.30%	12,855	6	1.42%
Henry Ford Health System	10,471	6	1.28%	9,147	9	1.01%
Chrysler Corporation	9,900	7	1.21%	15,415	4	1.70%
General Motors Corporation	9,863	8	1.20%	10,200	8	1.12%
Oakwood Healthcare Inc.	7,515	9	0.92%	-	-	-
State of Michigan	7,013	10	0.86%	10,857	7	1.20%
Ameritech Michigan	-	-	-	6,887	10	0.76%
	<u>145,501</u>		<u>17.77%</u>	<u>176,369</u>		<u>19.42%</u>
Total: Wayne County Employment 2006 & 1997			818,844	907,986		

Source: Michigan Labor Market Information: Labor & Economic Growth , Crain's Detroit Business: Book of Lists

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Full-time Equivalent County Government Employees by Function / Program
Last Seven Fiscal Years
(Unaudited)

Table 17

	Full-time Equivalent Employees as of September 30						
	2006	2005	2004	2003	2002	2001	2000
<u>Function/Program</u>							
Legislative							
Board of Commissioners	83	89	81	75	84	43	83
Auditor General's Office	15	14	17	21	23	23	17
Judicial							
All court and court related actives	819	806	806	766	940	1,004	1,041
General government							
Treasurer's Office	81	89	83	78	78	72	85
Tax Assessment	49	46	49	50	50	49	47
Tax Billings/collections	7	8	8	0	0	0	0
Budgeting	16	9	16	9	10	10	9
Purchasing	26	29	27	25	25	25	22
Central Accounting	42	44	37	50	54	54	56
Central Administration	57	59	66	68	71	69	71
Other Financial Administration	115	121	131	113	133	152	178
Data Processing	49	52	52	35	46	37	29
Building Maintenance	130	135	144	147	143	139	129
County Clerk	293	285	277	277	274	274	271
Register of Deeds	89	100	78	87	76	82	77
Prosecuting Attorney	308	300	309	302	287	245	256
Corporation Counsel	93	88	76	67	75	75	70
Public safety							
Sheriff's Department							
Arresting Powers	409	386	697	744	773	678	693
Civilian	126	139	139	0	0	120	156
Jails & Detention Facilities	744	744	711	698	658	666	680
Firefighters	0	0	0	0	64	67	61
Public works							
Public works	132	162	202	206	205	206	62
Sewage Disposal	105	107	101	106	112	112	112
Airport (1)	0	0	0	6	661	649	609
Highways, streets and bridges							
Administration	20	40	42	39	37	32	35
Engineering	141	145	151	157	169	159	169
Maintenance	508	582	606	598	592	576	581
Health and welfare	623	776	559	492	487	482	493
Recreation and cultural							
Parks	82	78	72	67	68	60	58
Libraries	42	77	44	44	41	42	51
Other	261	296	307	297	308	303	282
Total	<u>5,465</u>	<u>5,806</u>	<u>5,888</u>	<u>5,624</u>	<u>6,544</u>	<u>6,505</u>	<u>6,483</u>

(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.

Source: Wayne County Department of Management & Budget

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Table 18

Function	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police										
Physical Arrests	1,820	1,972	2,075	2,188	2,230	2,360	2,173	2,061	1,937	1,980
Bookings	1,820	1,972	2,075	2,188	2,230	2,360	2,173	2,061	1,937	1,980
Parking Violations	110	132	141	94	87	101	99	88	97	82
Traffic Violations	23,469	24,359	24,387	25,133	26,741	27,410	24,109	23,987	22,105	22,985
Incidents	15,923	16,767	16,310	17,301	17,685	18,735	16,109	16,524	16,978	16,694
Crash Reports	276	291	303	311	330	345	290	284	234	211
Culture and recreation*										
Rounds of Golf - Warren Valley	47,482	60,486	60,819	61,917	64,817	69,396	62,772	62,772	74,300	-
Picnic Permits	1,004	1,042	1,048	1,059	1,013	1,061	940	888	856	-
Nankin Mills Center - (program attendance)	17,524	19,509	17,890	16,105	13,360	12,571	9,126	8,890	6,506	-
Crosswinds Marsh (program attendance)	3,647	3,172	2,620	2,413	2,734	2,589	2,478	2,138	1,540	-
Highways, streets and bridges										
Street resurfacing asphalt (tons)	76,420	42,143	92,932	64,677	93,932	109,548	103,095	141,000	100,000	95,600
Street resurfacing (miles)	14	7	20	14	20	33	33	21	22	22
Snow removing salt (tons)	120,000	93,886	151,342	184,544	56,172	172,000	130,612	138,700	83,478	127,859
Ditching program (Lineal feet)	86,620	121,385	86,620	86,345	85,900	264,000	264,000	145,685	200,000	145,685
Ditching program (miles)	16	23	16	16	16	50	50	61	30	30
Emergency road repairs (tons)	N/A	4,808	4,426	3,090	3,000	6,103	5,389	4,900	6,193	4,900
Forestry Section										
Tree removal	2,900	2,869	3,087	5,700	8,000	5,000	1,900	4,950	3,910	3,165
Tree planting & trimming	875	1,956	688	450	4,700	2,400	3,200	400	3,704	1,876

Source: Various county departments

* Operating indicators are not available for all prior years.

N/A, Information for 2006 Emergency road repairs is not yet published

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Table 19

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Function										
Public safety										
Stations - Road Patrol	1	1	1	1	1	1	1	1	1	1
Police Services Automobiles	62	62	62	62	62	45	45	45	45	45
Marine Safety (Boats and Vans)	13	13	13	13	13	13	12	11	9	8
Jail	21	21	21	21	21	13	13	13	13	13
Motorcycles	25	33	45	45	35	35	35	27	27	27
Culture and recreation*										
Pavilions	14	14	14	14	14	14	13	13	7	-
Golf Courses	2	2	2	2	2	2	2	2	2	-
Playscapes	13	13	13	13	13	13	12	12	6	-
Soccer Fields	25	25	24	24	23	23	23	19	19	-
Picnic Areas	9	9	9	17	17	17	17	17	17	-
Baseball Diamonds	26	26	26	26	26	26	26	23	15	-
Highways, streets and bridges*										
Traffic signal (maintained)	48	40	48	50	46	34	39	59	111	-
Traffic signs (installed)	2,500	4,435	2,500	2,500	2,300	4,500	-	-	-	-

Source: Various county departments

* Capital asset indicators are not available for all prior years.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Revenues by Source and Expenses by Type - Pension Trust Funds
Required Supplementary Information
Last Ten Fiscal Years

Table 20

(amounts in thousands)

Fiscal Year Ended 9/30	Revenues by Source					Expenses by Type				Employer Contributions As a Percentage of Covered Payroll
	Contributions		Investment				Admini-			
	<u>Employee</u>	<u>Employer</u>	<u>Income</u>	<u>Total</u>	<u>Benefits</u>	<u>Refunds</u>	<u>stration</u>	<u>Total</u>		
Wayne County Employee's Retirement System (1) (2)										
1997	\$ 2,242	12,746	\$ 362,419	\$ 377,407	91,229	-	\$ 3,076	\$ 94,305	0	
1998	2,178	7,095	63,271	72,544	49,637	-	4,458	54,095	0	
1999	2,405	7,642	229,381	239,428	91,216	-	5,448	96,664	*	
2000	2,911	3,805	200,475	207,191	93,282	-	4,339	97,621	*	
2001	2,807	39	44,181	47,027	96,801	-	5,046	101,847	*	
2002	17,468	45	47,450	64,963	100,186	-	6,946	107,132	*	
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	-	
Wayne County Common Pleas Court Bailiff's Retirement System										
1996	\$ 14	58	\$ 545	\$ 617	\$ 315	-	\$ 36	\$ 351	0	
1997	16	62	631	709	320	-	50	370	0	
1998	-	-	-	-	-	-	-	-	*(3)	
Wayne County Circuit Court Commissioners Bailiff's Retirement System (1) (2)										
1997	\$ 65	73	\$ 305	\$ 443	\$ 89	-	\$ 41	\$ 130	0	
1998	42	43	280	365	110	-	26	136	*	
1999	34	71	201	306	124	-	24	148	*	
2000	26	67	275	368	130	-	19	149	*	
2001	29	61	201	291	152	-	16	168	*	
2002	27	68	134	229	144	-	10	154	*	
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	-	

* Not available

Ten year historical trend is required supplementary information.

(1) Fiscal years 1990-97 ended November 30

(2) Fiscal Year 1998 ended September 30, 1998, supplemental information for 1998 is for 10 months

(3) 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)
 (amounts in thousands)

Table 21

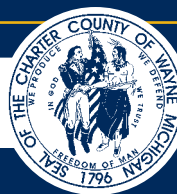
Fiscal Year Ended 9/30	Net Assets Available for Benefit as Used by the Actuaries	Pension Benefit Obligation	Percentage Funded	Unfunded (Excess) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
Wayne County Employee's Retirement System (1)						
1996	\$ 867	\$ 867	100%	\$ -	\$ 209	-
1997	878	870	101%	(8)	224	-
1998	933	907	103%	(26)	231	-
1999	967	915	106%	(51)	256	-
2000	1,029	948	109%	(81)	276	-
2001	1,042	979	106%	(62)	294	-
2002	1,043	1,011	103%	(33)	309	-
2003	997	1,008	99%	11	289	4
2004	910	960	95%	50	343	14
2005	891	969	92%	78	299	26
Wayne County Common Pleas Court Bailiff's Retirement System						
1996	\$ 7,318	\$ 4,301	170%	\$ (3,017)	\$ 538	-
1997	*	*	*	*	*	*
Wayne County Circuit Court Commissioners Bailiff's Retirement System						
1996	\$ 3,359	\$ 3,217	104%	(142)	\$ 889	-
1997	3,617	3,409	106%	(208)	827	-
1998	3,854	3,455	112%	(399)	768	-
1999	4,097	3,730	110%	(367)	838	-
2000	4,324	3,789	114%	(535)	714	-
2001	4,391	3,789	116%	(602)	714	-
2002	4,367	3,527	124%	(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	-

* The Wayne County Common Pleas Court Bailiff's Retirement System was merged with the Wayne County Employee's Retirement System, effective December 1, 1997.

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.

(1) Fiscal years 1991-97 ended November 30

See accompanying accountant's report.



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