

WASHTENAW COUNTY

Management's Discussion and Analysis

As management of Washtenaw County, Michigan we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as listed in the table of contents, and the accompanying basic financial statements.

Financial Highlights

- The net position of the County was \$230.6 million at December 31, 2012. Of this amount, \$31.1 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. **The County's net position increased by \$8.8 million during 2012.**
- The County's governmental funds (this includes the general, special revenue, debt service and capital projects funds) reported combined fund balances of \$76.5 million at December 31, 2012, a decrease of \$9.3 million from last year. Seventy-eight percent of the ending fund balances, \$59.7 million, is subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. Twenty-two percent of this total amount, **\$16.8 million, is available for spending at the government's discretion (general fund unassigned fund balance).**
- At December 31, 2012 the fund balance in the general fund was \$16.8 million. This was an increase of nearly \$2.3 million compared to the prior year. The fund balance in the general fund is now approximately 16.8 percent of total general fund expenditures and transfers out.
- The County's investment in capital assets (net of accumulated depreciation) increased by \$7.9 million during 2012.
- The County's total bonded debt, excluding delinquent tax notes, decreased by \$8.4 million in 2012.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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