

# **Livingston County, Michigan**

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**Financial Report  
with Supplemental Information  
December 31, 2009**

# Livingston County, Michigan

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## Independent Auditor's Report

To the County Board of Commissioners  
Livingston County, 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 Livingston County, Michigan (the "County") as of and for the year ended December 31, 2009, 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 Livingston County Road Commission, whose assets and revenue totaled \$128,339,303 and \$17,306,432, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Livingston County Road Commission, is based solely 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 provides a reasonable basis for our opinions. The financial statements of the Livingston County Road Commission were not audited in accordance with *Government Auditing Standards*.

In our opinion, 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 Livingston County, Michigan as of December 31, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of required supplemental information. However, we did not audit the information and express no opinion on it.

To the County Board of Commissioners  
Livingston County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livingston County, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, a report dated June 15, 2010 has been issued on our consideration of Livingston County, Michigan'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 opinions 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.

*Plante & Moran, PLLC*

June 15, 2010

# Livingston County, Michigan

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## Management's Discussion and Analysis

Our discussion and analysis of Livingston County, Michigan's (the "County") financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2009. Please read it in conjunction with the County's financial statements.

### Financial Highlights

Livingston County continued to face challenges during fiscal year 2009. The State of Michigan's fiscal crisis and the frail shape of the national economy continued through 2009. High levels of unemployment in the state are reflected in the large number of real estate foreclosures and the declining real estate market. Michigan had the highest unemployment rate in the country for the fourth straight year and was eighth in the nation in number of foreclosures. The effects of these challenges did not bypass Livingston County. In anticipation of reductions in future tax revenue and other financial challenges, Livingston County took active measures to reduce costs which resulted in another strong financial close in fiscal year 2009. The following represents the most significant financial highlights for the year ended December 31, 2009:

- The County's primary source of General Fund revenue is property taxes, representing 68.3 percent of total revenues. We experienced impressive percentage increases in property tax revenues in past years: 12.5 percent in 2005, 9.7 percent in 2006, and 4.2 percent in 2007. As anticipated, this growth trend was not sustainable in the present economy as is evident by 2009 being the second straight year that tax revenues came in under the previous year level with just a minimal decrease in 2008 and a 2.0 percent decrease in 2009. We expect tax revenue to continue to decline and are projecting a 7.2 percent decline in 2010 and an 8.0 percent decline in 2011. Another impediment to tax revenues is attributable to an amendment to the Property Tax Act (Public Act 356), a mandatory and permanent gradual shift (over a three-year period of time) from a December to a July tax levy. All future general tax levies will be on July 1. This legislation has created a major challenge for counties with calendar fiscal years because we bill for our largest revenue source six months after the beginning of annual operations and collect the revenue nine months into the fiscal year. This creates cash flow problems and a future risk of incurring borrowing costs to sustain operations during the first nine months.
- During the past few years, Livingston County has been proactive in reducing the cost of services by reducing personnel and redesigning personnel benefits. Departments have acted diligently to reduce expenses and comply with the purchasing policy to competitively bid supplies and services. The Board of Commissioners continued in 2009 to expand upon actions taken in 2008 to preserve Livingston County's financial capacity in the future. The board continued to enforce the approved hiring freeze for all vacant general funded positions and encouraged sharing of responsibilities/personnel by departments. A retirement incentive was offered for the second straight year to those employees eligible to retire. The culmination of these efforts has been an increase to the General Fund's fund balance for the past five years: \$1.8 million in 2005, \$2.6 million in 2006, \$1.8 million in 2007, \$1.6 million in 2008, and \$2.6 million in 2009. There was also a slight increase to fund balance for other governmental funds.

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services. The activities are divided between governmental and business-type. Governmental activities include the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Internal Service Fund. Business-type activities include the Building and Safety Fund, Airport Fund, Delinquent Tax Revolving Fund, Livingston Essential Transportation Service Fund, and the Septage Receiving Station Fund.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the County's operations in more detail than the government-wide financial statements by providing information about the County's most significant funds. The fiduciary fund 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 County as a Whole**

The following table shows a condensed format of the net assets (in thousands of dollars) for fiscal years ended December 31, 2009 and 2008:

|                              | Governmental Activities |                  | Business-type Activities |                  | Total             |                   |
|------------------------------|-------------------------|------------------|--------------------------|------------------|-------------------|-------------------|
|                              | 2009                    | 2008             | 2009                     | 2008             | 2009              | 2008              |
| <b>Assets</b>                |                         |                  |                          |                  |                   |                   |
| Current assets               | \$ 67,267               | \$ 63,654        | \$ 57,435                | \$ 36,478        | \$ 124,702        | \$ 100,132        |
| Noncurrent assets            | <u>56,625</u>           | <u>56,530</u>    | <u>35,001</u>            | <u>35,141</u>    | <u>91,626</u>     | <u>91,671</u>     |
| Total assets                 | 123,892                 | 120,184          | 92,436                   | 71,619           | 216,328           | 191,803           |
| <b>Liabilities</b>           |                         |                  |                          |                  |                   |                   |
| Current liabilities          | 7,235                   | 6,253            | 16,137                   | 817              | 23,372            | 7,070             |
| Long-term liabilities        | <u>15,321</u>           | <u>16,880</u>    | <u>5,880</u>             | <u>2,980</u>     | <u>21,201</u>     | <u>19,860</u>     |
| Total liabilities            | <u>22,556</u>           | <u>23,133</u>    | <u>22,017</u>            | <u>3,797</u>     | <u>44,573</u>     | <u>26,930</u>     |
| <b>Net Assets</b>            |                         |                  |                          |                  |                   |                   |
| Invested in capital assets - |                         |                  |                          |                  |                   |                   |
| Net of related debt          | 47,364                  | 45,625           | 32,021                   | 32,066           | 79,385            | 77,691            |
| Restricted                   | 22,142                  | 23,355           | -                        | -                | 22,142            | 23,355            |
| Unrestricted                 | <u>31,830</u>           | <u>28,071</u>    | <u>38,398</u>            | <u>35,756</u>    | <u>70,228</u>     | <u>63,827</u>     |
| Total net assets             | <u>\$ 101,336</u>       | <u>\$ 97,051</u> | <u>\$ 70,419</u>         | <u>\$ 67,822</u> | <u>\$ 171,755</u> | <u>\$ 164,873</u> |

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

The County's combined net assets for both governmental and business-type activities total \$171.8 million for fiscal year 2009 as compared to \$164.9 million for fiscal year 2008. This is an increase of \$6.9 million (4.2 percent) from 2008 to 2009. The increases are attributable to the purchase of the new Sunguard/OSSI public safety records management software, emergency medical services equipment, increased delinquent property taxes, and contributions to fund balance. Net assets are further segregated between restricted and unrestricted net assets. The restricted net assets are those assets that are restricted for a specific purpose/use and invested in capital assets. Unrestricted net assets are those net assets that can be used to finance day-to-day operations.

The following table shows the changes in net assets during the years ended December 31, 2009 and 2008 (in thousands of dollars):

|  | Governmental Activities |                 | Business-type Activities |                 | Total           |                 |
|--|-------------------------|-----------------|--------------------------|-----------------|-----------------|-----------------|
|  | 2009                    | 2008            | 2009                     | 2008            | 2009            | 2008            |
| <b>Revenue</b>                               |                         |                 |                          |                 |                 |                 |
| Program revenue:                             |                         |                 |                          |                 |                 |                 |
| Charges for services                         | \$ 23,070               | \$ 20,748       | \$ 7,537                 | \$ 7,036        | \$ 30,607       | \$ 27,784       |
| Operating grants and contributions           | 12,801                  | 10,652          | 1,546                    | 1,448           | 14,347          | 12,100          |
| Capital grants and contributions             | -                       | -               | 821                      | 1,043           | 821             | 1,043           |
| General revenue:                             |                         |                 |                          |                 |                 |                 |
| Property taxes                               | 31,342                  | 31,901          | -                        | -               | 31,342          | 31,901          |
| Unrestricted investment earnings             | 491                     | 1,670           | 277                      | 682             | 768             | 2,352           |
| Transfers and other revenue                  | 2,552                   | 2,768           | (1,679)                  | (1,874)         | 873             | 894             |
| <b>Total revenue</b>                         | <b>70,256</b>           | <b>67,739</b>   | <b>8,502</b>             | <b>8,335</b>    | <b>78,758</b>   | <b>76,074</b>   |
| <b>Program Expenses</b>                      |                         |                 |                          |                 |                 |                 |
| General government                           | 6,066                   | 5,259           | -                        | -               | 6,066           | 5,259           |
| Public safety                                | 34,564                  | 35,557          | -                        | -               | 34,564          | 35,557          |
| Health and welfare                           | 21,749                  | 19,392          | -                        | -               | 21,749          | 19,392          |
| Community and economic development           | 3,139                   | 3,399           | -                        | -               | 3,139           | 3,399           |
| Interest on long-term debt                   | 453                     | 594             | -                        | -               | 453             | 594             |
| Building and safety                          | -                       | -               | 1,117                    | 1,561           | 1,117           | 1,561           |
| Airport                                      | -                       | -               | 1,182                    | 1,481           | 1,182           | 1,481           |
| Livingston Essential Transportation Services | -                       | -               | 2,411                    | 2,562           | 2,411           | 2,562           |
| Sewage receiving station                     | -                       | -               | 555                      | 586             | 555             | 586             |
| Delinquent tax revolving funds               | -                       | -               | 640                      | 18              | 640             | 18              |
| <b>Total program expenses</b>                | <b>65,971</b>           | <b>64,201</b>   | <b>5,905</b>             | <b>6,208</b>    | <b>71,876</b>   | <b>70,409</b>   |
| <b>Change in Net Assets</b>                  | <b>\$ 4,285</b>         | <b>\$ 3,538</b> | <b>\$ 2,597</b>          | <b>\$ 2,127</b> | <b>\$ 6,882</b> | <b>\$ 5,665</b> |

# **Livingston County, Michigan**

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## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

Governmental activities are those activities (such as public safety, health and human services, and general governmental services) provided to the constituents of the County and supported by financing from property taxes and state-shared revenues.

The cost of providing services for governmental activities was \$66 million for fiscal year 2009, which includes General Fund, Special Revenue Fund, and Internal Service Fund departments. This is a 2.8 percent increase, or \$1.8 million, over the cost of providing services in 2008. The County expenditure policy has remained fairly stable from 2008 to 2009. The increase for providing services was mainly in the area of health and welfare, more specifically, additional vaccines and temporary staff needed to administer H1N1 flu vaccines and increased job training services to assist eligible residents in enhancing their job skills and get them back into the workforce.

The County's total governmental revenues increased by \$2.5 million, or 3.7 percent, from 2008 to 2009. This is a result of increased collections on charges for service, federal American Recovery and Reinvestment Act (ARRA) funds, and other additional grant dollars received.

### **Business-type Activities**

Business-type activities are those activities that are financed primarily by charges for services or user fees. The County's business-type activities consist of the Airport, Building and Safety Department, Livingston Essential Transportation, and Tax Delinquent Revolving Funds; these types of operations are most similar to private businesses. A comparative analysis between fiscal years 2008 and 2009 shows that the cost of providing services for all business-type activities decreased by 4.9 percent, mainly for airport operations, which decreased by 20.1 percent because of reduced fuel and other operating costs, and building and safety operations, which decreased 28.5 percent because of the halt in new construction.

### **The Funds**

Our analysis of the County's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the County as a whole. This includes the General Fund, Ambulance Fund, and Revenue Sharing Reserve Fund. The other nonmajor governmental funds are consolidated and reported under the column with that heading. The County board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages, 911 surcharge, and restricted revenues from grants or fees.

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

The General Fund pays for the majority of the County's governmental services. The most significant are the sheriff departments and the court system. The General Fund also pays for services of all the elected officials' offices. The General Fund incurred costs of \$42.6 million in 2009, including an operating transfer of \$3.7 million to subsidize operations in other funds. This is a decrease of 4.9 percent, or \$2.2 million, in the actual cost of providing services in 2009 when compared to the actual cost of providing services in 2008. This decrease was due to a combination of the proactive actions taken by the Board of Commissioners beginning in 2008 and continuing into 2009, as well as the awareness by County departments of the collaboration required to maintain efficient and effective County services. Because of these proactive measures, the fund balance in the General Fund was increased \$2.6 million.

The Ambulance Fund provides emergency medical response and is funded by a special tax levy (approximately 31.4 percent of total revenues) and charges for services (approximately 67.7 percent of total revenues). The cost of providing this service for 2009 was \$7.1 million. Fund balance increased by \$714,633, mainly due to increased demand for service. These funds will continue to be used in future years to enhance response time for the continuing increase in demand for services.

The Revenue Sharing Reserve Fund is a fund mandated by the State to provide replacement funding for the temporary suspension of state-shared revenue. The County will annually draw an amount equal to its state-shared revenue (approximately \$2.9 million) until the fund is depleted. In 2009, this fund balance decreased by \$2.9 million. It is projected that this fund will be depleted in 2013, being the first year in which replacement monies from the reserve fund are less than the amount that would otherwise have been received in state-shared revenue payments. The County is cautiously optimistic that the State will have the financial resources to fully reinstate state-shared revenue as promised in Public Act 357.

### **Budgetary Highlights**

Over the course of the year, the County board amended the budget to take into account events during the year. The following provides specific details regarding the amendments:

- Projected revenues and expenditures were adjusted to reflect actual receipts and/or spending.
- Recognition of increases/decrease in grant revenues

During the year, Special Revenue Funds and Enterprise Funds budgets were amended as follows:

- Amendments for capital purchases
- Projected revenues and expenditures were adjusted to reflect actual receipts and/or spending.
- Recognition of increases/decrease in grant revenues

# **Livingston County, Michigan**

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## **Management's Discussion and Analysis (Continued)**

### **Capital Asset and Debt Administration**

At the end of 2009, the County had \$91.6 million invested in a broad array of capital assets, including buildings, land, emergency response equipment, vehicles, etc. These assets are necessary to carry out the day-to-day operations of the County.

The County continues to sustain its excellent bond ratings with Moody's Aa2 rating and Standard & Poor's AA+ rating, thereby managing interest payments and reducing costs for infrastructure improvements. Additionally, the County is well within its legal debt limit of 10 percent of the state equalized valuation, utilizing less than 1.20 percent of that capacity. The majority of outstanding debt is for our component units: the drainage districts, the Department of Public Works, and the Road Commission. The County has pledged its full faith and credit to maintain low costs.

### **Economic Factors and Next Year's Budgets and Rates**

Michigan's fiscal crisis continues and is having a waterfall effect on all municipalities within the state. State revenues are at their lowest levels. State funding for education and local governments is in jeopardy. A majority of these reductions were self-inflicted. Enacted state tax cuts have eroded the State's ability to generate revenue; the State's fiscal reserves are depleted and the revenue forecasting committee continues to project annual deficits. The weak national economy, current credit crisis, continued decline in real estate markets, increases in foreclosure rates, and continued job losses create challenges and opportunities for all government agencies.

Fiscal year 2009 changed the way the County does business. Major structural changes have been made and will continue to be looked at to ensure sustainability of our operations into the future. The County has partnered with several other municipalities to share services including: contracting with Jackson County to share the public health officer, contracting with the City of Brighton to share the building official, implementation of countywide broadband fiber network sharing, and the countywide implementation of OSSI public safety software which has all fire, emergency, and police agencies within the County utilizing the same records management system.

As mentioned previously, to reduce personnel costs, the County board continues to enforce the approved hiring freeze for all vacant general funded positions, encourage the sharing of responsibilities/personnel by departments, will not offer wage increases in 2010 or 2011, and offered a retirement incentive for the second straight year to those employees eligible to retire, with a total of 41 eligible employees taking advantage of the program. Also, major changes were made to redesign and reduce benefits costs. The changes include the following:

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

- Pension
  - Start up of a pension plan that offers a hybrid of both a defined benefit plan and a defined contribution plan for all new non-union employees hired after August 31, 2009
  - Existing non-union employees were given the option to switch to the hybrid plan or remain in the defined benefit plan effective February 1, 2010.
  - For those who chose to remain in the defined benefit plan, the employees must now contribute 5 percent of their wages to the plan.
- Active Healthcare
  - Effective January 1, 2010, the new base healthcare plan offered to non-union employees has been reduced to a PP04 plan which offers 80/20 coverage with the option to buy up to a PP06 (90/10) or PP01 (100 percent) plan.
  - Beginning January 1, 2010, all full-time, 35-40-hour non-union employees will be responsible for 5 percent of the PP04 plan premium plus any buy-up costs.
  - Beginning November 1, 2009, all new 35-40-hour, full-time non-union employees are responsible for 20 percent of the plan premium plus any buy-up costs.
  - Effective January 1, 2010, all 30-34-hour employees will be responsible for 30 percent of the premium plus any buy-up costs.
  - All new 30-34-hour, non-union employees hired after January 1, 2009 will be responsible for 50 percent of the plan premium plus any buy-up costs.
- Retiree Healthcare
  - All new full-time, non-union employees hired after November 1, 2009 will not receive any retiree healthcare benefits.
  - Effective February 28, 2010, non-union employees who remained in the defined benefit plan will not accrue service or seniority toward their share of the cost of healthcare under the retiree healthcare plan.
  - Non-union employees who were in the defined benefit (DB) plan and eligible to retire had the option to remain in the DB plan or convert to the Retiree Healthcare Savings Plan. Those employees not eligible to retire had to convert to the Retiree Health Savings Plan and received a lump-sum deposit into a RHCS based on their years of service.

# **Livingston County, Michigan**

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## **Management's Discussion and Analysis (Continued)**

The County closely monitors reserve balances, revenues, and expenditures. We utilize a five-year financial forecasting model for early detection of bad revenue/expenditure policies and potential deficits. Unfortunately, it is projected that Livingston County's tax revenues will continue to decline 7.2 percent in 2010 and an additional 8.0 percent in 2011, begin to stabilize in 2012, and then begin a slow 1.0 percent increase in both 2013 and 2014. Recovery will be slow because Proposal A limits the increase of taxable value to the rate of inflation, or 5 percent, whichever is lowest. Michigan continues to work through its ninth straight year of economic downturn. As we consider all that has happened in 2009, we understand that Livingston County must continue to make difficult decisions and change the way it conducts business to ensure it continues its history of a sound financial performance.

### **Contacting the Administration**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the County Administrator's office at (517) 546-3669.

# Livingston County, Michigan

## Statement of Net Assets December 31, 2009

|   | Primary Government         |                             |                       | Component<br>Units    |
|---|----------------------------|-----------------------------|-----------------------|-----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |                       |
| <b>Assets</b>                                       |                            |                             |                       |                       |
| Cash and investments (Note 3)                       | \$ 53,287,772              | \$ 32,864,235               | \$ 86,152,007         | \$ 7,572,663          |
| Receivables:  |                            |                             |                       |                       |
| Taxes   | 5,038,701                  | 19,697,085                  | 24,735,786            | -                     |
| Accounts  | 2,331,254                  | 70,772                      | 2,402,026             | -                     |
| Leases  | -                          | -                           | -                     | 74,390,440            |
| Other   | -                          | 4,119,713                   | 4,119,713             | 4,784,248             |
| Internal balances                                   | 173,500                    | (173,500)                   | -                     | -                     |
| Due from other governmental units                   | 1,942,289                  | 481,639                     | 2,423,928             | 3,140,904             |
| Inventories   | -                          | 59,371                      | 59,371                | 1,143,215             |
| Prepaid costs and other assets                      | 1,690,128                  | 252,479                     | 1,942,607             | -                     |
| Net pension asset (Note 12)                         | 1,594,068                  | -                           | 1,594,068             | -                     |
| Net OPEB asset (Note 13)                            | 1,209,918                  | 63,680                      | 1,273,598             | -                     |
| Capital assets not being depreciated<br>(Note 5)    | 10,687,170                 | 11,423,524                  | 22,110,694            | 26,259,327            |
| Capital assets being depreciated (Note 5)           | 45,937,734                 | 23,577,232                  | 69,514,966            | 141,186,851           |
| <b>Total assets</b>                                 | <b>123,892,534</b>         | <b>92,436,230</b>           | <b>216,328,764</b>    | <b>258,477,648</b>    |
| <b>Liabilities</b>                                  |                            |                             |                       |                       |
| Accounts payable                                    | 2,494,016                  | 137,055                     | 2,631,071             | 606,891               |
| Accrued and other liabilities                       | 1,743,988                  | 733,740                     | 2,477,728             | 1,736,233             |
| Deferred tax revenue (Note 4)                       | 5,335,320                  | -                           | 5,335,320             | -                     |
| Due to other governmental units                     | 158,855                    | 166,156                     | 325,011               | 1,804,414             |
| Long-term obligations (Note 7):                     |                            |                             |                       |                       |
| Due within one year                                 | 2,838,403                  | 15,100,000                  | 17,938,403            | 7,756,096             |
| Due in more than one year                           | 9,985,824                  | 5,880,000                   | 15,865,824            | 71,467,991            |
| Net OPEB obligation                                 | -                          | -                           | -                     | 899,306               |
| <b>Total liabilities</b>                            | <b>22,556,406</b>          | <b>22,016,951</b>           | <b>44,573,357</b>     | <b>84,270,931</b>     |
| <b>Net Assets</b>                                   |                            |                             |                       |                       |
| Invested in capital assets - Net of<br>related debt | 47,363,801                 | 32,020,756                  | 79,384,557            | 165,781,339           |
| Restricted (Note 9)                                 | 22,142,045                 | -                           | 22,142,045            | -                     |
| Unrestricted  | 31,830,282                 | 38,398,523                  | 70,228,805            | 8,425,378             |
| <b>Total net assets</b>                             | <b>\$ 101,336,128</b>      | <b>\$ 70,419,279</b>        | <b>\$ 171,755,407</b> | <b>\$ 174,206,717</b> |

# Livingston County, Michigan

| Functions/Programs                          | Expenses             | Program Revenues     |                                    |                                  |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
|   |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government:</b>                  |                      |                      |                                    |                                  |
| Governmental activities:                    |                      |                      |                                    |                                  |
| General government                          | \$ 6,065,713         | \$ 1,465,570         | \$ (14,500)                        | \$ -                             |
| Public safety                               | 34,563,778           | 12,210,117           | 2,939,975                          | -                                |
| Health and welfare                          | 21,749,398           | 7,106,040            | 9,085,641                          | -                                |
| Community and economic development          | 3,139,300            | 2,288,357            | 789,916                            | -                                |
| Interest on long-term debt                  | 453,015              | -                    | -                                  | -                                |
| <b>Total governmental activities</b>        | <b>65,971,204</b>    | <b>23,070,084</b>    | <b>12,801,032</b>                  | <b>-</b>                         |
| Business-type activities:                   |                      |                      |                                    |                                  |
| Airport                                     | 1,182,462            | 814,560              | -                                  | 404,195                          |
| Delinquent tax revolving funds              | 640,052              | 4,811,569            | -                                  | -                                |
| Septage receiving station                   | 554,947              | 645,537              | -                                  | -                                |
| Livingston Essential Transportation Service | 2,410,898            | 424,130              | 1,545,531                          | 416,832                          |
| Building and safety                         | 1,116,572            | 841,512              | -                                  | -                                |
| <b>Total business-type activities</b>       | <b>5,904,931</b>     | <b>7,537,308</b>     | <b>1,545,531</b>                   | <b>821,027</b>                   |
| <b>Total primary government</b>             | <b>\$ 71,876,135</b> | <b>\$ 30,607,392</b> | <b>\$ 14,346,563</b>               | <b>\$ 821,027</b>                |
| <b>Component units:</b>                     |                      |                      |                                    |                                  |
| Drain Commission                            | \$ 2,174,163         | \$ 2,496,080         | \$ 1,063,173                       | \$ -                             |
| Department of Public Works                  | 5,852,984            | 4,907,572            | -                                  | -                                |
| Road Commission                             | 17,824,998           | 20,391               | 16,154,086                         | -                                |
| Livingston County Foundation                | 5,100                | -                    | 5,000                              | -                                |
| <b>Total component units</b>                | <b>\$ 25,857,245</b> | <b>\$ 7,424,043</b>  | <b>\$ 17,222,259</b>               | <b>\$ -</b>                      |
| General revenues:                           |                      |                      |                                    |                                  |
| Property taxes                              |                      |                      |                                    |                                  |
| Gain (loss) on sale of fixed assets         |                      |                      |                                    |                                  |
| Unrestricted investment earnings            |                      |                      |                                    |                                  |
| Miscellaneous                               |                      |                      |                                    |                                  |
| Transfers                                   |                      |                      |                                    |                                  |
| Total general revenues and transfers        |                      |                      |                                    |                                  |
| <b>Change in Net Assets</b>                 |                      |                      |                                    |                                  |
| <b>Net Assets - Beginning of year</b>       |                      |                      |                                    |                                  |
| <b>Net Assets - End of year</b>             |                      |                      |                                    |                                  |

**Statement of Activities**  
**Year Ended December 31, 2009**

| Net (Expense) Revenue and Changes in Net Assets |                             |                       |                       |
|---|-----------------------------|-----------------------|-----------------------|
| Primary Government                              |                             |                       |                       |
| Governmental<br>Activities                      | Business-type<br>Activities | Total                 | Component Units       |
| \$ (4,614,643)                                  | \$ -                        | \$ (4,614,643)        | \$ -                  |
| (19,413,686)                                    | -                           | (19,413,686)          | -                     |
| (5,557,717)                                     | -                           | (5,557,717)           | -                     |
| (61,027)  | -                           | (61,027)              | -                     |
| (453,015)                                       | -                           | (453,015)             | -                     |
| (30,100,088)                                    | -                           | (30,100,088)          | -                     |
| -   | 36,293                      | 36,293                | -                     |
| -   | 4,171,517                   | 4,171,517             | -                     |
| -   | 90,590                      | 90,590                | -                     |
| -   | (24,405)                    | (24,405)              | -                     |
| -   | (275,060)                   | (275,060)             | -                     |
| -   | 3,998,935                   | 3,998,935             | -                     |
| (30,100,088)                                    | 3,998,935                   | (26,101,153)          | -                     |
| -   | -                           | -                     | 1,385,090             |
| -   | -                           | -                     | (945,412)             |
| -   | -                           | -                     | (1,650,521)           |
| -   | -                           | -                     | (100)                 |
| -   | -                           | -                     | (1,210,943)           |
| 31,341,426                                      | -                           | 31,341,426            | -                     |
| -   | 105                         | 105                   | (191)                 |
| 490,569   | 277,320                     | 767,889               | 54,989                |
| 873,449   | -                           | 873,449               | 1,092,859             |
| 1,679,463                                       | (1,679,463)                 | -                     | -                     |
| 34,384,907                                      | (1,402,038)                 | 32,982,869            | 1,147,657             |
| 4,284,819                                       | 2,596,897                   | 6,881,716             | (63,286)              |
| 97,051,309                                      | 67,822,382                  | 164,873,691           | 174,270,003           |
| <b>\$ 101,336,128</b>                           | <b>\$ 70,419,279</b>        | <b>\$ 171,755,407</b> | <b>\$ 174,206,717</b> |

# Livingston County, Michigan

## Governmental Funds Balance Sheet December 31, 2009

|   | General<br>Fund      | Ambulance<br>Fund   | Revenue Sharing<br>Reserve Fund | Other Nonmajor<br>Governmental<br>Funds | Total Governmental<br>Funds |
|---|----------------------|---------------------|---------------------------------|---|-----------------------------|
| <b>Assets</b>   |                      |                     |                                 |   |                             |
| Cash and investments  | \$ 19,399,769        | \$ 3,692,061        | \$ 10,439,037                   | \$ 15,422,290                           | \$ 48,953,157               |
| Receivables:  |                      |                     |                                 |   |                             |
| Taxes   | 2,122,094            | 2,481,453           | -                               | 423,647                                 | 5,027,194                   |
| Accounts  | 39,215               | 1,044,795           | -                               | 1,211,259                               | 2,295,269                   |
| Due from other funds (Note 6)   | 138,284              | 1,540               | -                               | 425                                     | 140,249                     |
| Due from other governmental units   | 600,364              | -                   | -                               | 1,341,932                               | 1,942,296                   |
| Prepaid costs and other assets  | 241,152              | 5,717               | -                               | 821,183                                 | 1,068,052                   |
| Advance to other fund (Note 6)  | 486,979              | -                   | -                               | 415,131                                 | 902,110                     |
| <b>Total assets</b>   | <b>\$ 23,027,857</b> | <b>\$ 7,225,566</b> | <b>\$ 10,439,037</b>            | <b>\$ 19,635,867</b>                    | <b>\$ 60,328,327</b>        |
| <b>Liabilities and Fund Balances</b>  |                      |                     |                                 |   |                             |
| <b>Liabilities</b>  |                      |                     |                                 |   |                             |
| Accounts payable  | \$ 697,216           | \$ 194,993          | \$ -                            | \$ 823,385                              | \$ 1,715,594                |
| Accrued and other liabilities   | 629,857              | 123,610             | -                               | 111,630                                 | 865,097                     |
| Due to other funds (Note 6)   | 43,309               | 3,613               | -                               | 20,678                                  | 67,600                      |
| Due to other governmental units   | 73,529               | -                   | -                               | 85,326                                  | 158,855                     |
| Advance from other fund (Note 6)  | -                    | -                   | -                               | 362,458                                 | 362,458                     |
| Deferred revenue (Note 4)   | 1,684,876            | 2,481,453           | -                               | 1,206,873                               | 5,373,202                   |
| <b>Total liabilities</b>  | <b>3,128,787</b>     | <b>2,803,669</b>    | <b>-</b>                        | <b>2,610,350</b>                        | <b>8,542,806</b>            |
| <b>Fund Balances</b>  |                      |                     |                                 |   |                             |
| Reserved (Note 10)  | 728,131              | -                   | -                               | 530,769                                 | 1,258,900                   |
| Unreserved, reported in:  |                      |                     |                                 |   |                             |
| General Fund  | 18,170,939           | -                   | -                               | -                                       | 18,170,939                  |
| Special Revenue Funds   | -                    | 4,421,897           | 10,439,037                      | 10,244,987                              | 25,105,921                  |
| General Fund - Designated (Note 10)   | 1,000,000            | -                   | -                               | -                                       | 1,000,000                   |
| Capital Projects Funds - Designated (Note 10)   | -                    | -                   | -                               | 6,249,761                               | 6,249,761                   |
| <b>Total fund balances</b>  | <b>19,899,070</b>    | <b>4,421,897</b>    | <b>10,439,037</b>               | <b>17,025,517</b>                       | <b>51,785,521</b>           |
| <b>Total liabilities and fund balances</b>  | <b>\$ 23,027,857</b> | <b>\$ 7,225,566</b> | <b>\$ 10,439,037</b>            | <b>\$ 19,635,867</b>                    |                             |
| Amounts reported for governmental activities in the statement of net assets are different because:                                  |                      |                     |                                 |   |                             |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds                        |                      |                     |                                 |   | 53,474,550                  |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds                               |                      |                     |                                 |   | (10,290,025)                |
| Interest expense payable is not accrued in the governmental funds   |                      |                     |                                 |   | (23,464)                    |
| Compensated absences are not included as a liability of the funds   |                      |                     |                                 |   | (2,078,125)                 |
| Grant receivables in governmental activities are not financial resources and are not available to pay for current year expenditures |                      |                     |                                 |   | 37,882                      |
| Net pension asset is not included as an asset of the funds  |                      |                     |                                 |   | 1,594,068                   |
| Net OPEB asset is not included as an asset of the funds   |                      |                     |                                 |   | 1,145,856                   |
| Personal property taxes receivable in governmental activities are not financial resources and are not reported in the funds         |                      |                     |                                 |   | 11,505                      |
| Net self-insurance liabilities are not reported in the funds  |                      |                     |                                 |   | (762,835)                   |
| Internal Service Funds are included as part of governmental activities  |                      |                     |                                 |   | 6,441,195                   |
| <b>Net assets of governmental activities</b>  |                      |                     |                                 |   | <b>\$ 101,336,128</b>       |

# Livingston County, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2009

|  | General Fund         | Ambulance<br>Fund   | Revenue Sharing<br>Reserve Fund | Other Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|---------------------------------|---|--------------------------------|
| <b>Revenue</b>                           |                      |                     |                                 |   |                                |
| Taxes                                    | \$ 28,895,508        | \$ 2,441,691        | \$ -                            | \$ -                                    | \$ 31,337,199                  |
| Licenses and permits                     | 234,090              | -                   | -                               | 95,651                                  | 329,741                        |
| Federal sources                          | 611,059              | -                   | -                               | 8,295,312                               | 8,906,371                      |
| State sources                            | 1,709,671            | -                   | -                               | 2,855,615                               | 4,565,286                      |
| Contributions from local units           | 1,089,303            | -                   | -                               | 786,554                                 | 1,875,857                      |
| Charges for services                     | 7,147,194            | 5,258,525           | -                               | 6,281,826                               | 18,687,545                     |
| Fines and forfeitures                    | 624,719              | -                   | -                               | -                                       | 624,719                        |
| Interest and rent                        | 326,386              | 26,941              | -                               | 145,562                                 | 498,889                        |
| Other                                    | 1,640,114            | 39,473              | -                               | 96,487                                  | 1,776,074                      |
| Total revenue                            | 42,278,044           | 7,766,630           | -                               | 18,557,007                              | 68,601,681                     |
| <b>Expenditures</b>                      |                      |                     |                                 |   |                                |
| Current:                                 |                      |                     |                                 |   |                                |
| General government                       | 6,101,661            | -                   | -                               | -                                       | 6,101,661                      |
| Public safety:                           |                      |                     |                                 |   |                                |
| Court systems                            | 10,204,094           | -                   | -                               | -                                       | 10,204,094                     |
| Sheriff and jail                         | 14,802,503           | -                   | -                               | -                                       | 14,802,503                     |
| Other public safety                      | 1,489,127            | -                   | -                               | 6,857,252                               | 8,346,379                      |
| Economic development                     | 4,071,489            | -                   | -                               | 241,168                                 | 4,312,657                      |
| Health and welfare                       | 2,290,823            | 7,051,997           | -                               | 11,788,516                              | 21,131,336                     |
| Capital outlay                           | -                    | -                   | -                               | 199,352                                 | 199,352                        |
| Principal on debt service                | -                    | -                   | -                               | 1,945,000                               | 1,945,000                      |
| Interest on debt service                 | -                    | -                   | -                               | 454,129                                 | 454,129                        |
| Total expenditures                       | 38,959,697           | 7,051,997           | -                               | 21,485,417                              | 67,497,111                     |
| <b>Excess of Revenue Over (Under)</b>    |                      |                     |                                 |   |                                |
| <b>Expenditures</b>                      | 3,318,347            | 714,633             | -                               | (2,928,410)                             | 1,104,570                      |
| <b>Other Financing Sources (Uses)</b>    |                      |                     |                                 |   |                                |
| Operating transfers in (Note 6)          | 2,972,213            | -                   | -                               | 5,279,078                               | 8,251,291                      |
| Operating transfers out (Note 6)         | (3,659,888)          | -                   | (2,905,570)                     | (336,224)                               | (6,901,682)                    |
| Total other financing<br>(uses) sources  | (687,675)            | -                   | (2,905,570)                     | 4,942,854                               | 1,349,609                      |
| <b>Net Change in Fund Balances</b>       | 2,630,672            | 714,633             | (2,905,570)                     | 2,014,444                               | 2,454,179                      |
| <b>Fund Balances - Beginning of year</b> | 17,268,398           | 3,707,264           | 13,344,607                      | 15,011,073                              | 49,331,342                     |
| <b>Fund Balances - End of year</b>       | <u>\$ 19,899,070</u> | <u>\$ 4,421,897</u> | <u>\$ 10,439,037</u>            | <u>\$ 17,025,517</u>                    | <u>\$ 51,785,521</u>           |

# Livingston County, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2009

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,454,179

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

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

|                |             |
|----------------|-------------|
| Capital outlay | 822,401     |
| Depreciation   | (2,669,826) |

|   |           |
|---|-----------|
| Repayment of bond principal and other long-term obligations is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) | 2,105,701 |
|---|-----------|

|  |          |
|--|----------|
| Governmental funds report revenue when it is available; in the statement of activities, revenues are reported when they have been earned | (92,009) |
|--|----------|

|   |           |
|---|-----------|
| Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities | (117,195) |
|---|-----------|

|   |       |
|---|-------|
| Decrease in accrued interest payable is recorded on the statement of activities | 1,111 |
|---|-------|

|   |           |
|---|-----------|
| Increase in net self-insurance liability is recorded as an expense on the statement of activities | (493,660) |
|---|-----------|

|   |           |
|---|-----------|
| Internal Service Funds are also included as governmental activities | 1,741,096 |
|---|-----------|

|   |       |
|---|-------|
| Decrease in delinquent personal property taxes is included in the statement of activities | 4,126 |
|---|-------|

|  |          |
|--|----------|
| Decrease in net pension asset is recorded in the statement of activities | (68,666) |
|--|----------|

|   |         |
|---|---------|
| Increase in OPEB asset is recorded in the statement of activities | 597,561 |
|---|---------|

**Change in Net Assets of Governmental Activities** \$ 4,284,819

# Livingston County, Michigan

|  | Enterprise Funds     |                                  |                                 |
|--|----------------------|----------------------------------|---------------------------------|
|  | Major Funds          |                                  |                                 |
|  | Airport Fund         | Delinquent Tax<br>Revolving Fund | Septage<br>Receiving<br>Station |
| <b>Assets</b>                                      |                      |                                  |                                 |
| Current assets:                                    |                      |                                  |                                 |
| Cash and cash equivalents                          | \$ 184,378           | \$ 30,197,766                    | \$ 289,465                      |
| Tax receivable                                     | -                    | 19,697,085                       | -                               |
| Accounts receivable                                | 28,236               | 4,123,604                        | 46                              |
| Due from other governmental units                  | -                    | 94,315                           | -                               |
| Due from other funds (Note 6)                      | -                    | 46,497                           | -                               |
| Inventories  | 28,535               | -                                | -                               |
| Prepaid costs and other assets                     | 6,718                | 245,586                          | -                               |
| Total current assets                               | 247,867              | 54,404,853                       | 289,511                         |
| Noncurrent assets:                                 |                      |                                  |                                 |
| Advances to other funds (Note 6)                   | -                    | 2,297,736                        | -                               |
| Net OPEB asset (Note 13)                           | 12,736               | -                                | -                               |
| Capital assets (Note 5)                            | 29,374,398           | -                                | 3,201,457                       |
| Total noncurrent assets                            | 29,387,134           | 2,297,736                        | 3,201,457                       |
| Total assets                                       | 29,635,001           | 56,702,589                       | 3,490,968                       |
| <b>Liabilities</b>                                 |                      |                                  |                                 |
| Current liabilities:                               |                      |                                  |                                 |
| Accounts payable                                   | 32,783               | 15,411                           | 32,537                          |
| Accrued and other liabilities                      | 326,408              | 162,123                          | 103,861                         |
| Due to other funds (Note 6)                        | 30,000               | 65,476                           | -                               |
| Due to other governmental units                    | 22,801               | 43,933                           | 90,000                          |
| Current portion of long-term debt (Note 7)         | -                    | 15,000,000                       | 100,000                         |
| Total current liabilities                          | 411,992              | 15,286,943                       | 326,398                         |
| Noncurrent liabilities:                            |                      |                                  |                                 |
| Advances from other funds (Note 6)                 | 2,312,257            | -                                | 110,000                         |
| Long-term debt - Net of current portion (Note 7)   | -                    | 3,000,000                        | 2,880,000                       |
| Total noncurrent liabilities                       | 2,312,257            | 3,000,000                        | 2,990,000                       |
| Total liabilities                                  | 2,724,249            | 18,286,943                       | 3,316,398                       |
| <b>Net Assets</b>                                  |                      |                                  |                                 |
| Investment in capital assets - Net of related debt | 29,374,398           | -                                | 221,457                         |
| Unrestricted (deficit)                             | (2,463,646)          | 38,415,646                       | (46,887)                        |
| Total net assets                                   | <u>\$ 26,910,752</u> | <u>\$ 38,415,646</u>             | <u>\$ 174,570</u>               |

**Proprietary Funds  
Statement of Net Assets  
December 31, 2009**

| Enterprise Funds                                     |                             |                           |                           |
|--|-----------------------------|---------------------------|---------------------------|
| Nonmajor Funds                                       |                             |                           |                           |
| Livingston<br>Essential<br>Transportation<br>Service | Building and<br>Safety Fund | Total Enterprise<br>Funds | Internal Service<br>Funds |
| \$ 258,058   | \$ 1,934,568                | \$ 32,864,235             | \$ 4,303,965              |
| -  | -                           | 19,697,085                | 33,454                    |
| 32,698   | 5,901                       | 4,190,485                 | -                         |
| 387,324  | -                           | 481,639                   | -                         |
| -  | -                           | 46,497                    | 832                       |
| 20,229   | 10,607                      | 59,371                    | -                         |
| -  | 175                         | 252,479                   | 672,337                   |
| 698,309  | 1,951,251                   | 57,591,791                | 5,010,588                 |
| -  | -                           | 2,297,736                 | -                         |
| 25,472   | 25,472                      | 63,680                    | 64,062                    |
| 2,423,985  | 916                         | 35,000,756                | 3,150,354                 |
| 2,449,457  | 26,388                      | 37,362,172                | 3,214,416                 |
| 3,147,766  | 1,977,639                   | 94,953,963                | 8,225,004                 |
| 53,222   | 3,102                       | 137,055                   | 778,420                   |
| 84,872   | 56,476                      | 733,740                   | 264,653                   |
| -  | -                           | 95,476                    | 24,502                    |
| 9,422  | -                           | 166,156                   | -                         |
| -  | -                           | 15,100,000                | 77,926                    |
| 147,516  | 59,578                      | 16,232,427                | 1,145,501                 |
| -  | -                           | 2,422,257                 | 415,131                   |
| -  | -                           | 5,880,000                 | 223,177                   |
| -  | -                           | 8,302,257                 | 638,308                   |
| 147,516  | 59,578                      | 24,534,684                | 1,783,809                 |
| 2,423,985  | 916                         | 32,020,756                | 2,849,251                 |
| 576,265  | 1,917,145                   | 38,398,523                | 3,591,944                 |
| <b>\$ 3,000,250</b>                                  | <b>\$ 1,918,061</b>         | <b>\$ 70,419,279</b>      | <b>\$ 6,441,195</b>       |

# Livingston County, Michigan

|   | Enterprise Funds     |                                  |                                 |
|---|----------------------|----------------------------------|---------------------------------|
|   | Major Funds          |                                  |                                 |
|   | Airport Fund         | Delinquent Tax<br>Revolving Fund | Septage<br>Receiving<br>Station |
| <b>Operating Revenue</b>                                  |                      |                                  |                                 |
| Charges for services                                      | \$ 814,096           | \$ 996,504                       | \$ 591,147                      |
| Penalties and interest                                    | -                    | 3,741,744                        | -                               |
| Other revenue   | 464                  | 73,321                           | 54,390                          |
| Total operating revenue                                   | 814,560              | 4,811,569                        | 645,537                         |
| <b>Operating Expenses</b>                                 |                      |                                  |                                 |
| Personnel   | 233,491              | -                                | -                               |
| Operating expenses  | 451,172              | -                                | 7,489                           |
| Depreciation expense                                      | 414,673              | -                                | 162,599                         |
| Other expenses  | -                    | 442,619                          | 261,395                         |
| Total operating expenses                                  | 1,099,336            | 442,619                          | 431,483                         |
| <b>Operating (Loss) Income</b>                            | (284,776)            | 4,368,950                        | 214,054                         |
| <b>Nonoperating Revenue (Expenses)</b>                    |                      |                                  |                                 |
| Interest earnings   | 429                  | 262,076                          | 198                             |
| Gain on sale of fixed assets                              | -                    | -                                | -                               |
| Federal and state operating subsidies                     | -                    | -                                | -                               |
| Interest expense  | (83,126)             | (197,433)                        | (123,464)                       |
| Total nonoperating (expenses) revenue                     | (82,697)             | 64,643                           | (123,266)                       |
| <b>(Loss) Income - Before transfers and contributions</b> | (367,473)            | 4,433,593                        | 90,788                          |
| <b>Operating Transfers In</b> (Note 6)                    | -                    | -                                | -                               |
| <b>Operating Transfers Out</b> (Note 6)                   | -                    | (1,679,463)                      | -                               |
| <b>Net (Loss) Income - Before capital contributions</b>   | (367,473)            | 2,754,130                        | 90,788                          |
| <b>Capital Contributions</b>                              | 404,195              | -                                | -                               |
| <b>Change in Net Assets</b>                               | 36,722               | 2,754,130                        | 90,788                          |
| <b>Net Assets - January 1, 2009</b>                       | 26,874,030           | 35,661,516                       | 83,782                          |
| <b>Net Assets - December 31, 2009</b>                     | <u>\$ 26,910,752</u> | <u>\$ 38,415,646</u>             | <u>\$ 174,570</u>               |

**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended December 31, 2009**

| Enterprise Funds                                     |                             |                             |                            |
|--|-----------------------------|-----------------------------|----------------------------|
| Nonmajor Funds                                       |                             |                             |                            |
| Livingston<br>Essential<br>Transportation<br>Service | Building and<br>Safety Fund | Total Enterprise<br>Funds   | Internal Service<br>Funds  |
| \$ 321,890   | \$ 841,512                  | \$ 3,565,149                | \$ 15,212,642              |
| -  | -                           | 3,741,744                   | -                          |
| <u>102,240</u>                                       | -                           | <u>230,415</u>              | -                          |
| 424,130  | 841,512                     | 7,537,308                   | 15,212,642                 |
| 1,450,945  | 807,898                     | 2,492,334                   | 9,526,164                  |
| 472,425  | 306,841                     | 1,237,927                   | 3,882,327                  |
| 235,849  | 1,833                       | 814,954                     | 457,930                    |
| <u>251,679</u>                                       | -                           | <u>955,693</u>              | -                          |
| <u>2,410,898</u>                                     | <u>1,116,572</u>            | <u>5,500,908</u>            | <u>13,866,421</u>          |
| (1,986,768)  | (275,060)                   | 2,036,400                   | 1,346,221                  |
| -  | 14,617                      | 277,320                     | -                          |
| 105  | -                           | 105                         | 65,021                     |
| 1,545,531  | -                           | 1,545,531                   | -                          |
| -  | -                           | (404,023)                   | -                          |
| <u>1,545,636</u>                                     | <u>14,617</u>               | <u>1,418,933</u>            | <u>65,021</u>              |
| (441,132)  | (260,443)                   | 3,455,333                   | 1,411,242                  |
| -  | -                           | -                           | 329,854                    |
| -  | -                           | (1,679,463)                 | -                          |
| (441,132)  | (260,443)                   | 1,775,870                   | 1,741,096                  |
| <u>416,832</u>                                       | -                           | <u>821,027</u>              | -                          |
| (24,300)   | (260,443)                   | 2,596,897                   | 1,741,096                  |
| <u>3,024,550</u>                                     | <u>2,178,504</u>            | <u>67,822,382</u>           | <u>4,700,099</u>           |
| <b><u>\$ 3,000,250</u></b>                           | <b><u>\$ 1,918,061</u></b>  | <b><u>\$ 70,419,279</u></b> | <b><u>\$ 6,441,195</u></b> |

# Livingston County, Michigan

|   | Enterprise Funds  |                                  |                              |
|---|-------------------|----------------------------------|------------------------------|
|   | Major Funds       |                                  |                              |
|   | Airport Fund      | Delinquent Tax<br>Revolving Fund | Septage Receiving<br>Station |
| <b>Cash Flows from Operating Activities</b>   |                   |                                  |                              |
| Receipts from customers   | \$ 808,924        | \$ 23,332,617                    | \$ 645,537                   |
| Receipts from other funds   | -                 | 53,007                           | 104,303                      |
| Settlement of delinquent taxes  | -                 | (25,055,807)                     | -                            |
| Payments to suppliers   | (417,115)         | (394,433)                        | (267,949)                    |
| Payments to employees   | (219,436)         | -                                | -                            |
| Internal activity - Payments to other funds   | (53,007)          | (171,490)                        | -                            |
| Net cash provided by (used in) operating activities                                     | 119,366           | (2,236,106)                      | 481,891                      |
| <b>Cash Flows from Capital and Related Financing Activities</b>                         |                   |                                  |                              |
| Capital contributions   | -                 | -                                | -                            |
| Proceeds from issuance of debt  | -                 | 18,000,000                       | -                            |
| Proceeds from sale of assets  | -                 | -                                | -                            |
| Purchase of capital assets  | (106,785)         | -                                | (163,556)                    |
| Interest and principal paid   | (83,126)          | (197,433)                        | (218,464)                    |
| Net cash (used in) provided by capital and related financing activities                 | (189,911)         | 17,802,567                       | (382,020)                    |
| <b>Cash Flows from Investing Activities</b> - Interest received on investments          | 429               | 262,076                          | 198                          |
| <b>Cash Flows from Noncapital Financing Activities</b>                                  |                   |                                  |                              |
| Federal and state operating subsidies   | -                 | -                                | -                            |
| Transfers out   | -                 | (1,679,463)                      | -                            |
| Transfers in  | -                 | -                                | -                            |
| Net cash (used in) provided by noncapital financing activities                          | -                 | (1,679,463)                      | -                            |
| <b>Net (Decrease) Increase in Cash and Cash Equivalents</b>                             | (70,116)          | 14,149,074                       | 100,069                      |
| <b>Cash and Cash Equivalents</b> - Beginning of year                                    | 254,494           | 16,048,692                       | 189,396                      |
| <b>Cash and Cash Equivalents</b> - End of year  | <u>\$ 184,378</u> | <u>\$ 30,197,766</u>             | <u>\$ 289,465</u>            |
| <b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>  |                   |                                  |                              |
| Operating (loss) income   | \$ (284,776)      | \$ 4,368,950                     | \$ 214,054                   |
| Adjustments to reconcile operating (loss) income to net cash from operating activities: |                   |                                  |                              |
| Depreciation and amortization   | 414,673           | -                                | 162,599                      |
| Changes in assets and liabilities:  |                   |                                  |                              |
| Accounts receivable   | (5,636)           | (1,170,359)                      | -                            |
| Delinquent tax receivables  | -                 | (5,295,863)                      | -                            |
| Due from other funds  | -                 | -                                | 94,303                       |
| Due from other governmental units   | -                 | (74,401)                         | -                            |
| Inventory   | 29,920            | -                                | -                            |
| Other assets  | (6,018)           | (129,348)                        | 108                          |
| Accounts payable  | 12,026            | 15,411                           | (82,034)                     |
| Long-term advance payable   | (53,007)          | 53,007                           | 10,000                       |
| Due to other funds  | -                 | (171,490)                        | -                            |
| Due to other governmental units   | (98)              | 5,864                            | -                            |
| Accrued and other liabilities   | 12,282            | 162,123                          | 82,861                       |
| Net cash provided by (used in) operating activities                                     | <u>\$ 119,366</u> | <u>\$ (2,236,106)</u>            | <u>\$ 481,891</u>            |

**Noncash Financing Activities** - During the year ended December 31, 2009, various governmental entities contributed capital assets with a value of \$404,195 to the airport.

**Proprietary Funds  
Statement of Cash Flows  
Year Ended December 31, 2009**

| Enterprise Funds                                  |                             |                           |                              |
|---|-----------------------------|---------------------------|------------------------------|
| Nonmajor Funds                                    |                             |                           |                              |
| Livingston Essential<br>Transportation<br>Service | Building and Safety<br>Fund | Total<br>Enterprise Funds | Internal<br>Service<br>Funds |
| \$ 402,419  | \$ 835,611                  | \$ 26,025,108             | \$ -                         |
| -   | -                           | 157,310                   | 15,326,023                   |
| -   | -                           | (25,055,807)              | -                            |
| (742,666)   | (330,191)                   | (2,152,354)               | (4,076,190)                  |
| (1,416,532)                                       | (839,920)                   | (2,475,888)               | (9,485,768)                  |
| -   | -                           | (224,497)                 | -                            |
| (1,756,779)                                       | (334,500)                   | (3,726,128)               | 1,764,065                    |
| 347,831   | -                           | 347,831                   | -                            |
| -   | -                           | 18,000,000                | 356,854                      |
| 105   | -                           | 105                       | 65,021                       |
| -   | -                           | (270,341)                 | (2,400,398)                  |
| -   | -                           | (499,023)                 | (55,751)                     |
| 347,936   | -                           | 17,578,572                | (2,034,274)                  |
| -   | 14,617                      | 277,320                   | -                            |
| 1,545,531   | -                           | 1,545,531                 | -                            |
| -   | -                           | (1,679,463)               | -                            |
| -   | -                           | -                         | 329,854                      |
| 1,545,531   | -                           | (133,932)                 | 329,854                      |
| 136,688   | (319,883)                   | 13,995,832                | 59,645                       |
| 121,370   | 2,254,451                   | 18,868,403                | 4,244,320                    |
| <b>\$ 258,058</b>                                 | <b>\$ 1,934,568</b>         | <b>\$ 32,864,235</b>      | <b>\$ 4,303,965</b>          |
| \$ (1,986,768)                                    | \$ (275,060)                | \$ 2,036,400              | \$ 1,346,221                 |
| 235,849   | 1,833                       | 814,954                   | 457,930                      |
| (21,711)  | (5,901)                     | (1,203,607)               | (10,550)                     |
| -   | -                           | (5,295,863)               | -                            |
| -   | -                           | 94,303                    | (519)                        |
| -   | -                           | (74,401)                  | -                            |
| (13,701)  | 2,379                       | 18,598                    | -                            |
| (25,472)  | (19,751)                    | (180,481)                 | (445,256)                    |
| 29,958  | (5,978)                     | (30,617)                  | 183,492                      |
| -   | -                           | 10,000                    | 184,417                      |
| -   | -                           | (171,490)                 | (654)                        |
| 9,422   | -                           | 15,188                    | -                            |
| 15,644  | (32,022)                    | 240,888                   | 48,984                       |
| <b>\$ (1,756,779)</b>                             | <b>\$ (334,500)</b>         | <b>\$ (3,726,128)</b>     | <b>\$ 1,764,065</b>          |

# Livingston County, Michigan

## Fiduciary Funds Statement of Net Assets December 31, 2009

|   | Other Employee<br>Benefit Trust |                     |
|---|---------------------------------|---------------------|
|   | Fund                            | Agency Funds        |
| <b>Assets</b>   |                                 |                     |
| Cash  | \$ -                            | \$ 2,981,095        |
| Mutual funds  | 7,850,282                       | -                   |
| U.S. government securities                              | 2,126,571                       | -                   |
| Accrued interest receivable                             | -                               | 364                 |
|   |                                 | <hr/>               |
| Total assets  | 9,976,853                       | <u>\$ 2,981,459</u> |
| <b>Liabilities</b>                                      |                                 |                     |
| Due to other governmental units                         | -                               | \$ 1,286,291        |
| Other liabilities                                       | -                               | 1,695,168           |
|   |                                 | <hr/>               |
| Total liabilities                                       | -                               | <u>\$ 2,981,459</u> |
| <b>Net Assets - Held in trust for employee benefits</b> | <u>\$ 9,976,853</u>             |                     |

# Livingston County, Michigan

## Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2009

|   | Other Employee<br>Benefit Trust<br>Fund |
|---|---|
| <b>Additions</b>                                      |   |
| Investment income:                                    |   |
| Interest and dividends                                | \$ 120,324                              |
| Net decrease in fair value of investments             | 1,468,314                               |
| Less investment expenses                              | <u>(66,091)</u>                         |
| Net investment income                                 | 1,522,547                               |
| Contributions   | <u>1,520,049</u>                        |
| Total additions                                       | 3,042,596                               |
| <b>Net Assets Held in Trust for Employee Benefits</b> |   |
| Beginning of year                                     | <u>6,934,257</u>                        |
| End of year   | <u><u>\$ 9,976,853</u></u>              |

# Livingston County, Michigan

## Component Units Statement of Net Assets December 31, 2009

|   | Drain<br>Commission | Department of<br>Public Works | Road<br>Commission    | Livingston<br>County<br>Foundation | Total                 |
|---|---------------------|-------------------------------|-----------------------|------------------------------------|-----------------------|
| <b>Assets</b>                                       |                     |                               |                       |                                    |                       |
| Cash and investments                                | \$ 3,200,895        | \$ 1,022,361                  | \$ 3,063,443          | \$ 285,964                         | \$ 7,572,663          |
| Special assessments receivable                      | 3,830,087           | -                             | -                     | -                                  | 3,830,087             |
| Leases receivable from local units                  | 22,760,440          | 51,630,000                    | -                     | -                                  | 74,390,440            |
| Due from other governmental units                   | 1,128,014           | 23,799                        | 1,989,091             | -                                  | 3,140,904             |
| Interest and other receivables                      | 243,690             | 650,611                       | 59,860                | -                                  | 954,161               |
| Inventories   | -                   | -                             | 1,143,215             | -                                  | 1,143,215             |
| Capital assets (Note 5)                             | 3,886,445           | 41,476,039                    | 122,083,694           | -                                  | 167,446,178           |
| <b>Total assets</b>                                 | <b>35,049,571</b>   | <b>94,802,810</b>             | <b>128,339,303</b>    | <b>285,964</b>                     | <b>258,477,648</b>    |
| <b>Liabilities</b>                                  |                     |                               |                       |                                    |                       |
| Accounts payable                                    | 158,232             | 150,996                       | 297,663               | -                                  | 606,891               |
| Retainages payable                                  | -                   | 45,809                        | -                     | -                                  | 45,809                |
| Due to other governmental units                     | 1,084,266           | 671,894                       | 48,254                | -                                  | 1,804,414             |
| Other current liabilities                           | 1,200,901           | 325,040                       | 164,483               | -                                  | 1,690,424             |
| Long-term debt:                                     |                     |                               |                       |                                    |                       |
| Due within one year (Note 7)                        | 2,817,177           | 3,349,256                     | 1,589,663             | -                                  | 7,756,096             |
| Due in more than one year (Note 7)                  | 22,579,308          | 48,376,286                    | 512,397               | -                                  | 71,467,991            |
| Net OPEB obligation                                 | -                   | -                             | 899,306               | -                                  | 899,306               |
| <b>Total liabilities</b>                            | <b>27,839,884</b>   | <b>52,919,281</b>             | <b>3,511,766</b>      | <b>-</b>                           | <b>84,270,931</b>     |
| <b>Net Assets</b>                                   |                     |                               |                       |                                    |                       |
| Invested in capital assets - Net of<br>related debt | 3,886,445           | 41,476,039                    | 120,418,855           | -                                  | 165,781,339           |
| Unrestricted  | 3,323,242           | 407,490                       | 4,408,682             | 285,964                            | 8,425,378             |
| <b>Total net assets</b>                             | <b>\$ 7,209,687</b> | <b>\$ 41,883,529</b>          | <b>\$ 124,827,537</b> | <b>\$ 285,964</b>                  | <b>\$ 174,206,717</b> |

# Livingston County, Michigan

|  | Expenses             | Program Revenues     |                                |                              |
|--|----------------------|----------------------|--------------------------------|------------------------------|
|  |                      | Charges for Services | Operating Grants/Contributions | Capital Grants/Contributions |
| Drain Commission -<br>Public works           | \$ 2,174,163         | \$ 2,496,080         | \$ 1,063,173                   | \$ -                         |
| Department of Public Works -<br>Public works | 5,852,984            | 4,907,572            | -                              | -                            |
| Road Commission -<br>Public works            | 17,824,998           | 20,391               | 16,154,086                     | -                            |
| Livingston County Foundation -<br>Recreation | <u>5,100</u>         | <u>-</u>             | <u>5,000</u>                   | <u>-</u>                     |
| Total governmental activities                | <u>\$ 25,857,245</u> | <u>\$ 7,424,043</u>  | <u>\$ 17,222,259</u>           | <u>\$ -</u>                  |

General revenues:

- Loss on disposition of fixed assets
- Miscellaneous
- Interest

**Change in Net Assets**

**Net Assets** - Beginning of year

**Net Assets** - End of year

**Component Units  
Statement of Activities  
Year Ended December 31, 2009**

Net Revenue (Expense) and Changes in Net Assets

| Drain<br>Commission        | Department of<br>Public Works | Road Commission              | Livingston County<br>Foundation | Total                        |
|----------------------------|-------------------------------|------------------------------|---------------------------------|------------------------------|
| \$ 1,385,090               | \$ -                          | \$ -                         | \$ -                            | \$ 1,385,090                 |
| -                          | (945,412)                     | -                            | -                               | (945,412)                    |
| -                          | -                             | (1,650,521)                  | -                               | (1,650,521)                  |
| -                          | -                             | -                            | (100)                           | (100)                        |
| 1,385,090                  | (945,412)                     | (1,650,521)                  | (100)                           | (1,210,943)                  |
| -                          | -                             | (191)                        | -                               | (191)                        |
| -                          | -                             | 1,108,381                    | (15,522)                        | 1,092,859                    |
| <u>22,854</u>              | <u>7,239</u>                  | <u>23,574</u>                | <u>1,322</u>                    | <u>54,989</u>                |
| 1,407,944                  | (938,173)                     | (518,757)                    | (14,300)                        | (63,286)                     |
| <u>5,801,743</u>           | <u>42,821,702</u>             | <u>125,346,294</u>           | <u>300,264</u>                  | <u>174,270,003</u>           |
| <b><u>\$ 7,209,687</u></b> | <b><u>\$ 41,883,529</u></b>   | <b><u>\$ 124,827,537</u></b> | <b><u>\$ 285,964</u></b>        | <b><u>\$ 174,206,717</u></b> |

# Livingston County, Michigan

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## Notes to Financial Statements December 31, 2009

### Note I - Summary of Significant Accounting Policies

The accounting policies of Livingston County, Michigan (the "County") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the County:

#### Reporting Entity

The County was organized in 1836 and operates under an elected board of commissioners consisting of nine members. The County provides services to its residents in the areas of public safety, including law enforcement and administration of justice, economic development, general government, and human services.

The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. The discretely presented component units are reported in a separate column to emphasize that they are legally separate from the County.

**Blended Component Units** - The Building Authority is governed by a five-member board that is appointed by the County Board of Commissioners. Although legally separate from the County, the Building Authority is reported as part of the primary government because its sole purpose is to finance and construct the County's public buildings.

The following component units are presented discretely from the County:

**Drain Commission Boards** - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage, and dispose of real and personal property, etc. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the drain code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district.

# Livingston County, Michigan

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## Notes to Financial Statements December 31, 2009

### Note I - Summary of Significant Accounting Policies (Continued)

**Department of Public Works** - Pursuant to Michigan Compiled Law 123.732, the County has entered into a program of water supply and sanitary sewer facility construction. The Department of Public Works is under the general control of the County Board of Commissioners and under the immediate control of the Board of Public Works, which includes the County Drain Commissioner. The Board of Public Works is considered an agency of the County. The Board of Public Works manages water supply and sanitary sewer system construction projects that are bonded by the County. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the County Board of Commissioners.

**Road Commission** - The County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by the appointed three-member Board of County Road Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners.

**Livingston County Foundation** - The Livingston County Foundation (the "Foundation"), established as a 501(c)(3) not-for-profit entity, is governed by a seven-member board with two members being personnel of Livingston County, one member appointed by those two County personnel, one member being a current member of the Livingston County Board of Commissioners, and the remaining three members being appointed by the Livingston County Board of Commissioners. The Foundation is to be used for the enhancements of the Lutz County Park and for the development and maintenance of the Fillmore Estate, the Owen J. Lutz and Florence B. Lutz Conference Center, and for any other designation by the contributor.

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## **Note I - Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied, except for property taxes which are required to be recorded in the Revenue Sharing Reserve Fund as mandated by the State. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

## **Note I - Summary of Significant Accounting Policies (Continued)**

All governmental funds and Agency Funds utilize the modified accrual basis of accounting. The component units record day-to-day activity using the modified accrual basis of accounting but report on the full accrual basis of accounting. The Enterprise Funds utilize the full accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- Property taxes and other revenue that are both measurable and available for use to finance operations for the County are recorded as revenue when earned.
- Other revenue is recorded when received.
- Properties are assessed as of December 31. The related general operating property taxes are billed on July 1 and become a lien at that time. All other County property taxes are billed on December 1 of the following year and become a lien at that time. These taxes are due on August 31 and February 14, respectively, with a final collection date of February 28 before they are added to the County tax rolls.
- Property taxes are levied to finance the current year's operations and are recorded as a revenue and receivable in their respective funds on July 1. Each year, the Revenue Sharing Reserve Fund will transfer an amount equal to the County's revenue-sharing allocation to finance the current year's operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The County has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's enterprise functions and various other functions of the County. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for the proprietary 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 nonoperating revenue and expenses. 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.

## **Note I - Summary of Significant Accounting Policies (Continued)**

The County reports the following major governmental funds:

**General Fund** - The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Ambulance Special Revenue Fund** - The Ambulance Special Revenue Fund accounts for all of the activities of the County's ambulance department.

**Revenue Sharing Reserve Fund** - The Revenue Sharing Reserve Fund is a mandatory fund restricted for replacing state-shared revenues that have been suspended. The source of the replacement funding was the gradual shift from a winter tax levy to a summer tax levy. One-third of the County's December 2004 property tax levy was placed in the fund from the December 2004, 2005, and 2006 property tax levies, as required by State regulations.

The County reports the following major proprietary funds:

**Airport Fund** - The Airport Fund accounts for the operations of the rural airport located in the County. The primary revenue source is charges for services and grant monies for the airport expansion.

**Delinquent Tax Revolving Fund** - The Delinquent Tax Revolving Fund accounts for the purchase of delinquent tax rolls from the County's local units. Interest and penalties received within the collection of these receivables are the Delinquent Tax Revolving Fund's primary source of revenue.

**Septage Receiving Station** - This fund is used to account for the operations of the septage receiving station. The primary source of revenue is a per-gallon charge for service on waste that local communities dispose of through the receiving station.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Additionally, the County reports the following funds:

**Special Revenue Funds** - Special Revenue Funds account for the revenues and expenditures related to health, 911 services, job training services, childcare services, family counseling, Friend of the Court, the Small Cities Community Development Block Grant, survey and remonumentation, drug law enforcement activities, prosecutor's drug enforcement, criminal and OUIL forfeitures, law funds, community corrections, social welfare, soldiers' and sailors' relief, Veterans Trust Fund, register of deeds, federal equitable sharing activities, Homestead Property Exemption Fund, correction officer's training, Lutz County Park, Fillmore Estate County Park, and Community Development Block Grant/OLSHA funds.

**Debt Service Funds** - Debt Service Funds account for the debt retirement activity of the governmental activities of the County for the Road Commission refunding bonds issued in 1995 and 2001, mental health bonds issued in 1999, 2000, and 2005, building improvement bonds issued for various capital projects of the County, and the Building Authority Mental Health Fund.

**Capital Projects Funds** - Capital Projects Funds account for the development of capital facilities and equipment other than those financed by the operation of a proprietary fund. These projects include jail expansion, administration building renovations, other capital improvements of the County, EMS facility construction, and the West Complex construction.

**Permanent Funds** - Permanent Funds account for the maintenance and care of the cemetery.

**Enterprise Funds** - Enterprise Funds account for building and safety, airport, delinquent tax, Livingston Essential Transportation Services, and septage receiving station revenues collected from users and expenses related to operations.

**Internal Service Funds** - Internal Service Funds account for building services, information technology, carpool, and benefit services provided to other departments of the government on a cost reimbursement basis.

**Trust Funds** - The Other Employee Benefits Trust Fund accounts for the activities of the Post Employment Healthcare Trust Fund, which accumulates resources for health-care benefit payments for qualified employees.

## **Note I - Summary of Significant Accounting Policies (Continued)**

**Agency Funds** - Agency Funds are used to account for assets held by the County as an agent for individuals, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1 and December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The 2008 taxable valuation of the County totaled \$8.83 billion, on which ad valorem taxes levied December 1, 2008 consisted of 0.2799 mills for ambulance operating purposes and 0.2146 mills for HCMA. On July 1, 2009, the general operating millage for the 2009 fiscal year, or 3.3897 mills, was levied on the 2009 taxable valuation of \$8.57 billion for general operating purposes. The ad valorem taxes raised were approximately \$29.1 million for general operations, \$2.5 million for ambulance operations, and \$1.9 million for HCMA. These amounts are recorded in their respective funds as tax revenue. The amount recorded as revenue includes other miscellaneous revenue and other tax-related items and is net of amounts distributed to local DDAs and TIFAs.

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

### Note I - Summary of Significant Accounting Policies (Continued)

**Capital Assets** - Capital assets, which include property, buildings, furniture, vehicles, machinery, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, furniture, vehicles, machinery, and equipment are depreciated using the straight-line method over the following useful lives:

|                                   |                |
|-----------------------------------|----------------|
| Buildings                         | 33 to 50 years |
| Improvements other than buildings | 20 to 40 years |
| Equipment and furniture           | 3 to 10 years  |
| Machinery and equipment           | 5 to 20 years  |
| Vehicles                          | 5 to 10 years  |
| Drainage flow rights              | 99 years       |

**Compensated Absences** - The County allows employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation and personal pay as it is earned. Sick pay is accrued according to management estimates of individuals who are eligible for benefits upon termination or retirement. An expenditure for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off or employees terminate).

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term 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.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

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

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the period. Actual results could differ from those estimates.

## **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted for the General Fund and all Special Revenue Funds in compliance with the State Budget Act. The budget is prepared in accordance with accounting principles generally accepted in the United States of America, with the following exceptions:

- Operating transfers have been included in the “revenue” and “expenditure” categories, rather than “other financing sources (uses).”
- Reimbursements from other funds have been included in revenue, rather than as reductions of expenditures.

Any expenditures that exceed the budget must be approved by the County Board of Commissioners through a budget amendment. The County Board of Commissioners approves budget amendments with the exception that the County Administrator has the authority to make interdepartmental line-item transfers that are less than \$10,000.

## **Note 2 - Stewardship, Compliance, and Accountability (Continued)**

During the year, the General Fund budget was amended for recognition of board actions for the following:

- Projected revenues and/or expenditures were adjusted to reflect actual receipts and/or spending.
- Proactive measures were taken by all general departments, creating another surplus in 2009 to buffer the reduction in future years' revenues.
- The hiring freeze that was implemented in July 2008 continued through 2009; departments are now working together to share personnel; a cash incentive was offered and accepted by several employees eligible to retire for the second straight year, reducing costs; and the Delinquent Property Tax

The budget document presents information by fund, function, department, and line item. The legal level of budgetary control adopted by the Board of Commissioners is the department level in the General Fund and the fund level for all other funds. All annual appropriations lapse at fiscal year end. Encumbrance accounting utilized in governmental funds is the responsibility of each individual department. Encumbrances (purchase orders or service contracts) outstanding at year end are tracked; however, they do not constitute expenditures or liabilities because the goods or services have not been received by year end. The commitments will be honored during the subsequent year.

The budget process begins in April when the Board of Commissioners conducts a "goal-setting workshop" to formulate the strategic goals, policies, and objectives for the upcoming year. To encourage long-term planning, the County prepares a five-year financial model to project the long-term impact of new or proposed policies and programs.

In May, the strategic goals, policies, and objectives established by the board are shared and discussed with board subcommittees (including elected officials and department heads), public safety, health and human services, infrastructure and development, and general government. The elected officials and department heads make recommendations that may modify the strategic goals, policies, and objectives and determine how these may impact their departmental budgets.

Additionally, in May, the finance department prepares the projection for employee costs, including salaries/wages and all fringe benefits, by department and/or fund. The finance department projects total expenditures per functional group (i.e., public safety, health and human services, infrastructure and development, and general government for the General Fund).

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

Departments are requested to submit budget requests within these limits. Budget requests are due from the departments on July 30.

In August, the finance department reviews the budget to verify that it balances. Additional board subcommittee meetings are held with the departments to review requests and make modifications. During August, the budget plan is compiled and the County administrator distributes the recommended budget plan to the Board of Commissioners, elected officials, and department heads.

During September, the finance subcommittee reviews the budget plan and makes a recommendation to the Board of Commissioners. Upon review and a subsequent public hearing, the Board of Commissioners authorizes the proposed budget plan by adoption of the General Appropriations Resolution. The budget must be adopted by the Board of Commissioners at its annual meeting.

**Accumulated Net Asset and Fund Balance Deficits** - At December 31, 2009, the Airport Enterprise Fund had total net assets of \$26,910,752. The investment in capital assets, net of related debt, totaled \$29,374,398 at year end. Offsetting the investment in capital assets, net of related debt, is an unrestricted net asset deficit balance of \$2,463,646.

At December 31, 2009, the Septage Receiving Station Enterprise Fund had total net assets of \$174,570. The investment in capital assets, net of related debt, totaled \$221,457 at year end. Offsetting the investment in capital assets, net of related debt, is an unrestricted net asset deficit balance of \$46,887.

At December 31, 2009, the Information Technology Internal Service Fund had total net assets of \$1,473,497. The investment in capital assets, net of related debt, totaled \$2,247,292 at year end. Offsetting the investment in capital assets, net of related debt, is an unrestricted net asset deficit balance of \$773,795.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the County incurred expenditures that were in excess of the amounts budgeted as follows:

|                                      | Budget    | Actual    |
|--------------------------------------|-----------|-----------|
| General Fund - Appellate Court       | \$ 55,000 | \$ 63,898 |
| General Fund - Drug enforcement      | -         | 10,062    |
| General Fund - Equalization          | 645,677   | 683,903   |
| General Fund - County administration | 617,112   | 637,325   |
| General Fund - County treasurer      | 967,145   | 988,158   |

## **Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Other Employee Benefit Trust Fund retiree healthcare fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The County has designated seven banks for the deposit of its funds and those funds held by the County on behalf of its component units. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment as allowed under state statutory authority as listed above.

Cash and investments held by the County are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires that it shall diversify its investments by security type and institution. No more than 60 percent of the total investment portfolio will be invested in a single security type or with a single financial institution. At year end, the County had bank deposits of \$49,249,029, of which \$25,633,161 was covered by federal depository insurance and \$23,615,867 was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 3 - Deposits and Investments (Continued)

**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 does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

#### Government-wide

| Type of Investment                    | Fair Value | Less than  |           |            |
|---------------------------------------|------------|------------|-----------|------------|
|                                       |            | 1 Year     | 1-5 Years | 5-10 Years |
| Fannie Mae                            | \$ 987,411 | \$ 987,411 | \$ -      | \$ -       |
| Fowlerville Downtown Development Bond | 450,000    | -          | -         | 450,000    |

#### Fiduciary Funds

| Type of Investment                                   | Fair Value   | Less than    |  |
|--|--------------|--------------|--|
|  |              | 1 Year       |  |
| Other Employee Benefits Trust Fund -<br>Mutual funds | \$ 7,850,282 | \$ 7,850,282 |  |
| Federal Home Loan Bank                               | 1,349,865    | 1,349,865    |  |
| Federal Home Loan Mortgage Corp.                     | 776,706      | 776,706      |  |

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

#### Government-wide

| Investment                            | Fair Value | Rating | Rating       |
|---------------------------------------|------------|--------|--------------|
|                                       |            |        | Organization |
| Fannie Mae                            | \$ 987,411 | AAA    | S&P          |
| Fowlerville Downtown Development Bond | 450,000    | NR     | N/A          |
| Money market                          | 10,127,701 | A-1+   | S&P          |
| Money market                          | 29,170,065 | NR     | N/A          |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 3 - Deposits and Investments (Continued)

The following investments are not under the County's investment policy as they are maintained within fiduciary funds and are subject to different state regulations:

#### Fiduciary Funds

| Investment   | Fair Value   | Rating | Rating<br>Organization |
|--|--------------|--------|------------------------|
| Other Employee Benefits Trust Fund -<br>Mutual funds | \$ 7,850,282 | NR     | N/A                    |
| Federal Home Loan Bank                               | 1,349,865    | NR     | N/A                    |
| Federal Home Loan Bank                               | 776,706      | AAA    | S&P                    |

**Concentration of Credit Risk** - The County's investment policy requires that it shall diversify its investment by security type and institution by allowing no more than 60 percent of the total investment portfolio to be invested in a single investment type or with a single financial institution. The following shows issuers, other than the U.S. government, holding 5 percent or more of the County's total investments:

#### Government-wide

| Investment | Fair Value |
|------------|------------|
| Fannie Mae | \$ 987,411 |

The following investments are not under the County's investment policy as they are maintained within fiduciary funds and are subject to different state regulations:

#### Fiduciary Funds

| Investment             | Fair Value   |
|------------------------|--------------|
| Federal Home Loan Bank | \$ 1,349,865 |
| Federal Home Loan Bank | 776,706      |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 4 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

|                | Unavailable      | Unearned            | Total               |
|----------------|------------------|---------------------|---------------------|
| Property taxes | \$ -             | \$ 5,335,320        | \$ 5,335,320        |
| Grant revenue  | <u>37,882</u>    | <u>-</u>            | <u>37,882</u>       |
| Total          | <u>\$ 37,882</u> | <u>\$ 5,335,320</u> | <u>\$ 5,373,202</u> |

### Note 5 - Capital Assets

Capital asset activity of the County's governmental activities, business-type activities, and component units is as follows:

#### Primary Government

|                                       | Balance<br>January 1,<br>2009 | Additions          | Disposals and<br>Reclassifications | Balance<br>December 31,<br>2009 |
|---------------------------------------|-------------------------------|--------------------|------------------------------------|---------------------------------|
| <b>Governmental Activities</b>        |                               |                    |                                    |                                 |
| Capital assets not being depreciated: |                               |                    |                                    |                                 |
| Land                                  | \$ 8,897,165                  | \$ 97,140          | \$ -                               | \$ 8,994,305                    |
| Construction in progress              | <u>465,843</u>                | <u>1,665,472</u>   | <u>(438,450)</u>                   | <u>1,692,865</u>                |
| Subtotal                              | 9,363,008                     | 1,762,612          | (438,450)                          | 10,687,170                      |
| Capital assets being depreciated:     |                               |                    |                                    |                                 |
| Buildings                             | 55,440,540                    | 23,714             | -                                  | 55,464,254                      |
| Improvements other than building      | 2,040,466                     | 19,183             | -                                  | 2,059,649                       |
| Equipment and furniture               | 19,179,644                    | 879,406            | 430,038                            | 20,489,088                      |
| Vehicles                              | <u>4,095,728</u>              | <u>537,884</u>     | <u>(369,150)</u>                   | <u>4,264,462</u>                |
| Subtotal                              | 80,756,378                    | 1,460,187          | 60,888                             | 82,277,453                      |
| Accumulated depreciation:             |                               |                    |                                    |                                 |
| Buildings                             | 14,855,464                    | 1,112,857          | -                                  | 15,968,321                      |
| Improvements other than building      | 1,828,265                     | 58,883             | -                                  | 1,887,148                       |
| Equipment and furniture               | 14,239,316                    | 1,327,448          | -                                  | 15,566,764                      |
| Vehicles                              | <u>2,666,480</u>              | <u>628,568</u>     | <u>(377,562)</u>                   | <u>2,917,486</u>                |
| Subtotal                              | <u>33,589,525</u>             | <u>3,127,756</u>   | <u>(377,562)</u>                   | <u>36,339,719</u>               |
| Net capital assets being depreciated  | <u>47,166,853</u>             | <u>(1,667,569)</u> | <u>438,450</u>                     | <u>45,937,734</u>               |
| Net capital assets                    | <u>\$ 56,529,861</u>          | <u>\$ 95,043</u>   | <u>\$ -</u>                        | <u>\$ 56,624,904</u>            |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 5 - Capital Assets (Continued)

| <b>Business-type Activities</b>       | Balance<br>January 1,<br>2009 | Additions           | Disposals and<br>Adjustments | Balance<br>December 31,<br>2009 |
|---------------------------------------|-------------------------------|---------------------|------------------------------|---------------------------------|
| Capital assets not being depreciated: |                               |                     |                              |                                 |
| Land                                  | \$ 11,117,998                 | \$ 127,322          | \$ -                         | \$ 11,245,320                   |
| Construction in progress              | 40,760                        | 138,829             | (1,385)                      | 178,204                         |
| Subtotal                              | 11,158,758                    | 266,151             | (1,385)                      | 11,423,524                      |
| Capital assets being depreciated:     |                               |                     |                              |                                 |
| Buildings                             | 6,009,389                     | -                   | -                            | 6,009,389                       |
| Improvements other than buildings     | 18,562,597                    | 73,806              | -                            | 18,636,403                      |
| Vehicles                              | 1,672,877                     | -                   | (78,591)                     | 1,594,286                       |
| Machinery and equipment               | 1,330,268                     | 335,964             | -                            | 1,666,232                       |
| Subtotal                              | 27,575,131                    | 409,770             | (78,591)                     | 27,906,310                      |
| Accumulated depreciation:             |                               |                     |                              |                                 |
| Buildings                             | 1,195,654                     | 135,932             | -                            | 1,331,586                       |
| Improvements other than buildings     | 967,746                       | 358,498             | -                            | 1,326,244                       |
| Vehicles                              | 969,140                       | 181,308             | (78,591)                     | 1,071,857                       |
| Machinery and equipment               | 460,175                       | 139,216             | -                            | 599,391                         |
| Subtotal                              | 3,592,715                     | 814,954             | (78,591)                     | 4,329,078                       |
| Net capital assets being depreciated  | 23,982,416                    | (405,184)           | -                            | 23,577,232                      |
| Net capital assets                    | <u>\$ 35,141,174</u>          | <u>\$ (139,033)</u> | <u>\$ (1,385)</u>            | <u>\$ 35,000,756</u>            |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 5 - Capital Assets (Continued)

| <u>Component Units</u>                | Balance<br>January 1, 2009 | Additions            | Disposals and<br>Adjustments | Balance<br>December 31,<br>2009 |
|---------------------------------------|----------------------------|----------------------|------------------------------|---------------------------------|
| Capital assets not being depreciated: |                            |                      |                              |                                 |
| Land                                  | \$ 26,022,316              | \$ 237,011           | \$ -                         | \$ 26,259,327                   |
| Construction in progress              | <u>22,235,511</u>          | <u>-</u>             | <u>(22,235,511)</u>          | <u>-</u>                        |
| Subtotal                              | 48,257,827                 | 237,011              | (22,235,511)                 | 26,259,327                      |
| Capital assets being depreciated:     |                            |                      |                              |                                 |
| Land improvements                     | 159,393                    | -                    | -                            | 159,393                         |
| Buildings and improvements            | 8,064,006                  | 5,817,200            | (1,055,583)                  | 12,825,623                      |
| Drains and septic systems             | 7,613,690                  | 18,426,126           | -                            | 26,039,816                      |
| Machinery, equipment, and vehicles    | 10,952,819                 | 797,132              | (42,538)                     | 11,707,413                      |
| Infrastructure - Roads and bridges    | 170,760,481                | 5,783,197            | -                            | 176,543,678                     |
| Drainage flow rights                  | 16,277,420                 | 200,000              | -                            | 16,477,420                      |
| Depletable assets                     | <u>488,543</u>             | <u>-</u>             | <u>-</u>                     | <u>488,543</u>                  |
| Subtotal                              | 214,316,352                | 31,023,655           | (1,098,121)                  | 244,241,886                     |
| Accumulated depreciation:             |                            |                      |                              |                                 |
| Land improvements                     | 133,072                    | -                    | -                            | 133,072                         |
| Buildings and improvements            | 2,646,075                  | 329,176              | (52,779)                     | 2,922,472                       |
| Drains and septic systems             | 2,153,666                  | 686,063              | -                            | 2,839,729                       |
| Machinery, equipment, and vehicles    | 8,675,841                  | 793,014              | (42,347)                     | 9,426,508                       |
| Infrastructure - Roads and bridges    | 79,881,435                 | 6,992,615            | -                            | 86,874,050                      |
| Drainage flow rights                  | 575,464                    | 164,755              | -                            | 740,219                         |
| Depletable assets                     | <u>118,985</u>             | <u>-</u>             | <u>-</u>                     | <u>118,985</u>                  |
| Subtotal                              | <u>94,184,538</u>          | <u>8,965,623</u>     | <u>(95,126)</u>              | <u>103,055,035</u>              |
| Net capital assets being depreciated  | <u>120,131,814</u>         | <u>22,058,032</u>    | <u>(1,002,995)</u>           | <u>141,186,851</u>              |
| Net capital assets                    | <u>\$ 168,389,641</u>      | <u>\$ 22,295,043</u> | <u>\$ (23,238,506)</u>       | <u>\$ 167,446,178</u>           |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government and component units as follows:

#### Primary Government

|                                    |                     |
|------------------------------------|---------------------|
| Governmental activities:           |                     |
| General government                 | \$ 791,614          |
| Public safety                      | 1,222,180           |
| Health and welfare                 | 519,070             |
| Community and economic development | 5,285               |
| Public works                       | 131,677             |
| Internal Service Funds             | <u>457,930</u>      |
| Total governmental activities      | <u>\$ 3,127,756</u> |
| Business-type activities:          |                     |
| Building and safety                | \$ 1,833            |
| Airport                            | 414,673             |
| Septage receiving station          | 162,599             |
| L.E.T.S.                           | <u>235,849</u>      |
| Total business-type activities     | <u>\$ 814,954</u>   |

#### Component Units

|                                 |                     |
|---------------------------------|---------------------|
| Component unit activities:      |                     |
| Drain Commission districts      | \$ 348,308          |
| Department of Public Works      | 814,114             |
| Road Commission                 | <u>7,803,201</u>    |
| Total component unit activities | <u>\$ 8,965,623</u> |

During the fiscal years ended December 31, 2006 and 2005, Livingston County accepted the bequests of the Lutz and Fillmore Estates, totaling approximately \$4.04 million. The County reports these properties as capital assets and exercises control over the use of the properties, within the stipulations of the trust documents. The trust documents explicitly limit the uses of the properties to park or conference center purposes. The properties cannot be sold, split, or subdivided. If the County violates the specified uses for these properties, the assets will revert back to the trusts.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 6 - Interfund Receivables, Payables, Transfers, and Advances

The composition of interfund balances is as follows:

#### Due to/from Other Funds

| Receivable Fund               | Payable Fund                        | Amount     |
|-------------------------------|-------------------------------------|------------|
| General Fund                  | Airport Fund                        | \$ 30,000  |
|                               | Internal Service Fund               | 24,502     |
|                               | Delinquent Tax Revolving Fund       | 65,476     |
|                               | Nonmajor governmental funds         | 18,306     |
|                               | Total General Fund                  | 138,284    |
| Ambulance Fund                | Nonmajor governmental funds         | 1,540      |
| Delinquent Tax Revolving Fund | General Fund                        | 42,884     |
|                               | Ambulance Fund                      | 3,613      |
|                               | Total Delinquent Tax Revolving Fund | 46,497     |
| Nonmajor governmental funds   | General Fund                        | 425        |
| Internal Service Fund         | Nonmajor governmental funds         | 832        |
|                               | Total                               | \$ 187,578 |

Interfund balances represent routine and temporary cash flow assistance.

| Fund Transferred From         | Fund Transferred To                                      | Amount       |
|-------------------------------|--|--------------|
| <b>Interfund Transfers</b>    |  |              |
| General Fund                  | Nonmajor governmental funds                              | \$ 3,659,888 |
| Revenue Sharing Reserve Fund  | General Fund   | 2,905,570    |
| Nonmajor governmental funds   | General Fund   | 1,167        |
|                               | Internal Service Funds                                   | 329,854      |
|                               | Nonmajor governmental fund                               | 5,203        |
|                               | Total nonmajor governmental funds                        | 336,224      |
|                               | Total operating transfers out<br>from governmental funds | 6,901,682    |
| Delinquent Tax Revolving Fund | General Fund   | 65,476       |
|                               | Nonmajor governmental funds                              | 1,613,987    |
|                               | Total Delinquent Tax Revolving Fund                      | 1,679,463    |
|                               | Total operating transfers out                            | \$ 8,581,145 |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 6 - Interfund Receivables, Payables, Transfers, and Advances (Continued)

Transfers from the General Fund to the nonmajor governmental funds provide for operations of those funds, capital projects, and capital acquisitions. The transfer from the Revenue Sharing Reserve Fund provides for operations of the General Fund per Public Act 357 of 2004. The transfers from the nonmajor governmental funds to the General Fund were to cover costs of eligible expenditures made by the General Fund. The transfers from the nonmajor governmental funds to the Internal Service Funds and other nonmajor governmental funds were to provide funding for capital improvements. The transfer from the Delinquent Tax Revolving Fund to the General Fund was to transfer monies in excess of the board-approved \$6,000,000 cap placed on the Delinquent Tax Revolving Fund to the General Fund. The transfers from the Delinquent Tax Revolving Fund to the nonmajor governmental funds provide for debt payments and capital improvements.

Advances represent long-term, temporary cash flow assistance between funds.

| Receivable Fund               | Payable Fund                   | Amount              |
|-------------------------------|--------------------------------|---------------------|
| <b>Advances</b>               |                                |                     |
| General Fund                  | Nonmajor governmental funds    | \$ 362,458          |
|                               | Airport Fund                   | 14,521              |
|                               | Septage Receiving Station Fund | <u>110,000</u>      |
|                               | Total General Fund             | 486,979             |
| Delinquent Tax Revolving Fund | Airport Fund                   | 2,297,736           |
| Nonmajor governmental funds   | Internal Service Funds         | <u>415,131</u>      |
|                               | Total advances                 | <u>\$ 3,199,846</u> |

### Note 7 - Long-term Debt

The County issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. County contractual agreements and installment purchase agreements are also general obligations of the government.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

| <u>Primary Government</u>                                 | Matures   | Interest Rate | Beginning Balance | Additions     | Reductions/<br>Adjustments | Ending Balance | Due Within One Year |
|---|-----------|---------------|-------------------|---------------|----------------------------|----------------|---------------------|
| <b>Governmental Activities</b>                            |           |               |                   |               |                            |                |                     |
| General obligation bonds:                                 |           |               |                   |               |                            |                |                     |
| 1999 Building Authority - Mental health bonds             | 2010      | 4.30%-4.50%   | \$ 195,000        | \$ -          | \$ (95,000)                | \$ 100,000     | \$ 100,000          |
| 2000 Building Authority - Building improvement projects   | 2010      | 5.25%         | 1,550,000         | -             | (755,000)                  | 795,000        | 795,000             |
| 2001 Building Authority - Road Commission refunding bonds | 2010      | 4.50%         | 1,110,000         | -             | (545,000)                  | 565,000        | 565,000             |
| 2002 Capital improvement bonds                            | 2012      | 3.875%-4.00%  | 2,225,000         | -             | (520,000)                  | 1,705,000      | 545,000             |
| 2005 Mental health refunding bonds                        | 2024      | 3.50%-5.00%   | 2,140,000         | -             | (10,000)                   | 2,130,000      | 10,000              |
| 2005 Building Authority - Mental health refunding bonds   | 2014      | 3.25%-5.00%   | 3,685,000         | -             | (20,000)                   | 3,665,000      | 20,000              |
| Subtotal  |           |               | 10,905,000        | -             | (1,945,000)                | 8,960,000      | 2,035,000           |
| Notes payable - Information technology - Cisco            |           |               | -                 | 356,854       | (55,751)                   | 301,103        | 77,926              |
| Other obligations:  |           |               |                   |               |                            |                |                     |
| Drain at-large assessments                                |           |               | 392,727           | -             | (69,201)                   | 323,526        | 69,107              |
| Landfill postclosure liability                            |           |               | 1,098,000         | -             | (91,500)                   | 1,006,500      | 91,500              |
| Employee compensated absences                             |           |               | 2,110,573         | 122,525       | -                          | 2,233,098      | 564,870             |
| Total governmental activities                             |           |               | \$ 14,506,300     | \$ 479,379    | \$ (2,161,452)             | \$ 12,824,227  | \$ 2,838,403        |
| <b>Business-type Activities</b>                           |           |               |                   |               |                            |                |                     |
| Regional Waste (Septage Receiving Station)                | 2028      | 4.00%-4.25%   | \$ 3,075,000      | \$ -          | \$ (95,000)                | \$ 2,980,000   | \$ 100,000          |
| Tax notes - 2009  | 2011      | 2.5%          | -                 | 18,000,000    | -                          | 18,000,000     | 15,000,000          |
| Total business-type activities                            |           |               | \$ 3,075,000      | \$ 18,000,000 | \$ (95,000)                | \$ 20,980,000  | \$ 15,100,000       |
| <b>Component Units</b>                                    |           |               |                   |               |                            |                |                     |
| <b>Component Unit Debt</b>                                |           |               |                   |               |                            |                |                     |
| Drain Commission districts                                | 2010-2026 | 2.00%-7.25%   | \$ 28,552,186     | \$ 180,000    | \$ (3,335,701)             | \$ 25,396,485  | \$ 2,817,177        |
| Department of Public Works                                | 2010-2030 | 3.10%-10.25%  | 55,130,000        | 100,000       | (3,504,458)                | 51,725,542     | 3,349,256           |
| Road Commission   | 2010-2012 | 3.20%-8.08%   | 3,026,593         | 22,456        | (946,989)                  | 2,102,060      | 1,589,663           |
| Total component unit debt                                 |           |               | \$ 86,708,779     | \$ 302,456    | \$ (7,787,148)             | \$ 79,224,087  | \$ 7,756,096        |

Annual debt service requirements to maturity for the above governmental, business-type, and component unit bond and note obligations are as follows:

|           | Governmental Activities |              |               | Business-type Activities |              |               | Component Units |               |                |
|-----------|-------------------------|--------------|---------------|--------------------------|--------------|---------------|-----------------|---------------|----------------|
|           | Principal               | Interest     | Total         | Principal                | Interest     | Total         | Principal       | Interest      | Total          |
| 2010      | \$ 2,112,926            | \$ 401,784   | \$ 2,514,710  | \$ 15,100,000            | \$ 345,198   | \$ 15,445,198 | \$ 7,756,096    | \$ 3,196,888  | \$ 10,952,984  |
| 2011      | 1,627,240               | 303,058      | 1,930,298     | 3,105,000                | 191,098      | 3,296,098     | 6,610,653       | 2,965,227     | 9,575,880      |
| 2012      | 1,686,792               | 236,705      | 1,923,497     | 110,000                  | 111,798      | 221,798       | 6,083,572       | 2,717,132     | 8,800,704      |
| 2013      | 1,106,057               | 158,413      | 1,264,470     | 115,000                  | 107,298      | 222,298       | 5,961,750       | 2,472,647     | 8,434,397      |
| 2014      | 1,098,088               | 114,416      | 1,212,504     | 120,000                  | 102,598      | 222,598       | 5,986,576       | 2,224,360     | 8,210,936      |
| 2015-2019 | 740,000                 | 282,206      | 1,022,206     | 690,000                  | 434,588      | 1,124,588     | 25,425,440      | 7,641,006     | 33,066,446     |
| 2020-2024 | 890,000                 | 117,884      | 1,007,884     | 875,000                  | 277,735      | 1,152,735     | 15,470,000      | 2,897,665     | 18,367,665     |
| 2025-2029 | -                       | -            | -             | 865,000                  | 75,969       | 940,969       | 5,455,000       | 617,788       | 6,072,788      |
| 2030      | -                       | -            | -             | -                        | -            | -             | 475,000         | 21,375        | 496,375        |
| Total     | \$ 9,261,103            | \$ 1,614,466 | \$ 10,875,569 | \$ 20,980,000            | \$ 1,646,282 | \$ 22,626,282 | \$ 79,224,087   | \$ 24,754,088 | \$ 103,978,175 |

## **Note 7 - Long-term Debt (Continued)**

**Landfill Postclosure Liability** - In February 1988, the State of Michigan Department of Natural Resources (MDNR) ordered the Livingston County landfill to close. Reasons given for the order were that groundwater at the landfill had been contaminated, a daily cover of dirt was not applied to garbage collected each day, leachate had risen to unacceptable depths, and the license to operate the landfill had expired in 1986. The Livingston County Board of Commissioners ordered the landfill to close on April 19, 1988 so that a plan could be developed that would bring the site up to MDNR standards. In December 1988, a decision was made by the Livingston County Board of Commissioners to permanently close the landfill.

On February 21, 1991, a grant in the amount of \$466,604 was received from the State of Michigan to help fund clean-up and closure of the landfill. In 1999, a plan was developed at the insistence of the Michigan Department of Environmental Quality (MDEQ) to monitor methane concentrations in and around the landfill. This plan, entitled, *Methane Monitoring Plan, Livingston County Landfill, Howell Township, Michigan*, was submitted in April 1999 and subsequently approved by the MDEQ. The plan detailed a commitment to methane monitoring and potential remediation. In 2005, in response to detection of subsurface migration of methane, the Livingston County Board of Public Works (BPW) initiated actions to ensure the safety of neighboring property owners. An active venting system was installed, as well as additional monitoring wells and methane detectors in neighboring homes. The current monitoring and maintenance activities include, but are not limited to, groundwater sampling, leachate hauling, and methane monitoring. These costs are funded through operating transfers into the Landfill Fund.

State and federal laws and regulations require Livingston County to perform certain maintenance and monitoring functions at the site for 30 years after closure. The estimated costs of these functions over this time frame were established as a postclosure landfill liability and reported in the government-wide financial statements.

**Defeased Debt** - In prior years, the County has defeased portions of bonded debt by placing the proceeds of new bonds in escrow accounts to provide for all future debt service payments on the defeased portions of the old bonds. Accordingly, the escrow accounts' assets and the liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2009, approximately \$17.5 million of bonds outstanding are considered defeased.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 8 - Revenues Pledged in Connection with Local Unit Debt

The County has pledged, as security for bonds issued by various local units within the County's borders, the amounts collected for debt service payments from local unit contributions. The bonds, issued by the County, are to provide funding for various drain and department of public works projects and are payable through 2030. The County has committed to appropriate each year the total amount contributed by local units. Each local unit has pledged, as the primary security for the bonds, the annual debt service requirements of its related debt, as an appropriation to the County. Total principal and interest remaining on the debt at December 31, 2009 is \$101,876,113, with annual requirements ranging from \$9,363,322 in 2010 to \$496,375 in the final year. The local unit contributions from which the appropriations will be made have averaged approximately \$14.6 million over the last five years. For the current year, the principal and interest paid on behalf of the local units and the total local unit contributions recognized by the County were \$10,304,338 and \$10,223,821, respectively.

### Note 9 - Restricted Net Assets

The balances of the restricted net asset accounts are as follows:

|  | Governmental<br>Activities |
|--|----------------------------|
| Health and welfare expense                 | \$ 5,200,803               |
| Public safety expense                      | 4,728,507                  |
| Community and economic development expense | 1,773,698                  |
| Revenue-sharing reserve                    | <u>10,439,037</u>          |
| Total restricted net assets                | <u>\$ 22,142,045</u>       |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 10 - Reserved and Designated Fund Balances

Fund balances have been reserved and designated as follows:

|  | <u>Reserved</u>     | <u>Designated</u>   |
|--|---------------------|---------------------|
| General Fund - Reserved for:                   |                     |                     |
| Advance - Health Fund                          | \$ 304,372          | \$ -                |
| Advance - Job Training Services Fund           | 36,304              | -                   |
| Advance - Community Corrections Fund           | 21,782              | -                   |
| Advance - Airport Fund                         | 14,521              | -                   |
| Advance - Septage Receiving Station            | 110,000             | -                   |
| Correction funds                               | -                   | 1,000,000           |
| Prepaid costs and other assets                 | <u>241,152</u>      | <u>-</u>            |
| Total General Fund                             | 728,131             | 1,000,000           |
| Special Revenue Fund - Reserved for:           |                     |                     |
| Lutz County Park                               | 32,484              | -                   |
| Fillmore Estate County Park                    | 19,159              | -                   |
| 911 Service Fund prepaid items                 | <u>23,880</u>       | <u>-</u>            |
| Total Special Revenue Funds                    | 75,523              | -                   |
| Debt Service Funds - Reserved for debt service | 13,730              | -                   |
| Capital Projects Funds - Reserved for:         |                     |                     |
| Jail expansion                                 | -                   | 1,643,455           |
| Ambulance facility - Genoa                     | -                   | 372,118             |
| Administration building renovations            | -                   | 29,024              |
| Advance - Information Technology Fund          | 415,131             | -                   |
| Capital replacement                            | -                   | 4,189,529           |
| West Complex construction grant                | <u>-</u>            | <u>15,635</u>       |
| Total Capital Projects Funds                   | 415,131             | 6,249,761           |
| Permanent Fund - Reserved for cemetery care    | <u>26,385</u>       | <u>-</u>            |
| Total  | <u>\$ 1,258,900</u> | <u>\$ 7,249,761</u> |

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 11 - Risk Management

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The County has purchased commercial insurance for workers' compensation and excess medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

At December 31, 2009, the County's Member Retention Fund with the Authority includes approximately \$31,000 reserved for claims and claims adjustment expenses. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the County.

The County estimates the liability for claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years are as follows:

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| <b>Unpaid Claims - Beginning of year</b>                     | \$ 311,622        | \$ 260,992        |
| Incurred claims (including claims incurred but not reported) | 1,319,849         | 298,343           |
| Claim payments   | <u>(837,987)</u>  | <u>(247,713)</u>  |
| <b>Unpaid Claims - End of year</b>                           | <u>\$ 793,484</u> | <u>\$ 311,622</u> |

In addition to the claims paid, the County incurred an additional \$991,083 for insurance expense for the year ended December 31, 2009.

The County is self-insured for medical benefits provided to active employees and retirees. Claims are being paid out of the Benefits Internal Service Fund. The plan is administered by Blue Cross/Blue Shield of Michigan. The County is self-insured under the Blue Cross/Blue Shield of Michigan program up to \$50,000 per contract with an aggregate stop-loss amount of 120 percent of estimated claims. Once the individual contract or aggregate stop-loss amount is reached, reinsurance provides the remaining benefits.

## **Note 12 - Defined Benefit Pension Plan**

**Plan Description** - The County participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers the majority of County employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries.

MERS issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

During 2003, through collective bargaining, two employee groups (ambulance services and 911) opted to institute a defined contribution plan administered by MERS. Existing employees were given the choice to stay in the defined benefit plan or move to the defined contribution plan. Effective in 2003, all new hires are automatically eligible for participation in the defined contribution plan.

During the year ended December 31, 2009, the County started a new hybrid pension plan for non-union employees hired after August 1, 2009. Existing non-union employees were given the option to remain in the defined benefit plan or to move into the hybrid plan effective February 1, 2010. The hybrid plan consists of a defined benefit component and a defined contribution component. Under the defined benefit component, the multiplier is 1.25 percent and there is a six-year vesting requirement. For existing employees who transferred into the hybrid plan, their prior years of eligible service were transferred from the defined benefit plan to the hybrid plan. Under the defined contribution component, participants are required to contribute at least 1 percent, but no more than 3 percent, of eligible wages to the plan. The County will match dollar-for-dollar all participant contributions of 2 percent or 3 percent. The County does not match any participant contributions below 2 percent. Participants are 100 percent vested in the employer match upon participation in the plan.

**Annual Pension Costs** - For the year ended December 31, 2009, the County's annual pension cost was \$3,800,458 for the plan. The required and actual contribution to the plan was \$3,731,792. The annual required contribution was determined as part of an actuarial valuation at December 31, 2008 using the entry age actuarial funding method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, attributable to inflation, and (c) additional projected salary increases of 0 percent to 8.40 percent per year, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 12 - Defined Benefit Pension Plan (Continued)

The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 28 years and 10 years for negative unfunded accrued liabilities.

For the year ended December 31, 2009, the County's annual pension cost and net pension asset are as follows:

|  |                            |
|--|----------------------------|
| Annual required contribution               | \$ 3,731,792               |
| Interest on net pension asset              | (133,018)                  |
| Adjustment to annual required contribution | <u>201,684</u>             |
| Annual pension cost                        | 3,800,458                  |
| Contributions                              | <u>(3,731,792)</u>         |
| Decrease in net pension asset              | 68,666                     |
| Net pension asset - Beginning of year      | <u>1,662,734</u>           |
| Net pension asset - End of year            | <u><u>\$ 1,594,068</u></u> |

### Schedule of Employer Contributions

| Year Ended<br>December 31 | Annual Required<br>Contribution (ARC) | Percentage<br>of ARC<br>Contributed | Annual Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net Pension<br>Asset |
|---------------------------|---------------------------------------|-------------------------------------|------------------------------|-------------------------------------|----------------------|
| 2007                      | \$ 3,078,134                          | 100%                                | \$ 3,137,004                 | 98%                                 | \$ 1,726,314         |
| 2008                      | 3,371,405                             | 100%                                | 3,434,985                    | 98%                                 | 1,662,734            |
| 2009                      | 3,731,792                             | 100%                                | 3,800,457                    | 98%                                 | 1,594,069            |

### Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | Actuarial Value<br>of Assets | Actuarial<br>Accrued Liability<br>(AAL) | Unfunded AAL<br>(UAAL) | Funded<br>Ratio | UAAAL as a<br>Percentage<br>of Covered<br>Payroll | UAAAL as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|------------------------------|---|------------------------|-----------------|---|---|
| 12/31/2006                     | \$ 57,441,045                | \$ 75,524,909                           | \$ 18,083,864          | 76%             | \$ 23,335,744                                     | 77%   |
| 12/31/2007                     | 62,345,081                   | 80,312,733                              | 17,967,652             | 78%             | 23,980,441  | 75%   |
| 12/31/2008                     | 65,652,819                   | 90,053,214                              | 24,400,395             | 73%             | 25,117,925  | 97%   |

## **Note 13 - Other Postemployment Benefits**

The County has elected to provide postemployment health benefits to eligible participants and their beneficiaries. An employee is eligible to participate if the employee is a permanent employee and provided eligibility under County policy or an applicable collective bargaining agreement. The retiree healthcare plan provisions were created by the Livingston County Board of Commissioners. The County maintains the following two plans:

### **Livingston County Retiree Health Care Plan**

The County Retiree Health Care Plan (defined benefit) is for eligible employees including employees covered under the sheriff's department collective bargaining agreement, elected officials, and non-union employees elected or hired on or before March 17, 2003 who have elected to remain in this program. Beginning on the effective date, the County shall provide healthcare benefits to each eligible retiree and his or her spouse or one beneficiary (depending on the employee group). Currently, the plan has 335 members, including employees in active service, retired employees not yet receiving benefits, and retired employees and their spouses or beneficiaries currently receiving benefits.

This is a single employer defined benefit plan administered by the County. The benefits are provided by County resolution and under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. All administrative costs of the plan, except the annual trust account fees, are absorbed by Livingston County. The annual trust account fees are paid by the Trust.

**Funding Policy** - The collective bargaining agreements require no contributions from the sheriff's department retirees. For elected officials and non-union employees, the County and eligible participants will share health insurance costs as follows:

| <u>Years of Service at Retirement</u> | <u>County Share</u> | <u>Retiree Share</u> |
|---------------------------------------|---------------------|----------------------|
| Between 10 and 15                     | 25%                 | 75%                  |
| Between 15 and 20                     | 35%                 | 65%                  |
| Between 20 and 25                     | 50%                 | 50%                  |
| Between 25 and 30                     | 65%                 | 35%                  |
| More than 30                          | 75%                 | 25%                  |

Beginning January 1, 2009, members and their spouses or beneficiaries no longer receive the prescription drug coverage portion of the healthcare benefits after they reach age 65. These persons are required to switch to Medicare Part D for their prescription coverage.

## **Note 13 - Other Postemployment Benefits (Continued)**

Also beginning January 1, 2009, after age 65, an annual payment of \$500 for single- and \$1,000 for two-person coverage (in addition to medical coverage) is payable as long as the retiree or spouse/beneficiary is alive. This flat dollar amount is fixed and does not increase with inflation. The amount is prorated according to the cost-sharing schedule noted above.

The County has no obligation to make contributions in advance of when the healthcare expenditures are incurred (in other words, this may be financed on a “pay-as-you-go” basis). However, the County has established a Postemployment Health Care Trust (the “Trust”) and annually contributes the actuarial determined annual required contribution (ARC). The Postemployment Health Care Trust is reported in the financial statements as a fiduciary fund type.

During 2009, the County amended the plan and closed participation to all non-union employees hired on or after November 1, 2009. The County also amended the plan during 2009 to change the eligibility requirements for participating in the plan. Under the amended plan, effective February 28, 2010, new non-union participants are not eligible to participate in the plan, except for non-union employees hired on or before March 17, 2003, who are eligible to participate in the plan and who will have satisfied the age and service requirements for a normal or reduced retirement benefit retirement as of February 28, 2010. Actual retirement is not required. The participants who will not meet the requirements by February 28, 2010 will be automatically transferred into the Retiree Health Savings Plan and will receive an employer contribution to the Health Savings Plan based on years of service. The participants who meet the requirements will be given the opportunity to make a one-time irrevocable “opt-out” decision to participate in the Health Savings Plan. Those participants who choose to opt-out of the Health Care Plan will also receive an employer contribution to the Health Savings Plan based on years of service. Eligible employees who choose to remain in the Health Care Plan will no longer accrue service or seniority toward their share of the cost of healthcare benefits effective February 28, 2010.

The County has requested a supplemental actuarial valuation to be completed reflecting the plan changes noted above. This report is expected to be completed during the month of July 2010. The changes will move all but a small handful of non-union employees out of the plan. Once that happens, the County projects that the portion of the plan for non-union employees will be close to fully funded. Therefore, the remaining plan will be comprised mostly of union employees, whose schedule of funding progress is broken out on the following page as of December 31, 2008.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2009

### Note 13 - Other Postemployment Benefits (Continued)

**Funding Progress** - For the year ended December 31, 2009, the County has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2006. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

|   |                     |
|---|---------------------|
| Annual OPEB cost - Annual required contribution | \$ 1,520,049        |
| Interest on the prior year's net OPEB asset     | <u>(18,364)</u>     |
| Annual OPEB cost                                | 1,501,685           |
| Amounts contributed:                            |                     |
| Payments of current premiums                    | 706,939             |
| Contributions                                   | <u>1,520,049</u>    |
| Total contributions                             | <u>2,226,988</u>    |
| Increase in net OPEB asset                      | 725,303             |
| OPEB asset - Beginning of year                  | <u>548,295</u>      |
| OPEB asset - End of year                        | <u>\$ 1,273,598</u> |

The County's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB assets as of December 31, 2009 and 2008 were as follows:

|                        | <u>2009</u>  | <u>2008</u>  |
|------------------------|--------------|--------------|
| Annual OPEB costs      | \$ 1,501,685 | \$ 1,934,425 |
| Percentage contributed | 148%         | 128%         |
| Net OPEB assets        | \$ 1,273,598 | \$ 548,295   |

### Note 13 - Other Postemployment Benefits (Continued)

The funding progress of the plan, as of the most recent valuation date, is as follows:

|  | Valuation as of December 31 |              |               |
|--|-----------------------------|--------------|---------------|
|  | 2008                        |              | 2006          |
|  | Union                       | Non-Union    | Total         |
| Present value of future benefit payments | \$ 25,114,718               | \$ 9,428,793 | \$ 31,010,338 |
| Actuarial value of assets                | \$ 3,789,318                | \$ 4,631,389 | \$ 5,129,503  |
| Actuarial accrued liability (AAL)        | \$ 19,100,437               | \$ 8,302,988 | \$ 24,554,395 |
| Unfunded AAL (UAAL)                      | \$ 15,311,119               | \$ 3,671,599 | \$ 19,424,892 |
| Funded ratio                             | 20%                         | 56%          | 21%           |
| Annual covered payroll                   | \$ 6,002,319                | \$ 3,644,592 | \$ 9,591,110  |
| Ratio of UAAL to covered payroll         | 255%                        | 101%         | 203%          |

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The funding of the plan began during 2008 and the available multiyear trend information is disclosed in the table above.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 10 percent initially, reduced by 0.5 percent decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a seven-year period. The UAAL is being amortized as a level dollar amount for non-union participants and as a level percent of active member payroll for all other participants. The remaining amortization period at December 31, 2008 was 28 years.

## **Note 13 - Other Postemployment Benefits (Continued)**

**Livingston County Retiree Health Savings Plan** - The Livingston County Retiree Health Savings Plan (defined contribution) is for eligible employees hired after March 17, 2003 and/or participants of the Retiree Health Care Plan who made a voluntary irrevocable "opt-out" of the Retiree Health Care Plan and elected participation in this new program. In consideration for such a nonrevocable decision to opt-out of the Retiree Health Care Plan, the County made an employer contribution in an amount equal to the maximum amounts as described below for each of the eligible years of County service the employee has served. The opt-out window began in November 2003 and ended in January 2004; therefore, funding of this program spans two fiscal years. The plan is administered under ICMA prior to December 2009. Effective December 2009, MERS became the plan administrator. Union court employees are allowed to participate in the plan effective January 1, 2009.

Between January 1, 2004 and December 31, 2007, participants were required to contribute to the plan by authorizing payroll deductions that were deposited into the participant's plan account. The participant-authorized amounts were deducted on a per-pay-period basis from his or her paycheck. The plan was amended in order to comply with Internal Revenue Service (IRS) regulation. Due to this amendment, participant contributions are no longer accepted by the plan effective December 31, 2007.

The employer contributions will be subject to the following maximum limitation in each calendar year of participation: for non-union employees - first five years of service with the County - up to \$591 per year (prorated); beginning with the sixth year of service with the County until termination of participation - up to \$1,773 per year (prorated). For union court employees - first five years of service with the County - up to \$350 per year (prorated); beginning with the sixth year of service with the County until termination - up to \$1,000 per year (prorated). Adjustments may be made annually consistent with the non-union salary schedule adjustment. The employer contribution shall be distributed over a 12-month period.

During 2009, the County amended the plan and closed participation to all non-union employees hired on or after November 1, 2009.

For those employees participating in the defined contribution Retiree Health Care Savings Plan, the County contributed \$334,312 during the year ended December 31, 2009.

## **Note 14 - Subsequent Events**

Effective January 1, 2010, the County amended its defined benefit plan (described in Note 10) to require eligible non-union employees working 21 hours or more to contribute 5 percent of their wages to the plan. The participants are 100 percent vested in these contributions at all times. However, if these contributed funds are withdrawn prior to retirement, the participants forfeit all service credit with MERs and their right to all pension benefits.

## **Note 15 - Upcoming Accounting Pronouncements**

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the County's 2010 fiscal year end. This statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The County will implement GASB Statement No. 54 beginning with the fiscal year ending December 31, 2011.

## **Required Supplemental Information**

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# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2009

|                             | Original<br>Budget | Amended<br>Budget | Actual        | Variance with<br>Amended<br>Budget |
|-----------------------------|--------------------|-------------------|---------------|------------------------------------|
| <b>Revenue</b>              |                    |                   |               |                                    |
| <b>Taxes</b>                |                    |                   |               |                                    |
| Property taxes              | \$ 27,925,650      | \$ 27,925,650     | \$ 28,478,259 | \$ 552,609                         |
| Mobile home taxes           | 16,000             | 16,000            | 18,058        | 2,058                              |
| Industrial facilities taxes | 225,000            | 225,000           | 203,065       | (21,935)                           |
| Penalties and interest      | 151,000            | 151,000           | 196,126       | 45,126                             |
| Total taxes                 | 28,317,650         | 28,317,650        | 28,895,508    | 577,858                            |
| <b>Licenses and Permits</b> | 262,950            | 262,950           | 234,090       | (28,860)                           |
| <b>Federal Grants</b>       |                    |                   |               |                                    |
| Family support grant        | 157,765            | 157,765           | 109,445       | (48,320)                           |
| Emergency services          | 280,000            | 280,000           | 2,158         | (277,842)                          |
| Other federal grants        | 219,000            | 459,072           | 499,456       | 40,384                             |
| Total federal grants        | 656,765            | 896,837           | 611,059       | (285,778)                          |
| <b>State Sources</b>        |                    |                   |               |                                    |
| Court-related grants        | 483,539            | 491,239           | 442,369       | (48,870)                           |
| Public safety grants        | 243,793            | 217,357           | 225,897       | 8,540                              |
| Alcohol and convention tax  | 890,576            | 890,576           | 850,441       | (40,135)                           |
| Cigarette tax distribution  | 14,590             | 14,590            | 11,494        | (3,096)                            |
| Liquor licenses             | 12,000             | 12,000            | 11,514        | (486)                              |
| Other state grants          | 159,680            | 157,539           | 167,956       | 10,417                             |
| Total state sources         | 1,804,178          | 1,783,301         | 1,709,671     | (73,630)                           |

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2009

|  | Original<br>Budget | Amended<br>Budget | Actual       | Variance with<br>Amended<br>Budget |
|--|--------------------|-------------------|--------------|------------------------------------|
| <b>Revenue</b> (Continued)                 |                    |                   |              |                                    |
| <b>Contributions from Local Units</b>      | \$ 1,089,748       | \$ 1,075,578      | \$ 1,089,303 | \$ 13,725                          |
| <b>Charges for Services</b>                |                    |                   |              |                                    |
| Court-related charges                      | 4,311,611          | 4,350,716         | 4,747,484    | 396,768                            |
| Sheriff service contracts                  | 378,932            | 424,432           | 420,793      | (3,639)                            |
| Jail services                              | 205,500            | 314,800           | 329,664      | 14,864                             |
| Plat, site, and construction reviews       | 31,100             | 31,100            | 8,488        | (22,612)                           |
| Equalization services                      | 68,100             | 68,100            | 62,605       | (5,495)                            |
| Register of Deeds                          | 725,100            | 725,100           | 719,370      | (5,730)                            |
| Real estate transfer tax                   | 705,000            | 705,000           | 613,729      | (91,271)                           |
| Other charges for services                 | 254,450            | 215,750           | 245,061      | 29,311                             |
| Total charges for services                 | 6,679,793          | 6,834,998         | 7,147,194    | 312,196                            |
| <b>Fines and Forfeitures</b>               | 453,400            | 453,600           | 624,719      | 171,119                            |
| <b>Interest - Interest and investments</b> | 940,000            | 690,000           | 326,386      | (363,614)                          |
| <b>Other Revenue</b>                       |                    |                   |              |                                    |
| Refunds                                    | 216,200            | 216,200           | 233,619      | 17,419                             |
| Donations                                  | 4,500              | 7,500             | 9,461        | 1,961                              |
| Reimbursements of clerk's office costs     | 35,000             | 35,000            | 65,814       | 30,814                             |
| Reimbursements of court-related costs      | 321,500            | 321,500           | 286,045      | (35,455)                           |
| Reimbursements from other funds            | 444,436            | 444,436           | 588,509      | 144,073                            |
| Reimbursements of public safety costs      | 368,700            | 448,300           | 432,011      | (16,289)                           |
| Reimbursements of treasurer's office costs | 14,032             | 21,532            | 24,583       | 3,051                              |
| Proceeds of sale of assets                 | 150                | 150               | 72           | (78)                               |
| Operating transfers in                     | 3,067,570          | 2,905,570         | 2,972,213    | 66,643                             |
| Total other revenue                        | 4,472,088          | 4,400,188         | 4,612,327    | 212,139                            |
| Total revenue                              | 44,676,572         | 44,715,102        | 45,250,257   | 535,155                            |

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2009

|                                     | Original<br>Budget | Amended<br>Budget | Actual       | Variance with<br>Amended<br>Budget |
|-------------------------------------|--------------------|-------------------|--------------|------------------------------------|
| <b>Expenditures</b>                 |                    |                   |              |                                    |
| Public safety:                      |                    |                   |              |                                    |
| Court systems:                      |                    |                   |              |                                    |
| Circuit Court                       | \$ 1,490,431       | \$ 1,566,593      | \$ 1,487,305 | \$ 79,288                          |
| District Court                      | 2,303,825          | 2,313,372         | 2,284,299    | 29,073                             |
| Probate Court                       | 725,858            | 667,774           | 651,429      | 16,345                             |
| Juvenile Court                      | 1,188,355          | 1,195,415         | 1,025,848    | 169,567                            |
| Guardianship services               | 50,000             | 50,000            | 46,684       | 3,316                              |
| Circuit Court probation             | 67,487             | 67,487            | 66,895       | 592                                |
| Appellate Court                     | 52,000             | 55,000            | 63,898       | (8,898)                            |
| Court security                      | 223,868            | 223,868           | 212,066      | 11,802                             |
| Central services - Judicial center  | 2,463,425          | 2,473,229         | 2,327,449    | 145,780                            |
| Prosecuting attorney                | 2,011,718          | 2,072,201         | 2,038,221    | 33,980                             |
| Total court systems                 | 10,576,967         | 10,684,939        | 10,204,094   | 480,845                            |
| Sheriff and jail:                   |                    |                   |              |                                    |
| Road Patrol and Detective Bureau    | 8,161,279          | 7,818,582         | 7,670,170    | 148,412                            |
| Traffic                             | 223,836            | 228,830           | 227,172      | 1,658                              |
| Jail                                | 6,549,271          | 6,945,118         | 6,805,537    | 139,581                            |
| Marine                              | 74,140             | 61,973            | 44,869       | 17,104                             |
| Drug enforcement - ARRA Byrne Grant | -                  | -                 | 10,062       | (10,062)                           |
| Michigan Safe Communities           | 69,000             | 44,456            | 44,693       | (237)                              |
| Total sheriff and jail              | 15,077,526         | 15,098,959        | 14,802,503   | 296,456                            |
| Other public safety:                |                    |                   |              |                                    |
| Family support                      | 236,885            | 242,610           | 236,941      | 5,669                              |
| Emergency services                  | 295,300            | 295,300           | 11,471       | 283,829                            |
| Animal shelter                      | 565,837            | 575,787           | 532,898      | 42,889                             |
| Health department                   | 455,410            | 455,410           | 456,860      | (1,450)                            |
| Medical examiner                    | 178,907            | 248,848           | 250,957      | (2,109)                            |
| Total other public safety           | 1,732,339          | 1,817,955         | 1,489,127    | 328,828                            |
| Total public safety                 | 27,386,832         | 27,601,853        | 26,495,724   | 1,106,129                          |

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2009

|                                       | Original<br>Budget | Amended<br>Budget | Actual     | Variance with<br>Amended<br>Budget |
|---------------------------------------|--------------------|-------------------|------------|------------------------------------|
| <b>Expenditures</b> (Continued)       |                    |                   |            |                                    |
| Economic development:                 |                    |                   |            |                                    |
| Equalization                          | \$ 631,324         | \$ 645,677        | \$ 683,903 | \$ (38,226)                        |
| Register of Deeds                     | 786,571            | 805,990           | 771,111    | 34,879                             |
| Plat Board                            | 1,260              | 1,260             | 805        | 455                                |
| Drain Commission                      | 1,953,686          | 2,005,909         | 1,902,747  | 103,162                            |
| County share of drain costs           | 218,742            | 218,742           | 218,742    | -                                  |
| Planning                              | 360,956            | 370,881           | 368,929    | 1,952                              |
| Solid waste/DPW/Landfill              | 121,684            | 123,975           | 125,252    | (1,277)                            |
| Transfer to capital improvement       | 667,500            | 667,500           | 667,500    | -                                  |
| Total economic development            | 4,741,723          | 4,839,934         | 4,738,989  | 100,945                            |
| Human services:                       |                    |                   |            |                                    |
| MSU co-op extension                   | 293,991            | 279,232           | 265,038    | 14,194                             |
| Contagious diseases                   | 4,730              | 4,730             | 4,614      | 116                                |
| OLHSA                                 | 75,000             | 310,000           | 309,295    | 705                                |
| Community action programs             | 674,554            | 674,554           | 654,487    | 20,067                             |
| ECCBG                                 | -                  | 14,808            | 14,808     | -                                  |
| Mental health                         | 600,470            | 600,470           | 600,470    | -                                  |
| Senior services                       | 148,986            | 148,986           | 149,001    | (15)                               |
| Veterans' burials                     | 21,732             | 21,732            | 21,151     | 581                                |
| Veterans' affairs                     | 208,751            | 274,103           | 248,289    | 25,814                             |
| Rental fees                           | 23,667             | 24,837            | 23,670     | 1,167                              |
| Transfer to Friend of the Court       | 910,989            | 910,989           | 910,988    | 1                                  |
| Transfer to child care                | 1,564,585          | 1,564,585         | 1,564,584  | 1                                  |
| Transfer to health - Operating        | 385,111            | 385,111           | 385,112    | (1)                                |
| Transfer to soldier and sailor relief | 6,000              | 6,000             | 6,000      | -                                  |
| Transfer to community corrections     | 125,704            | 125,704           | 125,704    | -                                  |
| Total human services                  | 5,044,270          | 5,345,841         | 5,283,211  | 62,630                             |

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2009

|  | Original<br>Budget          | Amended<br>Budget           | Actual                      | Variance with<br>Amended<br>Budget |
|--|-----------------------------|-----------------------------|-----------------------------|------------------------------------|
| <b>Expenditures</b> (Continued)                    |                             |                             |                             |                                    |
| General government:                                |                             |                             |                             |                                    |
| Board of Commissioners                             | \$ 552,343                  | \$ 594,336                  | \$ 585,698                  | \$ 8,638                           |
| County administration                              | 599,398                     | 617,112                     | 637,325                     | (20,213)                           |
| Elections  | 63,059                      | 63,059                      | 17,008                      | 46,051                             |
| Civil counsel                                      | 118,000                     | 163,000                     | 155,878                     | 7,122                              |
| County clerk                                       | 910,873                     | 930,346                     | 876,748                     | 53,598                             |
| Auditing services                                  | 115,691                     | 121,098                     | 121,098                     | -                                  |
| Personnel  | 365,186                     | 373,278                     | 347,891                     | 25,387                             |
| Purchasing   | 235,624                     | 253,921                     | 246,088                     | 7,833                              |
| Tax allocation                                     | 1,450                       | 1,450                       | 1,140                       | 310                                |
| County treasurer                                   | 965,191                     | 967,145                     | 988,158                     | (21,013)                           |
| Information technology management                  | 1,131,638                   | 1,131,638                   | 1,131,636                   | 2                                  |
| Insurance  | 1,150,000                   | 1,025,308                   | 992,993                     | 32,315                             |
| Other  | 1,295,294                   | 729,953                     | -                           | 729,953                            |
| Total general government                           | <u>7,503,747</u>            | <u>6,971,644</u>            | <u>6,101,661</u>            | <u>869,983</u>                     |
| Total General Fund expenditures                    | <u>44,676,572</u>           | <u>44,759,272</u>           | <u>42,619,585</u>           | <u>2,139,687</u>                   |
| <b>Excess of Revenue (Under) Over Expenditures</b> | -                           | (44,170)                    | 2,630,672                   | 2,674,842                          |
| <b>Fund Balance - Beginning of year</b>            | <u>17,268,398</u>           | <u>17,268,398</u>           | <u>17,268,398</u>           | <u>-</u>                           |
| <b>Fund Balance - End of year</b>                  | <u><b>\$ 17,268,398</b></u> | <u><b>\$ 17,224,228</b></u> | <u><b>\$ 19,899,070</b></u> | <u><b>\$ 2,674,842</b></u>         |

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Ambulance Special Revenue Fund Year Ended December 31, 2009

|  | Original Budget            | Amended<br>Budget          | Actual                     | Variance with<br>Amended<br>Budget |
|--|----------------------------|----------------------------|----------------------------|------------------------------------|
| <b>Revenue</b>                             |                            |                            |                            |                                    |
| Property taxes                             | \$ 2,157,601               | \$ 2,157,601               | \$ 2,441,691               | \$ 284,090                         |
| Charges for services                       | 5,511,623                  | 5,511,623                  | 5,258,525                  | (253,098)                          |
| Interests and rents                        | 125,500                    | 125,500                    | 26,941                     | (98,559)                           |
| Other revenue                              | 5,000                      | 5,000                      | 39,473                     | 34,473                             |
| <b>Total revenue</b>                       | <u>7,799,724</u>           | <u>7,799,724</u>           | <u>7,766,630</u>           | <u>(33,094)</u>                    |
| <b>Expenditures - Health and welfare</b>   | <u>7,056,649</u>           | <u>7,230,149</u>           | <u>7,051,997</u>           | <u>178,152</u>                     |
| <b>Excess of Revenue Over Expenditures</b> | 743,075                    | 569,575                    | 714,633                    | 145,058                            |
| <b>Fund Balance - Beginning of year</b>    | <u>3,707,264</u>           | <u>3,707,264</u>           | <u>3,707,264</u>           | <u>-</u>                           |
| <b>Fund Balance - End of year</b>          | <u><b>\$ 4,450,339</b></u> | <u><b>\$ 4,276,839</b></u> | <u><b>\$ 4,421,897</b></u> | <u><b>\$ 145,058</b></u>           |

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Revenue Sharing Reserve Fund Year Ended December 31, 2009

|   | <u>Original Budget</u>      | <u>Amended<br/>Budget</u>   | <u>Actual</u>               | Variance with<br>Amended<br>Budget |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------------|
| <b>Expenditures</b> - Operating transfers out | \$ 2,905,570                | \$ 2,905,570                | \$ 2,905,570                | \$ -                               |
| <b>Fund Balance</b> - Beginning of year       | <u>13,344,607</u>           | <u>13,344,607</u>           | <u>13,344,607</u>           | <u>-</u>                           |
| <b>Fund Balance</b> - End of year             | <u><b>\$ 10,439,037</b></u> | <u><b>\$ 10,439,037</b></u> | <u><b>\$ 10,439,037</b></u> | <u><b>\$ -</b></u>                 |

## **Other Supplemental Information**

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# Livingston County, Michigan

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## Special Revenue Funds

Special Revenue Funds are used to account for the revenue from specific revenue sources that are restricted to expenditures for specific purposes by administrative action or law. A description of the Special Revenue Funds maintained by the County is as follows:

**Ambulance Fund** - This fund accounts for monies received from a special tax levy for the purpose of providing emergency medical services authorized by a vote of the County electors.

**Revenue Sharing Reserve Fund** - This fund is a mandatory fund restricted for replacing state-shared revenues that have been suspended. The source of the replacement funding is the gradual shift from a winter tax levy to a summer tax levy. One-third of the County's December property tax levy was placed in the fund from the December 2004, 2005, and 2006 property tax levies. This fund is required by Public Act 357 of 2004.

**Job Training Services** - This fund accounts for the monies received from federal and state grants related to job training and various Michigan Works! activities.

**Health Fund** - This fund accounts for monies received from federal, state, and local grants and County General Fund appropriations. These monies are utilized in providing a variety of health-related services to County residents. There are two types of activities included in this fund: environmental health and personal protection services.

**911 Service Fund** - This fund is used to account for the monies received under the provisions of Public Act 29 of 1994. These monies are to be used exclusively for the operation of the 911 system and the enhanced 911 system for wireless services.

**Child Care Fund** - This fund accounts for the foster care of children. The fund's primary revenue is a General Fund appropriation and state grants. The fund is required by MCL 400.117a. The Child Care Fund has two separate activities, one each for the probate court and Family Independence Agency.

**Family Counseling** - This fund accounts for monies received from a surcharge on all marriage licenses filed with the County. These monies are to be used for family counseling services as directed by the District Court.

**Friend of the Court** - This fund accounts for the monies received from statutory charges and a 3 percent State Court incentive received from the State (access and visitation grant). These monies are to be used for Friend of the Court activities required by Acts 297 and 298 PA 1982, as amended.

**Small Cities Community Development Block Grant Fund** - This fund accounts for the monies received from MSHDA for community development.

**Survey and Remonumentation Fund** - This fund accounts for the revenues and expenditures related to the marking, the corners, and horizontal and vertical control stations. This service is performed by the office of the Register of Deeds.

# Livingston County, Michigan

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## Special Revenue Funds (Continued)

**Prosecutor's Drug Enforcement Fund, Drug Law Enforcement Fund, Criminal Forfeiture Fund, and OUIL Forfeiture Fund** - These funds account for the monies received from the Federal Drug Enforcement Agency for law enforcement purposes and for state funds related to drug enforcement purposes. These monies are to be used to supplement existing law and drug enforcement funds in the law enforcement fields.

**Law Library Fund** - This fund accounts for the maintenance of the County law library. The fund's primary revenue is a specified portion of the penal fines collected each year by the County courts. This fund is required by MCL 600.4851.

**Community Corrections Fund** - This fund is a state grant used to enhance the delivery of adult probation services in the County.

**Social Welfare Fund** - This fund accounts for the operations of the County Family Independence Agency to assist with the welfare program that offers aid to disadvantaged individuals of Livingston County.

**Soldiers and Sailors Relief Fund** - This fund accounts for assistance to indigent veterans and their families. The fund's primary revenue is a General Fund appropriation and a statutory tax millage. The fund is required by MCL 35.21.

**Veterans' Trust Fund** - This fund accounts for the monies received by the State Department of Military Affairs from the State Veterans Trust Fund. These monies are to be used to aid needy veterans. The fund is required by MCL 35.607.

**Register of Deeds/Technology Fund** - This fund is used to account for funds set aside under provisions of Public Act 698 of 2002 (MCL 600.2568). This fund was created for upgrading technology in the Register of Deed's office.

**Federal Equitable Sharing Funds** - These funds are used in any local unit of government that has budgetary authority over an agency that may seize property involved in the violation of controlled substances statutes, Act 135 PA 1985 (MCL 333.7523). Authorized expenditures include expenses of seizure, forfeiture, and sale of property. The balance remaining must be used to enhance law enforcement efforts.

**Homestead Property Exemption Fund** - This fund is a restricted fund to account for interest distributed to the County from delinquent principal residence exemptions. It is to be used solely for the administration of principal residence exemptions and is required by Public Act 105 of 2003.

# Livingston County, Michigan

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## Special Revenue Funds (Continued)

**Correction Officer's Training Fund** - This fund is used to account for revenues and expenditures made by the County and used for different training programs in which correction officers participate. Revenue for the fund is earned through incarceration fees and is used for continuing education, certification, recertification, and training of local correction officers and inmate programs, including substance abuse and mental health programs.

**Lutz County Park Fund** - This fund is used to account for money held by the County for the maintenance of Lutz County Park.

**Fillmore Estate County Park Fund** - This fund is used to account for money held by the County for the maintenance of Fillmore Estate County Park.

**Community Development Block Grant/OLSHA Fund** - This fund accounts for loans made through a federal program which assists individuals in purchasing homes.

# Livingston County, Michigan

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## Debt Service Funds

Debt Service Funds are required if they are legally mandated and/or if financial resources are being accumulated for principal and interest payments maturing in future years.

**1995 Road Commission Refunding Bonds Fund** - This fund accounts for the Road Commission Building refunding bonds issued in 1995.

**Mental Health Bonds Fund** - This fund accounts for the proceeds and repayments from a bond issuance in 1999 for the mental health capital project.

**2000 Building Improvements Bonds Fund** - This fund accounts for the bonds issued in 2000 for the Old Court House, judicial center, law center, jail renovations, animal control, and 911 building capital projects.

**2001 Bonds - Road Commission Refunding Bonds Fund** - This fund accounts for the proceeds and repayments from debt issued in 2001 on behalf of the Road Commission.

**2002 Capital Improvement Bonds** - This fund accounts for the bonds issued in 2002 for the administrative building and other capital projects.

**Building Authority Mental Health Refunding Bonds** - This fund accounts for the proceeds and repayments from the debt issued in 2005 on behalf of the 1999 and 2000 Building Authority Mental Health Bonds.

# Livingston County, Michigan

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## Capital Projects Funds

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities by a governmental unit that are not accounted for by proprietary funds and trust funds.

**Jail Expansion Fund** - This fund accounts for the jail expansion capital project.

**Administration Building Renovations Fund** - This fund is used to account for the renovations to the administration building.

**Capital Replacement Fund** - This fund was created to be used for minor/major facility repairs or refurbishment and capital purchases.

**West Complex Construction Fund** - This fund was created to account for monies which will be used to construct the County's West Complex.

**EMS Construction Fund** - This fund was created to account for monies which will be used to construct the County's EMS facility.

# **Livingston County, Michigan**

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## **Permanent Fund**

Permanent funds are a new fund type created by GASB Statement No. 34, used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

**Cemetery Trust Fund** - This fund is used to account for money held by the County in trust for the perpetual care of cemetery lots for indigents.

# Livingston County, Michigan

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## Enterprise Funds

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services. The cost of operations is supported totally by fees and charges, rather than with taxes or similar revenues.

**Airport Fund, Airport Debt Fund, and Airport Capital Improvement Fund** - These funds account for the operations of the rural airport located in the County. The primary revenue sources are charges for services and grants received from federal and state sources.

**Delinquent Tax Revolving Fund** - This fund accounts for the purchase of delinquent tax rolls from the County's local units. Interest and penalties received with the collection of these receivables are the fund's primary source of revenue.

**Septage Receiving Station Fund** - This fund is used to account for the operations of the septage receiving station. The primary source of revenue is a per-gallon charge for service on waste that local communities dispose of through the receiving station.

**Livingston Essential Transportation System** - Livingston Essential Transportation System (the "System"), also known as the Livingston Transit System, operates a bus system that primarily provides busing services to low- to moderate-income persons within Livingston County. Revenue sources include charges for services, federal and state grants, and rental income from the EMS department.

**Building and Safety Fund** - This fund is used to account for revenues earmarked for building construction code enforcement activities. The fund is required by Section 22 (I) of Act 230 PA 1972.

# Livingston County, Michigan

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## Internal Service Funds

Internal Service Funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

**Building Services Fund** - This fund oversees the maintenance and operations of all County facilities.

**Information Technology Fund** - This fund includes computer information services, geographical information services, and communications. It is an all-encompassing technology fund for voice and data. Its primary responsibility is the procurement, installation, and maintenance of the County's computer and telephone system.

**Carpool Fund** - This fund is used to account for revenues collected from user departments for the vehicle rental charges to cover the costs incurred to administer the Motor Pool Fund and depreciation of vehicles. The Carpool Fund owns the majority of the County vehicles.

**Benefits Fund** - The fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded health insurance program, third-party administrative expenses, and actual health claims paid. As part of union contracts and personnel policies, the fund also pays the health insurance on certain retired employees.

# Livingston County, Michigan

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## Component Units

**Drain Commission** - This component unit accounts for all the funds maintained by the drain commissioner. Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage, and dispose of real and personal property, etc. The Drainage Board of Drain Commissioners, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of a drainage district.

**Department of Public Works** - Pursuant to Michigan Compiled Law 123.732, the County has entered into a program of water supply and sanitary sewer facility construction. The Department of Public Works is under the general control of the County Board of Commissioners and under the immediate control of a Board of Public Works, which includes the County Drain Commissioner. The Board of Public Works is considered an agency of the County. The board manages water supply and sanitary sewer system construction projects that are bonded by the County. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the County Board of Commissioners.

**Road Commission** - The County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by an appointed three-member Board of County Road Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners.

**Livingston County Foundation** - The Livingston County Foundation, established as a 501(c)(3) not-for-profit entity, is governed by a seven-member board with two members being personnel of Livingston County, one member appointed by two of the County's personnel, one member being a current member of the Livingston County Board of Commissioners, and the remaining three members being appointed by the Livingston County Board of Commissioners. The Foundation is to be used for the enhancements of the Lutz County Park and for the development and maintenance of the Owen J. Lutz and Florence B. Lutz Conference Center.

# Livingston County, Michigan

## Special Revenue Funds

|  | Job Training<br>Services | Health<br>Fund      | 911 Service Fund    | Child Care          | Family<br>Counseling | Friend of the<br>Court |
|--|--------------------------|---------------------|---------------------|---------------------|----------------------|------------------------|
| <b>Assets</b>                              |                          |                     |                     |                     |                      |                        |
| Cash and investments                       | \$ 22,346                | \$ 885,862          | \$ 3,141,124        | \$ 2,017,803        | \$ 21,822            | \$ 54,329              |
| Tax receivable                             | -                        | -                   | -                   | -                   | -                    | -                      |
| Accounts receivable                        | 248                      | 158,974             | 1,048,898           | -                   | -                    | -                      |
| Due from other governments                 | 746,604                  | 78,947              | 80,957              | 120                 | -                    | 383,406                |
| Due from other funds                       | -                        | -                   | -                   | -                   | -                    | -                      |
| Advances from other funds                  | -                        | -                   | -                   | -                   | -                    | -                      |
| Other assets                               | -                        | -                   | 24,075              | -                   | -                    | 2,531                  |
| <b>Total assets</b>                        | <b>\$ 769,198</b>        | <b>\$ 1,123,783</b> | <b>\$ 4,295,054</b> | <b>\$ 2,017,923</b> | <b>\$ 21,822</b>     | <b>\$ 440,266</b>      |
| <b>Liabilities and Fund Balances</b>       |                          |                     |                     |                     |                      |                        |
| <b>Liabilities</b>                         |                          |                     |                     |                     |                      |                        |
| Accounts payable                           | \$ 500,450               | \$ 44,742           | \$ 87,612           | \$ 137,436          | \$ -                 | \$ 5,429               |
| Accrued liabilities                        | 5,633                    | 46,364              | 33,352              | -                   | 494                  | 23,765                 |
| Due to other funds                         | 16,673                   | 4,005               | -                   | -                   | -                    | -                      |
| Due to other governmental units            | -                        | -                   | -                   | 59,320              | -                    | -                      |
| Advances from other funds                  | 36,304                   | 304,372             | -                   | -                   | -                    | -                      |
| Deferred revenue                           | -                        | -                   | -                   | -                   | -                    | -                      |
| <b>Total liabilities</b>                   | <b>559,060</b>           | <b>399,483</b>      | <b>120,964</b>      | <b>196,756</b>      | <b>494</b>           | <b>29,194</b>          |
| <b>Fund Balances</b>                       |                          |                     |                     |                     |                      |                        |
| Reserved                                   | -                        | -                   | -                   | -                   | -                    | -                      |
| Designated                                 | -                        | -                   | 23,880              | -                   | -                    | -                      |
| Undesignated                               | 210,138                  | 724,300             | 4,150,210           | 1,821,167           | 21,328               | 411,072                |
| <b>Total fund balances</b>                 | <b>210,138</b>           | <b>724,300</b>      | <b>4,174,090</b>    | <b>1,821,167</b>    | <b>21,328</b>        | <b>411,072</b>         |
| <b>Total liabilities and fund balances</b> | <b>\$ 769,198</b>        | <b>\$ 1,123,783</b> | <b>\$ 4,295,054</b> | <b>\$ 2,017,923</b> | <b>\$ 21,822</b>     | <b>\$ 440,266</b>      |

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2009**

Special Revenue Funds

| Small Cities<br>Community<br>Development<br>Block Grant | Survey and<br>Remonumen-<br>tation | Prosecutor's<br>Drug<br>Enforcement | Drug Law<br>Enforcement | Criminal<br>Forfeiture | OUIL<br>Forfeiture | Law Library      | Community<br>Corrections |
|---|------------------------------------|-------------------------------------|-------------------------|------------------------|--------------------|------------------|--------------------------|
| \$ 535,694  | \$ 935,263                         | \$ 9,998                            | \$ 151,099              | \$ 14,822              | \$ 14,453          | \$ 23,403        | \$ 12,155                |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | 6,388                              | -                                   | -                       | -                      | -                  | -                | 27,003                   |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| 3,413   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| <b>\$ 539,107</b>                                       | <b>\$ 941,651</b>                  | <b>\$ 9,998</b>                     | <b>\$ 151,099</b>       | <b>\$ 14,822</b>       | <b>\$ 14,453</b>   | <b>\$ 23,403</b> | <b>\$ 39,158</b>         |
| <br>  |                                    |                                     |                         |                        |                    |                  |                          |
| \$ 4,250  | \$ 13,800                          | \$ -                                | \$ 8,499                | \$ -                   | \$ -               | \$ -             | \$ 11,829                |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | 2,022                    |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | 21,782                   |
| -   | 6,250                              | -                                   | -                       | -                      | -                  | -                | -                        |
| 4,250   | 20,050                             | -                                   | 8,499                   | -                      | -                  | -                | 35,633                   |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| 534,857   | 921,601                            | 9,998                               | 142,600                 | 14,822                 | 14,453             | 23,403           | 3,525                    |
| 534,857   | 921,601                            | 9,998                               | 142,600                 | 14,822                 | 14,453             | 23,403           | 3,525                    |
| <b>\$ 539,107</b>                                       | <b>\$ 941,651</b>                  | <b>\$ 9,998</b>                     | <b>\$ 151,099</b>       | <b>\$ 14,822</b>       | <b>\$ 14,453</b>   | <b>\$ 23,403</b> | <b>\$ 39,158</b>         |

# Livingston County, Michigan

## Special Revenue Funds

|  | Social<br>Welfare | Soldiers and<br>Sailors Relief | Veterans'<br>Trust | Register of<br>Deeds | Federal<br>Equitable<br>Sharing Fund | Homestead<br>Property<br>Exemption<br>Fund | Correction<br>Officers<br>Training | Lutz County<br>Park |
|--|-------------------|--------------------------------|--------------------|----------------------|--------------------------------------|--|------------------------------------|---------------------|
| <b>Assets</b>                              |                   |                                |                    |                      |                                      |  |                                    |                     |
| Cash and investments                       | \$ 27,454         | \$ 1,104                       | \$ 1,943           | \$ 823,057           | \$ 362,642                           | \$ 838                                     | \$ 30,156                          | \$ 29,345           |
| Tax receivable                             | -                 | 423,647                        | -                  | -                    | -                                    | -  | -                                  | -                   |
| Accounts receivable                        | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | 3,139               |
| Due from other governments                 | 18,169            | -                              | -                  | 338                  | -                                    | -  | -                                  | -                   |
| Due from other funds                       | -                 | -                              | -                  | -                    | -                                    | 275  | 150                                | -                   |
| Advances from other funds                  | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | -                   |
| Other assets                               | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | -                   |
| <b>Total assets</b>                        | <b>\$ 45,623</b>  | <b>\$ 424,751</b>              | <b>\$ 1,943</b>    | <b>\$ 823,395</b>    | <b>\$ 362,642</b>                    | <b>\$ 1,113</b>                            | <b>\$ 30,306</b>                   | <b>\$ 32,484</b>    |
| <b>Liabilities and Fund Balances</b>       |                   |                                |                    |                      |                                      |  |                                    |                     |
| <b>Liabilities</b>                         |                   |                                |                    |                      |                                      |  |                                    |                     |
| Accounts payable                           | \$ -              | \$ 1,053                       | \$ -               | \$ -                 | \$ -                                 | \$ -                                       | \$ 49                              | \$ -                |
| Accrued liabilities                        | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | -                   |
| Due to other funds                         | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | -                   |
| Due to other governmental units            | 26,000            | -                              | -                  | -                    | -                                    | -  | -                                  | -                   |
| Advances from other funds                  | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | -                   |
| Deferred revenue                           | -                 | 423,647                        | -                  | -                    | -                                    | -  | -                                  | -                   |
| <b>Total liabilities</b>                   | <b>26,000</b>     | <b>424,700</b>                 | <b>-</b>           | <b>-</b>             | <b>-</b>                             | <b>-</b>                                   | <b>49</b>                          | <b>-</b>            |
| <b>Fund Balances</b>                       |                   |                                |                    |                      |                                      |  |                                    |                     |
| Reserved                                   | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | 32,484              |
| Designated                                 | -                 | -                              | -                  | -                    | -                                    | -  | -                                  | -                   |
| Undesignated                               | 19,623            | 51                             | 1,943              | 823,395              | 362,642                              | 1,113                                      | 30,257                             | -                   |
| <b>Total fund balances</b>                 | <b>19,623</b>     | <b>51</b>                      | <b>1,943</b>       | <b>823,395</b>       | <b>362,642</b>                       | <b>1,113</b>                               | <b>30,257</b>                      | <b>32,484</b>       |
| <b>Total liabilities and fund balances</b> | <b>\$ 45,623</b>  | <b>\$ 424,751</b>              | <b>\$ 1,943</b>    | <b>\$ 823,395</b>    | <b>\$ 362,642</b>                    | <b>\$ 1,113</b>                            | <b>\$ 30,306</b>                   | <b>\$ 32,484</b>    |

**Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
December 31, 2009**

| Special Revenue Funds          |  |  | Debt Service Funds     |  |  |                                      |  |
|--------------------------------|--|--|------------------------|--|--|--------------------------------------|--|
| Fillmore Estate<br>County Park | Community<br>Development<br>Block Grant<br>OLSHA | 1995 Road<br>Commission<br>Refunding Bonds | Mental Health<br>Bonds | 2000 Building<br>Improvements<br>Bonds | 2001 Bonds -<br>Road<br>Commission<br>Refunding<br>Bonds | 2002 Capital<br>Improvement<br>Bonds | Refunding<br>Building Authority<br>Mental Health<br>Fund |
| \$ 19,230                      | \$ 2,149   | \$ -                                       | \$ 3,407               | \$ -                                   | \$ 2,069   | \$ -                                 | \$ 8,254   |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | 777,316  | -  | -                      | -                                      | -  | -                                    | -  |
| <b>\$ 19,230</b>               | <b>\$ 779,465</b>                                | <b>\$ -</b>                                | <b>\$ 3,407</b>        | <b>\$ -</b>                            | <b>\$ 2,069</b>  | <b>\$ -</b>                          | <b>\$ 8,254</b>  |
| \$ 71                          | \$ -   | \$ -                                       | \$ -                   | \$ -                                   | \$ -   | \$ -                                 | \$ -   |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | 776,976  | -  | -                      | -                                      | -  | -                                    | -  |
| 71                             | 776,976  | -  | -                      | -                                      | -  | -                                    | -  |
| 19,159                         | -  | -  | 3,407                  | -                                      | 2,069  | -                                    | 8,254  |
| -                              | -  | -  | -                      | -                                      | -  | -                                    | -  |
| -                              | 2,489  | -  | -                      | -                                      | -  | -                                    | -  |
| 19,159                         | 2,489  | -  | 3,407                  | -                                      | 2,069  | -                                    | 8,254  |
| <b>\$ 19,230</b>               | <b>\$ 779,465</b>                                | <b>\$ -</b>                                | <b>\$ 3,407</b>        | <b>\$ -</b>                            | <b>\$ 2,069</b>  | <b>\$ -</b>                          | <b>\$ 8,254</b>  |

# Livingston County, Michigan

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds December 31, 2009

|  | Capital Projects Funds |   |                        |                                       |                     | Permanent Fund   | Total Nonmajor<br>Funds |
|--|------------------------|---|------------------------|---------------------------------------|---------------------|------------------|-------------------------|
|  | Jail Expansion         | Administration<br>Building<br>Renovations | Capital<br>Replacement | West Complex<br>Construction<br>Grant | EMS<br>Construction | Cemetery         |                         |
|  |                        |   |                        |                                       |                     |                  |                         |
| <b>Assets</b>                                  |                        |   |                        |                                       |                     |                  |                         |
| Cash and investments                           | \$ 1,643,452           | \$ 29,024                                 | \$ 4,175,684           | \$ 15,635                             | \$ 380,283          | \$ 26,391        | \$ 15,422,290           |
| Tax receivable                                 | -                      | -   | -                      | -                                     | -                   | -                | 423,647                 |
| Accounts receivable                            | -                      | -   | -                      | -                                     | -                   | -                | 1,211,259               |
| Due from other governments                     | -                      | -   | -                      | -                                     | -                   | -                | 1,341,932               |
| Due from other funds                           | -                      | -   | -                      | -                                     | -                   | -                | 425                     |
| Advances to other funds                        | -                      | -   | 415,131                | -                                     | -                   | -                | 415,131                 |
| Other assets                                   | 3                      | -   | 13,845                 | -                                     | -                   | -                | 821,183                 |
| <b>Total assets</b>                            | <b>\$ 1,643,455</b>    | <b>\$ 29,024</b>                          | <b>\$ 4,604,660</b>    | <b>\$ 15,635</b>                      | <b>\$ 380,283</b>   | <b>\$ 26,391</b> | <b>\$ 19,635,867</b>    |
| <b>Liabilities and Fund Balances</b>           |                        |   |                        |                                       |                     |                  |                         |
| <b>Liabilities</b>                             |                        |   |                        |                                       |                     |                  |                         |
| Accounts payable                               | \$ -                   | \$ -                                      | \$ -                   | \$ -                                  | \$ 8,165            | \$ -             | \$ 823,385              |
| Accrued liabilities                            | -                      | -   | -                      | -                                     | -                   | -                | 111,630                 |
| Due to other funds                             | -                      | -   | -                      | -                                     | -                   | -                | 20,678                  |
| Due to other governmental units                | -                      | -   | -                      | -                                     | -                   | 6                | 85,326                  |
| Advances from other funds                      | -                      | -   | -                      | -                                     | -                   | -                | 362,458                 |
| Deferred revenue                               | -                      | -   | -                      | -                                     | -                   | -                | 1,206,873               |
| <b>Total liabilities</b>                       | <b>-</b>               | <b>-</b>                                  | <b>-</b>               | <b>-</b>                              | <b>8,165</b>        | <b>6</b>         | <b>2,610,350</b>        |
| <b>Fund Balances</b>                           |                        |   |                        |                                       |                     |                  |                         |
| Reserved                                       | -                      | -   | 415,131                | -                                     | -                   | 26,385           | 506,889                 |
| Designated                                     | 1,643,455              | 29,024                                    | 4,189,529              | 15,635                                | 372,118             | -                | 6,273,641               |
| Undesignated                                   | -                      | -   | -                      | -                                     | -                   | -                | 10,244,987              |
| <b>Total fund balances</b>                     | <b>1,643,455</b>       | <b>29,024</b>                             | <b>4,604,660</b>       | <b>15,635</b>                         | <b>372,118</b>      | <b>26,385</b>    | <b>17,025,517</b>       |
| <b>Total liabilities and<br/>fund balances</b> | <b>\$ 1,643,455</b>    | <b>\$ 29,024</b>                          | <b>\$ 4,604,660</b>    | <b>\$ 15,635</b>                      | <b>\$ 380,283</b>   | <b>\$ 26,391</b> | <b>\$ 19,635,867</b>    |

# Livingston County, Michigan

## Special Revenue Funds

|  | Job Training<br>Services | Health Fund       | 911 Service<br>Fund | Child Care          | Family<br>Counseling | Friend of the<br>Court |
|--|--------------------------|-------------------|---------------------|---------------------|----------------------|------------------------|
| <b>Revenue</b>                                     |                          |                   |                     |                     |                      |                        |
| Licenses and permits                               | \$ -                     | \$ 95,651         | \$ -                | \$ -                | \$ -                 | \$ -                   |
| Federal sources                                    | 5,134,433                | 1,413,795         | -                   | -                   | -                    | 1,444,217              |
| State sources                                      | 473,227                  | 847,940           | 346,970             | 658,732             | -                    | -                      |
| Contributions from local units                     | -                        | -                 | -                   | -                   | -                    | -                      |
| Charges for services                               | 14,930                   | 1,215,776         | 4,240,805           | 202,920             | -                    | 143,493                |
| Interest earned                                    | -                        | -                 | 28,360              | -                   | -                    | 1,202                  |
| Other  | -                        | 11,055            | -                   | -                   | 13,245               | 216                    |
| <b>Total revenue</b>                               | <b>5,622,590</b>         | <b>3,584,217</b>  | <b>4,616,135</b>    | <b>861,652</b>      | <b>13,245</b>        | <b>1,589,128</b>       |
| <b>Expenditures</b>                                |                          |                   |                     |                     |                      |                        |
| Current:   |                          |                   |                     |                     |                      |                        |
| Public safety                                      | -                        | -                 | 4,016,468           | -                   | -                    | 2,356,345              |
| Community and economic development                 | -                        | -                 | -                   | -                   | -                    | -                      |
| Health and welfare                                 | 5,626,510                | 3,841,887         | -                   | 1,899,905           | 21,307               | -                      |
| Capital outlay                                     | -                        | -                 | -                   | -                   | -                    | -                      |
| Principal  | -                        | -                 | -                   | -                   | -                    | -                      |
| Interest   | -                        | -                 | -                   | -                   | -                    | -                      |
| <b>Total expenditures</b>                          | <b>5,626,510</b>         | <b>3,841,887</b>  | <b>4,016,468</b>    | <b>1,899,905</b>    | <b>21,307</b>        | <b>2,356,345</b>       |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>(3,920)</b>           | <b>(257,670)</b>  | <b>599,667</b>      | <b>(1,038,253)</b>  | <b>(8,062)</b>       | <b>(767,217)</b>       |
| <b>Other Financing Sources (Uses)</b>              |                          |                   |                     |                     |                      |                        |
| Operating transfers in                             | -                        | 385,112           | -                   | 1,564,584           | -                    | 910,988                |
| Operating transfers out                            | -                        | -                 | -                   | -                   | -                    | -                      |
| <b>Total other financing sources (uses)</b>        | <b>-</b>                 | <b>385,112</b>    | <b>-</b>            | <b>1,564,584</b>    | <b>-</b>             | <b>910,988</b>         |
| <b>Net Change in Fund Balances</b>                 | <b>(3,920)</b>           | <b>127,442</b>    | <b>599,667</b>      | <b>526,331</b>      | <b>(8,062)</b>       | <b>143,771</b>         |
| <b>Fund Balances - Beginning of year</b>           | <b>214,058</b>           | <b>596,858</b>    | <b>3,574,423</b>    | <b>1,294,836</b>    | <b>29,390</b>        | <b>267,301</b>         |
| <b>Fund Balances - End of year</b>                 | <b>\$ 210,138</b>        | <b>\$ 724,300</b> | <b>\$ 4,174,090</b> | <b>\$ 1,821,167</b> | <b>\$ 21,328</b>     | <b>\$ 411,072</b>      |

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2009**

Special Revenue Funds

| Small Cities<br>Community<br>Development<br>Block Grant | Survey and<br>Reconumen-<br>tation | Prosecutor's<br>Drug<br>Enforcement | Drug Law<br>Enforcement | Criminal<br>Forfeiture | OUIL<br>Forfeiture | Law Library      | Community<br>Corrections |
|---|------------------------------------|-------------------------------------|-------------------------|------------------------|--------------------|------------------|--------------------------|
| \$ -  | \$ -                               | \$ -                                | \$ -                    | \$ -                   | \$ -               | \$ -             | \$ -                     |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | 176,079                            | -                                   | -                       | -                      | -                  | -                | 154,732                  |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | 70,413                             | -                                   | -                       | -                      | -                  | -                | 28,954                   |
| 21,114  | 7,244                              | -                                   | -                       | -                      | -                  | 60               | -                        |
| -   | -                                  | 3,000                               | 37,504                  | 5,551                  | 3,426              | 6,500            | 4,196                    |
| 21,114  | 253,736                            | 3,000                               | 37,504                  | 5,551                  | 3,426              | 6,560            | 187,882                  |
| -   | -                                  | 6,982                               | 10,822                  | 490                    | -                  | -                | 313,894                  |
| 17,000  | 201,370                            | -                                   | -                       | -                      | -                  | 3,703            | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| -   | -                                  | -                                   | -                       | -                      | -                  | -                | -                        |
| 17,000  | 201,370                            | 6,982                               | 10,822                  | 490                    | -                  | 3,703            | 313,894                  |
| 4,114   | 52,366                             | (3,982)                             | 26,682                  | 5,061                  | 3,426              | 2,857            | (126,012)                |
| -   | -                                  | 3,173                               | -                       | -                      | -                  | -                | 125,704                  |
| -   | -                                  | -                                   | (3,173)                 | -                      | -                  | -                | -                        |
| -   | -                                  | 3,173                               | (3,173)                 | -                      | -                  | -                | 125,704                  |
| 4,114   | 52,366                             | (809)                               | 23,509                  | 5,061                  | 3,426              | 2,857            | (308)                    |
| 530,743   | 869,235                            | 10,807                              | 119,091                 | 9,761                  | 11,027             | 20,546           | 3,833                    |
| <b>\$ 534,857</b>                                       | <b>\$ 921,601</b>                  | <b>\$ 9,998</b>                     | <b>\$ 142,600</b>       | <b>\$ 14,822</b>       | <b>\$ 14,453</b>   | <b>\$ 23,403</b> | <b>\$ 3,525</b>          |

# Livingston County, Michigan

## Special Revenue Funds

|  | Social Welfare   | Soldiers and Sailors Relief | Veterans' Trust | Register of Deeds | Federal Equitable Sharing Fund | Homestead Property Exemption Fund | Correction Officers Training |
|--|------------------|-----------------------------|-----------------|-------------------|--------------------------------|-----------------------------------|------------------------------|
| <b>Revenue</b>                                     |                  |                             |                 |                   |                                |                                   |                              |
| Licenses and permits                               | \$ -             | \$ -                        | \$ -            | \$ -              | \$ -                           | \$ -                              | \$ -                         |
| Federal sources                                    | -                | -                           | -               | -                 | 302,867                        | -                                 | -                            |
| State sources                                      | 165,999          | -                           | 30,369          | -                 | -                              | -                                 | 1,567                        |
| Contributions from local units                     | -                | -                           | -               | -                 | -                              | -                                 | -                            |
| Charges for services                               | 29,126           | -                           | -               | 172,490           | -                              | -                                 | 25,941                       |
| Interest earned                                    | -                | -                           | -               | 5,215             | 963                            | -                                 | -                            |
| Other  | -                | 108                         | -               | -                 | -                              | 1,141                             | -                            |
| <b>Total revenue</b>                               | <b>195,125</b>   | <b>108</b>                  | <b>30,369</b>   | <b>177,705</b>    | <b>303,830</b>                 | <b>1,141</b>                      | <b>27,508</b>                |
| <b>Expenditures</b>                                |                  |                             |                 |                   |                                |                                   |                              |
| Current:   |                  |                             |                 |                   |                                |                                   |                              |
| Public safety                                      | -                | -                           | -               | -                 | 87,622                         | -                                 | 64,363                       |
| Community and economic development                 | -                | -                           | -               | -                 | -                              | -                                 | -                            |
| Health and welfare                                 | 192,984          | 15,036                      | 29,832          | 160,535           | -                              | 520                               | -                            |
| Capital outlay                                     | -                | -                           | -               | -                 | -                              | -                                 | -                            |
| Principal  | -                | -                           | -               | -                 | -                              | -                                 | -                            |
| Interest   | -                | -                           | -               | -                 | -                              | -                                 | -                            |
| <b>Total expenditures</b>                          | <b>192,984</b>   | <b>15,036</b>               | <b>29,832</b>   | <b>160,535</b>    | <b>87,622</b>                  | <b>520</b>                        | <b>64,363</b>                |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>2,141</b>     | <b>(14,928)</b>             | <b>537</b>      | <b>17,170</b>     | <b>216,208</b>                 | <b>621</b>                        | <b>(36,855)</b>              |
| <b>Other Financing Sources (Uses)</b>              |                  |                             |                 |                   |                                |                                   |                              |
| Operating transfers in                             | -                | 6,000                       | -               | -                 | -                              | -                                 | -                            |
| Operating transfers out                            | -                | -                           | -               | -                 | -                              | (1,167)                           | -                            |
| <b>Total other financing sources (uses)</b>        | <b>-</b>         | <b>6,000</b>                | <b>-</b>        | <b>-</b>          | <b>-</b>                       | <b>(1,167)</b>                    | <b>-</b>                     |
| <b>Net Change in Fund Balances</b>                 | <b>2,141</b>     | <b>(8,928)</b>              | <b>537</b>      | <b>17,170</b>     | <b>216,208</b>                 | <b>(546)</b>                      | <b>(36,855)</b>              |
| <b>Fund Balances - Beginning of year</b>           | <b>17,482</b>    | <b>8,979</b>                | <b>1,406</b>    | <b>806,225</b>    | <b>146,434</b>                 | <b>1,659</b>                      | <b>67,112</b>                |
| <b>Fund Balances - End of year</b>                 | <b>\$ 19,623</b> | <b>\$ 51</b>                | <b>\$ 1,943</b> | <b>\$ 823,395</b> | <b>\$ 362,642</b>              | <b>\$ 1,113</b>                   | <b>\$ 30,257</b>             |

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds (Continued)**  
**Year Ended December 31, 2009**

| Special Revenue Funds |                                |  | Debt Service Funds                            |                           |  |   |                                      |   |  |
|-----------------------|--------------------------------|--|---|---------------------------|--|---|--------------------------------------|---|--|
| Lutz County Park      | Fillmore Estate<br>County Park | Community<br>Development<br>Block Grant<br>OLSHA | 1995 Road<br>Commission<br>Refunding<br>Bonds | Mental<br>Health<br>Bonds | 2000 Building<br>Improvements<br>Bonds | 2001 Bonds -<br>Road<br>Commission<br>Refunding Bonds | 2002 Capital<br>Improvement<br>Bonds | Refunding<br>Building<br>Authority<br>Mental Health<br>Fund |  |
| \$ -                  | \$ -                           | \$ -   | \$ -  | \$ -                      | \$ -                                   | \$ -  | \$ -                                 | \$ -  |  |
| -                     | -                              | -  | -   | -                         | -                                      | -   | -                                    | -   |  |
| -                     | -                              | -  | -   | 103,785                   | -                                      | 582,963   | -                                    | 99,806  |  |
| 21,540                | 8,860                          | -  | -   | -                         | -                                      | -   | -                                    | -   |  |
| 39                    | 19                             | 772  | 4   | 25                        | -                                      | -   | -                                    | 40  |  |
| 5,000                 | -                              | 5,545  | -   | -                         | -                                      | -   | -                                    | -   |  |
| 26,579                | 8,879                          | 6,317  | 4   | 103,810                   | -                                      | 582,963   | -                                    | 99,846  |  |
| -                     | -                              | -  | -   | -                         | -                                      | -   | -                                    | -   |  |
| 12,131                | 1,071                          | 4,369  | -   | 300                       | 450                                    | 275   | 275                                  | 224   |  |
| -                     | -                              | -  | -   | -                         | -                                      | -   | -                                    | -   |  |
| -                     | -                              | -  | -   | 95,000                    | 755,000                                | 545,000   | 520,000                              | 30,000  |  |
| -                     | -                              | -  | -   | 8,485                     | 81,375                                 | 37,688  | 78,275                               | 248,306   |  |
| 12,131                | 1,071                          | 4,369  | -   | 103,785                   | 836,825                                | 582,963   | 598,550                              | 278,530   |  |
| 14,448                | 7,808                          | 1,948  | 4   | 25                        | (836,825)                              | -   | (598,550)                            | (178,684)   |  |
| -                     | -                              | -  | -   | -                         | 836,825                                | 2,030   | 598,550                              | 178,612   |  |
| -                     | -                              | -  | (2,030)                                       | -                         | -                                      | -   | -                                    | -   |  |
| -                     | -                              | -  | (2,030)                                       | -                         | 836,825                                | 2,030   | 598,550                              | 178,612   |  |
| 14,448                | 7,808                          | 1,948  | (2,026)                                       | 25                        | -                                      | 2,030   | -                                    | (72)  |  |
| 18,036                | 11,351                         | 541  | 2,026   | 3,382                     | -                                      | 39  | -                                    | 8,326   |  |
| <b>\$ 32,484</b>      | <b>\$ 19,159</b>               | <b>\$ 2,489</b>                                  | <b>\$ -</b>                                   | <b>\$ 3,407</b>           | <b>\$ -</b>                            | <b>\$ 2,069</b>                                       | <b>\$ -</b>                          | <b>\$ 8,254</b>   |  |

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2009

|  | Capital Projects Funds |   |                        |                                       |                     | Permanent Fund   | Total Nonmajor<br>Funds |
|--|------------------------|---|------------------------|---------------------------------------|---------------------|------------------|-------------------------|
|  | Jail Expansion         | Administration<br>Building<br>Renovations | Capital<br>Replacement | West Complex<br>Construction<br>Grant | EMS<br>Construction | Cemetery         |                         |
| <b>Revenue</b>                                     |                        |   |                        |                                       |                     |                  |                         |
| Licenses and permits                               | \$ -                   | \$ -                                      | \$ -                   | \$ -                                  | \$ -                | \$ -             | \$ 95,651               |
| Federal sources                                    | -                      | -   | -                      | -                                     | -                   | -                | 8,295,312               |
| State sources                                      | -                      | -   | -                      | -                                     | -                   | -                | 2,855,615               |
| Contributions from local units                     | -                      | -   | -                      | -                                     | -                   | -                | 786,554                 |
| Charges for services                               | -                      | -   | 106,578                | -                                     | -                   | -                | 6,281,826               |
| Interest earned                                    | 11,266                 | 115                                       | 67,061                 | -                                     | 2,063               | -                | 145,562                 |
| Other  | -                      | -   | -                      | -                                     | -                   | -                | 96,487                  |
| <b>Total revenue</b>                               | <b>11,266</b>          | <b>115</b>                                | <b>173,639</b>         | <b>-</b>                              | <b>2,063</b>        | <b>-</b>         | <b>18,557,007</b>       |
| <b>Expenditures</b>                                |                        |   |                        |                                       |                     |                  |                         |
| Current:   |                        |   |                        |                                       |                     |                  |                         |
| Public safety                                      | -                      | -   | 266                    | -                                     | -                   | -                | 6,857,252               |
| Community and economic development                 | -                      | -   | -                      | -                                     | -                   | -                | 241,168                 |
| Health and welfare                                 | -                      | -   | -                      | -                                     | -                   | -                | 11,788,516              |
| Capital outlay                                     | 360                    | -   | 97,142                 | -                                     | 101,850             | -                | 199,352                 |
| Principal  | -                      | -   | -                      | -                                     | -                   | -                | 1,945,000               |
| Interest   | -                      | -   | -                      | -                                     | -                   | -                | 454,129                 |
| <b>Total expenditures</b>                          | <b>360</b>             | <b>-</b>                                  | <b>97,408</b>          | <b>-</b>                              | <b>101,850</b>      | <b>-</b>         | <b>21,485,417</b>       |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>10,906</b>          | <b>115</b>                                | <b>76,231</b>          | <b>-</b>                              | <b>(99,787)</b>     | <b>-</b>         | <b>(2,928,410)</b>      |
| <b>Other Financing Sources (Uses)</b>              |                        |   |                        |                                       |                     |                  |                         |
| Operating transfers in                             | -                      | -   | 667,500                | -                                     | -                   | -                | 5,279,078               |
| Operating transfers out                            | -                      | -   | (329,854)              | -                                     | -                   | -                | (336,224)               |
| <b>Total other financing sources (uses)</b>        | <b>-</b>               | <b>-</b>                                  | <b>337,646</b>         | <b>-</b>                              | <b>-</b>            | <b>-</b>         | <b>4,942,854</b>        |
| <b>Net Change in Fund Balances</b>                 | <b>10,906</b>          | <b>115</b>                                | <b>413,877</b>         | <b>-</b>                              | <b>(99,787)</b>     | <b>-</b>         | <b>2,014,444</b>        |
| <b>Fund Balances - Beginning of year</b>           | <b>1,632,549</b>       | <b>28,909</b>                             | <b>4,190,783</b>       | <b>15,635</b>                         | <b>471,905</b>      | <b>26,385</b>    | <b>15,011,073</b>       |
| <b>Fund Balances - End of year</b>                 | <b>\$ 1,643,455</b>    | <b>\$ 29,024</b>                          | <b>\$ 4,604,660</b>    | <b>\$ 15,635</b>                      | <b>\$ 372,118</b>   | <b>\$ 26,385</b> | <b>\$ 17,025,517</b>    |

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Net Assets Internal Service Funds December 31, 2009

|   | Building<br>Services     | Information<br>Technology  | Carpool                    | Benefits                   | Total                      |
|---|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Assets</b>   |                          |                            |                            |                            |                            |
| Cash and investments                                  | \$ 501,392               | \$ 63,390                  | \$ 1,505,091               | \$ 2,234,092               | \$ 4,303,965               |
| Accounts receivable                                   | 25,789                   | 7,642                      | -                          | 23                         | 33,454                     |
| Due from other funds                                  | -                        | -                          | -                          | 832                        | 832                        |
| Net OPEB asset  | 25,472                   | 38,208                     | 382                        | -                          | 64,062                     |
| Capital assets - Net                                  | 101,923                  | 2,548,395                  | 500,036                    | -                          | 3,150,354                  |
| Other assets  | -                        | 119,516                    | -                          | 552,821                    | 672,337                    |
| Total assets  | <u>654,576</u>           | <u>2,777,151</u>           | <u>2,005,509</u>           | <u>2,787,768</u>           | <u>8,225,004</u>           |
| <b>Liabilities</b>                                    |                          |                            |                            |                            |                            |
| Accounts payable                                      | 158,687                  | 426,185                    | 43,871                     | 149,677                    | 778,420                    |
| Due to other funds                                    | -                        | -                          | 24,502                     | -                          | 24,502                     |
| Advances to other funds                               | -                        | 415,131                    | -                          | -                          | 415,131                    |
| Other current liabilities                             | 68,415                   | 161,235                    | -                          | 35,003                     | 264,653                    |
| Long-term debt  | -                        | 301,103                    | -                          | -                          | 301,103                    |
| Total liabilities                                     | <u>227,102</u>           | <u>1,303,654</u>           | <u>68,373</u>              | <u>184,680</u>             | <u>1,783,809</u>           |
| <b>Net Assets</b>                                     |                          |                            |                            |                            |                            |
| Investment in capital assets -<br>Net of related debt | 101,923                  | 2,247,292                  | 500,036                    | -                          | 2,849,251                  |
| Unrestricted (deficit)                                | <u>325,551</u>           | <u>(773,795)</u>           | <u>1,437,100</u>           | <u>2,603,088</u>           | <u>3,591,944</u>           |
| Total net assets                                      | <u><b>\$ 427,474</b></u> | <u><b>\$ 1,473,497</b></u> | <u><b>\$ 1,937,136</b></u> | <u><b>\$ 2,603,088</b></u> | <u><b>\$ 6,441,195</b></u> |

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended December 31, 2009

|   | Building<br>Services | Information<br>Technology | Carpool             | Benefits            | Total               |
|---|----------------------|---------------------------|---------------------|---------------------|---------------------|
| <b>Operating Revenue</b> - Charges for services         | \$ 2,559,164         | \$ 4,380,650              | \$ 825,627          | \$ 7,447,201        | \$ 15,212,642       |
| <b>Operating Expenses</b>                               |                      |                           |                     |                     |                     |
| Personnel   | 1,140,177            | 1,365,937                 | 24,925              | 6,995,125           | 9,526,164           |
| Operating expenses                                      | 1,151,842            | 2,102,119                 | 628,366             | -                   | 3,882,327           |
| Depreciation expense                                    | 3,997                | 209,993                   | 243,940             | -                   | 457,930             |
| Total operating expenses                                | <u>2,296,016</u>     | <u>3,678,049</u>          | <u>897,231</u>      | <u>6,995,125</u>    | <u>13,866,421</u>   |
| <b>Operating Income (Loss)</b>                          | 263,148              | 702,601                   | (71,604)            | 452,076             | 1,346,221           |
| <b>Operating Transfers In</b>                           | 59,815               | 270,039                   | -                   | -                   | 329,854             |
| <b>Nonoperating Revenue</b> - Gain on sale<br>of assets | -                    | 2,427                     | 62,594              | -                   | 65,021              |
| <b>Net Income (Loss)</b>                                | 322,963              | 975,067                   | (9,010)             | 452,076             | 1,741,096           |
| <b>Net Assets</b> - January 1, 2009                     | <u>104,511</u>       | <u>498,430</u>            | <u>1,946,146</u>    | <u>2,151,012</u>    | <u>4,700,099</u>    |
| <b>Net Assets</b> - December 31, 2009                   | <u>\$ 427,474</u>    | <u>\$ 1,473,497</u>       | <u>\$ 1,937,136</u> | <u>\$ 2,603,088</u> | <u>\$ 6,441,195</u> |

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended December 31, 2009

|   | Building<br>Services     | Information<br>Technology  | Carpool                    | Benefits                   | Total                      |
|---|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>   |                          |                            |                            |                            |                            |
| Receipts from other funds   | \$ 2,550,089             | \$ 4,562,953               | \$ 766,486                 | \$ 7,446,495               | \$ 15,326,023              |
| Payments to suppliers   | (1,143,110)              | (2,082,166)                | (579,187)                  | (271,727)                  | (4,076,190)                |
| Payments to employees   | (1,142,436)              | (1,340,408)                | -                          | (7,002,924)                | (9,485,768)                |
| Net cash provided by operating activities   | 264,543                  | 1,140,379                  | 187,299                    | 171,844                    | 1,764,065                  |
| <b>Cash Flows from Capital and Related Financing Activities</b>                         |                          |                            |                            |                            |                            |
| Purchase of capital assets  | (42,538)                 | (2,072,084)                | (285,776)                  | -                          | (2,400,398)                |
| Proceeds from sale of assets  | -                        | 2,427                      | 62,594                     | -                          | 65,021                     |
| Proceeds from issuance of debt  | -                        | 356,854                    | -                          | -                          | 356,854                    |
| Interest and principal paid   | -                        | (55,751)                   | -                          | -                          | (55,751)                   |
| Net cash used in capital and related financing activities                               | (42,538)                 | (1,768,554)                | (223,182)                  | -                          | (2,034,274)                |
| <b>Cash Flows from Noncapital Financing Activities -</b>                                |                          |                            |                            |                            |                            |
| Operating transfers in  | 59,815                   | 270,039                    | -                          | -                          | 329,854                    |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                             |                          |                            |                            |                            |                            |
|   | 281,820                  | (358,136)                  | (35,883)                   | 171,844                    | 59,645                     |
| <b>Cash and Cash Equivalents - January 1, 2009</b>                                      | <u>219,572</u>           | <u>421,526</u>             | <u>1,540,974</u>           | <u>2,062,248</u>           | <u>4,244,320</u>           |
| <b>Cash and Cash Equivalents - December 31, 2009</b>                                    | <u><b>\$ 501,392</b></u> | <u><b>\$ 63,390</b></u>    | <u><b>\$ 1,505,091</b></u> | <u><b>\$ 2,234,092</b></u> | <u><b>\$ 4,303,965</b></u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>  |                          |                            |                            |                            |                            |
| Operating income (loss)   | \$ 263,148               | \$ 702,601                 | \$ (71,604)                | \$ 452,076                 | \$ 1,346,221               |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |                          |                            |                            |                            |                            |
| Depreciation  | 3,997                    | 209,993                    | 243,940                    | -                          | 457,930                    |
| Changes in asset and liability balances:  |                          |                            |                            |                            |                            |
| Accounts receivable   | (9,075)                  | (5,708)                    | 4,107                      | 126                        | (10,550)                   |
| Due from other funds  | -                        | 313                        | -                          | (832)                      | (519)                      |
| Other assets  | (25,472)                 | (23,614)                   | (382)                      | (395,788)                  | (445,256)                  |
| Accounts payable  | 34,204                   | 13,335                     | 11,892                     | 124,061                    | 183,492                    |
| Accrued liabilities   | (2,259)                  | 59,042                     | -                          | (7,799)                    | 48,984                     |
| Advances to other funds   | -                        | 184,417                    | -                          | -                          | 184,417                    |
| Due to other funds  | -                        | -                          | (654)                      | -                          | (654)                      |
| Net cash provided by operating activities   | <u><b>\$ 264,543</b></u> | <u><b>\$ 1,140,379</b></u> | <u><b>\$ 187,299</b></u>   | <u><b>\$ 171,844</b></u>   | <u><b>\$ 1,764,065</b></u> |

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2009

|                                 | Agency Funds        |                        | Total               |
|---------------------------------|---------------------|------------------------|---------------------|
|                                 | Trust and<br>Agency | Library Penal<br>Fines |                     |
| <b>Assets</b>                   |                     |                        |                     |
| Cash                            | \$ 2,535,275        | \$ 445,820             | \$ 2,981,095        |
| Other assets                    | 168                 | 196                    | 364                 |
| Total assets                    | <u>\$ 2,535,443</u> | <u>\$ 446,016</u>      | <u>\$ 2,981,459</u> |
| <b>Liabilities</b>              |                     |                        |                     |
| Due to other governmental units | \$ 1,286,291        | \$ -                   | \$ 1,286,291        |
| Other liabilities               | 1,249,152           | 446,016                | 1,695,168           |
| Total liabilities               | <u>\$ 2,535,443</u> | <u>\$ 446,016</u>      | <u>\$ 2,981,459</u> |

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Operating, Nonoperating, and Other Revenue Sources Year Ended December 31, 2009

|   | January 1,<br>2009 to<br>September 30,<br>2009 | October 1,<br>2009 to<br>December 31,<br>2009 | Total                      |
|---|--|---|----------------------------|
| <b>Operating Revenues</b>   |  |   |                            |
| Demand-response - Passenger fares   | \$ 80,851                                      | \$ 32,567                                     | \$ 113,418                 |
| Special transit fares - Contracts   | 115,296  | 25,730  | 141,026                    |
| Rent - EMS  | 68,160   | 34,080  | 102,240                    |
| Other:  |  |   |                            |
| Sale of fuel to EMS   | 23,977   | 10,159  | 34,136                     |
| Outside services  | 21,766   | 9,044   | 30,810                     |
| Sale of vehicles  | 2,500  | -   | 2,500                      |
|   | <u>48,243</u>                                  | <u>19,203</u>                                 | <u>67,446</u>              |
| Total other   |  |   |                            |
|   | <u>48,243</u>                                  | <u>19,203</u>                                 | <u>67,446</u>              |
| Total operating revenues  | <u><b>\$ 312,550</b></u>                       | <u><b>\$ 111,580</b></u>                      | <u><b>\$ 424,130</b></u>   |
| <b>Nonoperating Revenues</b>  |  |   |                            |
| Federal operating and capital grants:   |  |   |                            |
| U.S. DOT operating grant - Section 5307 (2009 and 2010)                             | \$ 538,926                                     | \$ 259,087                                    | \$ 798,013                 |
| U.S. DOT capital grant - Preventative maintenance -<br>Section 5307 (2009 and 2010) | 275,192  | 118,292                                       | 393,484                    |
| Federal capital grant - Capital assistance:   |  |   |                            |
| Section 5307  | -  | 20,162  | 20,162                     |
| Section 5309  | -  | (1,854)                                       | (1,854)                    |
| Federal ARRA grant  | -  | 9,945   | 9,945                      |
| State operating and capital grants:   |  |   |                            |
| State operating reconciliations - Prior<br>year underpayments                       | 142,132  | -   | 142,132                    |
| State capital matching grant - Section 5307   | -  | 5,040   | 5,040                      |
| Transit operating assistance  | 528,771  | 123,202                                       | 651,973                    |
| Transit operating assistance - State withholdings for<br>prior year overpayments    | (28,266)                                       | (28,266)                                      | (56,532)                   |
| Insurance reimbursement   | 105  | -   | 105                        |
|   | <u>105</u>                                     | <u>-</u>                                      | <u>105</u>                 |
| Total nonoperating revenue  | <u><b>\$ 1,456,860</b></u>                     | <u><b>\$ 505,608</b></u>                      | <u><b>\$ 1,962,468</b></u> |

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Operating Expenses Year Ended December 31, 2009

|   | General             |                   |                   | Total               |
|---|---------------------|-------------------|-------------------|---------------------|
|   | Operations          | Maintenance       | Administration    |                     |
| Labor   | \$ 817,364          | \$ -              | \$ 112,330        | \$ 929,694          |
| Pension   | 100,328             | -                 | 13,806            | 114,134             |
| Other fringe benefits   | 294,859             | -                 | 40,483            | 335,342             |
| Services  | 2,257               | -                 | 196,655           | 198,912             |
| Materials and supplies consumed:  |                     |                   |                   |                     |
| Fuel and lubricants   | 155,032             | -                 | -                 | 155,032             |
| Tires and tubes   | 12,114              | -                 | -                 | 12,114              |
| Other materials and supplies  | -                   | -                 | 5,073             | 5,073               |
| Utilities   | -                   | -                 | 58,886            | 58,886              |
| Casualty and liability costs  | 333                 | -                 | -                 | 333                 |
| Miscellaneous   | 729                 | -                 | 2,251             | 2,980               |
| Operating leases and rentals  | 14,047              | -                 | 25,024            | 39,071              |
| Ineligible costs:   |                     |                   |                   |                     |
| Net depreciation  | 241,145             | -                 | -                 | 241,145             |
| U.S. DOT capital grant - Preventative<br>maintenance Section 5307 FY 2008 | -                   | 318,182           | -                 | 318,182             |
| <b>Total expenses</b>   | <b>\$ 1,638,208</b> | <b>\$ 318,182</b> | <b>\$ 454,508</b> | <b>\$ 2,410,898</b> |

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Net Eligible Cost Computations of General Operations Year Ended December 31, 2009

|   | January 1,<br>2009 to<br>September 30,<br>2009 | October 1,<br>2009 to<br>December 31,<br>2009 | Total                      |
|---|--|---|----------------------------|
| Labor   | \$ 727,307                                     | \$ 254,712                                    | \$ 982,019                 |
| Pension   | 93,802   | 41,622  | 135,424                    |
| Other fringe benefits   | 268,158  | 65,344  | 333,502                    |
| Services  | 291,098  | 145,094                                       | 436,192                    |
| Materials and supplies consumed:                                  |  |   |                            |
| Fuel and lubricants   | 102,741  | 37,099  | 139,840                    |
| Other materials and supplies                                      | 21,618   | 10,219  | 31,837                     |
| Utilities   | 38,134   | 17,254  | 55,388                     |
| Casualty and liability costs                                      | 333  | -   | 333                        |
| Depreciation  | 176,886  | 58,963  | 235,849                    |
| Operating leases and rentals                                      | 28,261   | 13,125  | 41,386                     |
| Miscellaneous   | 6,328  | 12,800  | 19,128                     |
|   | <u>1,754,666</u>                               | <u>656,232</u>                                | <u>2,410,898</u>           |
| Ineligible operating expenses:                                    |  |   |                            |
| Revenue associated with fuel sold to County EMS                   | 20,642   | 13,494  | 34,136                     |
| Revenue associated with rentals                                   | 68,160   | 34,080  | 102,240                    |
| Ineligible association dues                                       | -  | 129   | 129                        |
| U.S. DOT capital grant - Preventative<br>maintenance Section 5307 | 275,195  | 118,292                                       | 393,487                    |
| LETS ARRA grant   | -  | 10,145  | 10,145                     |
| Miscellaneous grant reimbursements                                | -  | 25,202  | 25,202                     |
| Salary and wage reimbursements from<br>other departments          | 21,766   | 9,044   | 30,810 <b>A</b>            |
| Depreciation  | 176,886  | 58,963  | 235,849                    |
|   | <u>562,649</u>                                 | <u>269,349</u>                                | <u>831,998</u>             |
| Total eligible expenses   | <u><b>\$ 1,192,017</b></u>                     | <u><b>\$ 386,883</b></u>                      | <u><b>\$ 1,578,900</b></u> |

Capital money used to pay for operating expenses has been subtracted out as ineligible and is not included in the costs to be reimbursed by the State.

**A** - One individual splits time between LETS and the Carpool; a portion of this individual's salary is reimbursed by the Carpool Fund, based on actual hours attributable to the Carpool Fund.

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Revenues and Eligible and Ineligible Expenditures Year Ended December 31, 2009

|   | October 1,<br>2008 to<br>December 31,<br>2008 | January 1,<br>2009 to<br>September 30,<br>2009 | Total                      |
|---|---|--|----------------------------|
| <b>Operating Revenues</b>                             |   |  |                            |
| Demand-response - Passenger fares                     | \$ 27,605                                     | \$ 80,851                                      | \$ 108,456                 |
| Special transit fares - Contracts                     | 36,971  | 115,296  | 152,267                    |
| Rent - EMS  | 25,560  | 68,160   | 93,720                     |
| Other:  |   |  |                            |
| Sale of fuel to EMS                                   | 8,802   | 23,977   | 32,779                     |
| Outside services                                      | 6,841   | 21,766   | 28,607                     |
| Miscellaneous reimbursement                           | 1,125   | 2,500  | 3,625                      |
|   | <u>16,768</u>                                 | <u>48,243</u>                                  | <u>65,011</u>              |
| Total other revenue                                   |   |  |                            |
|   | <u>16,768</u>                                 | <u>48,243</u>                                  | <u>65,011</u>              |
| Total operating revenues                              | <u><b>\$ 106,904</b></u>                      | <u><b>\$ 312,550</b></u>                       | <u><b>\$ 419,454</b></u>   |
| <b>Operating Expenses</b>                             |   |  |                            |
| Labor   | \$ 241,358                                    | \$ 727,305                                     | \$ 968,663                 |
| Other fringe benefits                                 | 106,150                                       | 361,960  | 468,110                    |
| Services  | 154,031                                       | 291,098  | 445,129                    |
| Materials and supplies consumed:                      |   |  |                            |
| Fuel and lubricants                                   | 52,291  | 102,741  | 155,032                    |
| Other materials and supplies                          | 8,166   | 21,619   | 29,785                     |
| Utilities   | 20,753  | 38,133   | 58,886                     |
| Casualty and liability costs                          | -   | 333  | 333                        |
| Depreciation  | 64,856  | 176,886  | 241,742                    |
| Operating leases and rentals                          | 5,131   | 28,261   | 33,392                     |
| Miscellaneous   | 9,417   | 6,327  | 15,744                     |
|   | <u>662,153</u>                                | <u>1,754,663</u>                               | <u>2,416,816</u>           |
| Total operating expenses                              |   |  |                            |
|   | <u>662,153</u>                                | <u>1,754,663</u>                               | <u>2,416,816</u>           |
| <b>Less Ineligible Expenses</b>                       |   |  |                            |
| Fuel sold to EMS                                      | 8,802   | 20,642   | 29,444                     |
| Rent from EMS   | 25,560  | 68,160   | 93,720                     |
| Preventative maintenance                              | 54,407  | 275,192  | 329,599                    |
| Salary and wage reimbursements from other departments | 6,841   | 21,766   | 28,607                     |
| Grant reimbursements                                  | 460   | -  | 460                        |
| Depreciation  | 44,345  | 176,886  | 221,231                    |
|   | <u>140,415</u>                                | <u>562,646</u>                                 | <u>703,061</u>             |
| Total ineligible expenses                             |   |  |                            |
|   | <u>140,415</u>                                | <u>562,646</u>                                 | <u>703,061</u>             |
| Total eligible expenses                               | <u><b>\$ 521,738</b></u>                      | <u><b>\$ 1,192,017</b></u>                     | <u><b>\$ 1,713,755</b></u> |

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Property and Equipment December 31, 2009

|   |                                 | Cost                | Accumulated<br>Depreciation | Total               |
|---|---------------------------------|---------------------|-----------------------------|---------------------|
| Buildings and building improvements   | Intermodel building             | \$ 2,302,676        | \$ 438,132                  | \$ 1,864,544        |
| Vehicles and vehicle equipment:   |                                 |                     |                             |                     |
| Grant agreement - 99-0426 and 99-0787 (paid by state)   | One Eldorado National bus       | 78,591              | 78,591                      | -                   |
| Grant MI-03-0169 Fed 5307 and 2000-0485 (state match)   | Two Eldorado National buses     | 164,362             | 164,362                     | -                   |
| Grant MI-03-0189 Fed 5307 and 2002-0060 (state match)   | Three Eldorado National buses   | 260,721             | 232,787                     | 27,934              |
| Grant MI 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)   | Three Dodge minivans            | 46,518              | 35,443                      | 11,075              |
| Grant MI-03-0189 and MI-03-0192 - Fed 5309 (2002) and 2002-0060 Z11 (state match)                                     | Three Ford E-350 cut-away buses | 141,822             | 97,925                      | 43,897              |
| Grant MI-03-0192 Fed 5309 (2003) and 2002-0060 Z11 (state match)  | Two Eldorado National buses     | 153,048             | 107,498                     | 45,550              |
| Grant MI-03-0212 Fed 5309 (2004) and 2002-0060 Z11 (state match)  | One Eldorado National bus       | 79,541              | 41,664                      | 37,877              |
| Grant MI-03-0212 Fed 5309 (2004) and 2002-0060-Z11 RI (state match)   | One Ford E-350 passenger van    | 20,591              | 8,825                       | 11,766              |
| Grant MI 90-x425 and MI 90-x453 Fed Sec 5307 and 2002-0060 Z14 and Z15 (state match)                                  | Three Eldorado National buses   | 244,344             | 95,991                      | 148,353             |
| Grant MI 90-x425 Fed Sec 5307 and MI 90-x453 Fed Sec 5307 and MI 90-x453 Fed Sec 5307 and 2002-0060 Z15 (state match) | One Eldorado National bus       | 81,449              | 31,998                      | 49,451              |
| Grant MI 90-x453 Fed Sec 5307 and 2002-0060 Z15 (state match)   | One Eldorado National bus       | 80,941              | 31,798                      | 49,143              |
| Grant MI 90-x453 Fed Sec 5307   | One Eldorado National bus       | 79,161              | 31,099                      | 48,062              |
| Grant MI-030-0226 Fed Sec 5307 and 2002-0060 Z16 (state match)  | One Eldorado National bus       | 79,161              | 31,099                      | 48,062              |
| Grant MI 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)   | Bus backup cameras              | 13,585              | 6,792                       | 6,793               |
| Grant MI 90-x453 Fed Sec 5307 and 2002-0060 Z15 (state match)   | Bus radios                      | 1,855               | 596                         | 1,259               |
| Grant MI-03-0226 Fed 5309 (2005) and 2002-0060 Z16 (state match)  | Bus washing system              | 19,168              | 3,354                       | 15,814              |
| Grant MI 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)   | Surveillance system             | 14,250              | 2,375                       | 11,875              |
|   |                                 | <u>1,559,108</u>    | <u>1,002,197</u>            | <u>556,911</u>      |
| Total vehicles and vehicle equipment  |                                 |                     |                             |                     |
| Office furniture - Purchased with local funds   |                                 | <u>43,210</u>       | <u>40,680</u>               | <u>2,530</u>        |
|   |                                 |                     |                             |                     |
| Total property and equipment  |                                 | <u>\$ 3,904,994</u> | <u>\$ 1,481,009</u>         | <u>\$ 2,423,985</u> |

# Livingston County, Michigan

## Livingston Essential Transportation System Statistical Data - Public Transportation Mileage Data (Unaudited) December 31, 2009

|   | Total<br>Mileage | Passenger<br>Trips |
|---|------------------|--------------------|
| Demand - Response mileage data (unaudited): |                  |                    |
| First quarter                               | 162,484          | 27,757             |
| Second quarter                              | 163,351          | 26,907             |
| Third quarter                               | 169,322          | 26,585             |
| Fourth quarter                              | 158,437          | 26,618             |
| Total                                       | <b>653,594</b>   | <b>107,867</b>     |

# Livingston County, Michigan

## Statistical Information Financial Trends (Unaudited) December 31, 2009

| <b>Financial Position (Status of Assets, Liabilities, and Equity)</b>                           | 2005          | 2006          | 2007         | 2008         | 2009         |
|---|---------------|---------------|--------------|--------------|--------------|
| General Fund:   |               |               |              |              |              |
| Unreserved fund balance compared to expenditures  | 27.1%         | 33.3%         | 36.8%        | 38.4%        | 49.2%        |
| Current ratio (assets/liabilities, excluding deferred revenue)                                  | 6.6           | 9.9           | 10.1         | 8.6          | 15.9         |
| All governmental activities:  |               |               |              |              |              |
| Unreserved fund balance compared to expenditures  | 31.0%         | 42.1%         | 51.6%        | 52.9%        | 74.9%        |
| Current ratio (assets/liabilities, excluding deferred revenue)                                  | 9.2           | 15.4          | 17.1         | 13.9         | 19.0         |
| <b>Fiscal Capacity (Measures of Ability to Raise Revenue, Incur Debt, and Meet Obligations)</b> |               |               |              |              |              |
| General Fund:   |               |               |              |              |              |
| Property taxes per capita (operating millage only)  | \$ 140        | \$ 150        | \$ 154       | \$ 160       | \$ 157       |
| Millage capacity (ability to levy additional taxes without a vote)                              | None          | None          | None         | None         | None         |
| Expenditures per capita   | \$ 208        | \$ 214        | \$ 215       | \$ 218       | \$ 211       |
| Ratio of revenues compared to expenditures  | 1.06          | 1.08          | 1.10         | 1.08         | 1.09         |
| All governmental activities:  |               |               |              |              |              |
| Total property taxes levied per capita (with extra voted mills)                                 | \$ 149        | \$ 161        | \$ 166       | \$ 173       | \$ 170       |
| County taxes paid per household   | \$ 283        | \$ 299        | \$ 309       | \$ 294       | \$ 294       |
| County taxes paid per household as a percentage of household income                             | 0.397%        | 0.444%        | 0.461%       | 0.416%       | 0.408%       |
| Taxable value (in 000s)   | \$ 7,757,535  | \$ 8,348,502  | \$ 8,793,696 | \$ 8,825,751 | \$ 8,825,751 |
| Annual change in taxable value  | 17.7%         | 7.6%          | 5.3%         | 5.7%         | 0.4%         |
| State equalized value (SEV)   | \$ 10,060,876 | \$ 10,641,862 | \$ 10,618    | \$ 9,791,590 | \$ 9,791,590 |
| Annual change in SEV  | 17.8%         | 24.6%         | 24.4%        | 14.7%        | 14.7%        |
| Debt information:   |               |               |              |              |              |
| County-funded debt per capita   | \$ 91         | \$ 85         | \$ 79        | \$ 72        | \$ 66        |
| Debt saturation (percent of debt limitation utilized)   | 2.1%          | 1.7%          | 1.4%         | 1.2%         | 1.0%         |