

# **Livingston County, Michigan**

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**Financial Report  
with Supplemental Information  
December 31, 2010**

# 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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Livingston County, Michigan'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 \$125,788,719 and \$15,558,403, 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 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, 2010 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 a required part 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 the 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*, we have also issued our report dated June 14, 2011 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 read in conjunction with this report in considering the results of our audit.

As described in Note 14, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, during the year; however, due to immateriality, there was no restatement of beginning net assets.

*Plante & Morse, PLLC*

June 14, 2011

# 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, 2010. Please read it in conjunction with the County's financial statements.

### Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2010:

- The County's primary source of General Fund revenue is property taxes, representing 67.9 percent of total revenue. The percentage increase in property taxes in past years has been impressive: 12.5 percent in 2005, 9.7 percent in 2006, and 4.2 percent in 2007. This growth trend, however, was not sustainable. In 2010, the County experienced its third straight year that tax revenue came in under the previous year level. In 2010, the County experienced a 6.0 percent decrease in tax revenue when compared to 2009. Property tax revenue in 2011 is expected to decline by an additional 5 percent.
- The County continues to face challenges from an amendment to the Property Tax Act (Public Act 356) which imposed a mandatory and permanent shift from a December to a July tax levy. This legislation has created a major challenge for counties with calendar fiscal years because our largest revenue source is billed six months after the beginning of annual operations and collected 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. For this reason, the County has designated \$15 million of unreserved fund balance for cash flow purposes.
- Over the past few years, Livingston County has been aggressive in reducing the cost of providing services to our residents and preserving Livingston County's future financial capacity. This has been done through reductions in personnel and redesigning personnel benefits. The hiring freeze approved by the Board of Commissioners in 2009 is still in effect for all vacant general funded positions. Collaboration and sharing of responsibilities/personnel by departments is encouraged. Departments also continue to comply with the purchasing policy to competitively bid supplies and services. These efforts resulted in an increase of \$2.3 million to the General Fund's fund balance in 2010.

# 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, 2010 and 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Current assets	\$ 68,832	\$ 67,267	\$ 47,917	\$ 57,435	\$ 116,748	\$ 124,702
Capital assets	55,239	56,625	35,231	35,001	90,470	91,626
Total assets	124,071	123,892	83,148	92,436	207,219	216,328
<b>Liabilities</b>						
Current liabilities	11,085	7,235	8,746	16,137	19,831	23,372
Long-term liabilities	7,986	15,321	2,775	5,880	10,761	21,201
Total liabilities	19,071	22,556	11,521	22,017	30,592	44,573
<b>Net Assets</b>						
Invested in capital assets -						
Net of related debt	48,091	47,364	32,351	32,021	80,442	79,385
Restricted	20,697	22,142	-	-	20,697	22,142
Unrestricted	36,212	31,830	39,276	38,398	75,488	70,228
Total net assets	<u>\$ 105,000</u>	<u>\$ 101,336</u>	<u>\$ 71,627</u>	<u>\$ 70,419</u>	<u>\$ 176,627</u>	<u>\$ 171,755</u>

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

The County's combined net assets for both governmental and business-type activities total \$176.6 million for fiscal year 2010 as compared to \$171.8 million for fiscal year 2009. This is an increase of \$4.8 million (2.8 percent) from 2009 to 2010. The increases in total net assets are attributable in part to the reduction in current liabilities including accounts payable and long-term obligations. 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, 2010 and 2009 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 22,276	\$ 23,070	\$ 8,247	\$ 7,537	\$ 30,522	\$ 30,607
Operating grants and contributions	12,673	12,801	1,971	1,546	14,644	14,347
Capital grants and contributions	30	-	863	821	893	821
General revenue:						
Property taxes	30,102	31,342	-	-	30,102	31,342
Unrestricted investment income	230	491	177	277	407	768
Transfers and other revenue	2,544	2,552	(1,630)	(1,679)	914	873
Total revenue	67,855	70,256	9,628	8,502	77,482	78,758
<b>Program Expenses</b>						
General government	5,078	6,066	-	-	5,078	6,066
Public safety	33,899	34,564	-	-	33,899	34,564
Health and welfare	20,748	21,749	-	-	20,748	21,749
Community and economic development	4,104	3,139	-	-	4,104	3,139
Interest on long-term debt	362	453	-	-	362	453
Building and safety	-	-	1,046	1,117	1,046	1,117
Airport	-	-	1,230	1,182	1,230	1,182
Livingston Essential						
Transportation Services	-	-	2,529	2,411	2,529	2,411
Septage receiving station	-	-	757	555	757	555
Delinquent tax revolving funds	-	-	2,859	640	2,859	640
Total program expenses	64,191	65,971	8,420	5,905	72,611	71,876
<b>Change in Net Assets</b>	<b>\$ 3,664</b>	<b>\$ 4,285</b>	<b>\$ 1,208</b>	<b>\$ 2,597</b>	<b>\$ 4,871</b>	<b>\$ 6,882</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 revenue.

The County expenditure policy remained stable from 2009 to 2010. The cost of providing services for governmental activities was \$64.2 million for fiscal year 2010, which includes General Fund, Special Revenue Fund, and Internal Service Fund departments. This is a 2.7 percent decrease, or \$1.78 million, less than the cost of providing services in 2009. The decrease in the cost of providing services can be seen in every area of County government.

The County's total revenue generated from governmental activities decreased by 3.4 percent, or \$2.4 million, from 2009 to 2010. This is a result of decreased collections on charges for service and property tax collections.

### **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 2009 and 2010 shows that the cost of providing services for all business-type activities increased by 42.6 percent, mainly in the Delinquent Tax Revolving Fund, which more than doubled in 2010.

### **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 revenue from grants or fees.

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

The General Fund finances the majority of the County's governmental services and pays for services of the elected officials' offices. The General Fund is the major operational expenditure and revenue fund of the County and accounts for the financial resources that are not recorded in other funds. Ordinary operations of the County such as public safety, County administration, culture and recreation, and other activities financed from taxes and general revenue are reflected in this fund. The most significant are those pertaining to public safety and include the sheriff departments and the court system. The General Fund incurred costs of \$40.9 million in 2010, including an operating transfer of \$3.3 million to subsidize operations in other funds. This is a decrease of 4.0 percent, or \$1.7 million, in the actual cost of providing services in 2010 when compared to the actual cost of providing services in 2009. This decrease was due to a combination of numerous actions taken by the Board of Commissioners, as well as the collaboration and cooperation of County departments required to maintain efficient and effective County services. Because of these proactive measures, the fund balance in the General Fund was increased \$2.3 million.

The Ambulance Fund provides emergency medical response and is financed by a special tax levy (33.3 percent of total revenue) and charges for services (66.3 percent of total revenue). The cost of providing this service for 2010 was \$7.1 million. Fund balance in the Ambulance Fund increased by \$226,925. The fund balance will be used in future years to enhance response time and to meet the continual 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 annually draws an amount equal to its state-shared revenue (approximately \$2.9 million) until the fund is depleted. In 2010, 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 believes that state-shared revenue is not stable and the State will not 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 revenue and expenditures were adjusted to reflect actual receipts and/or spending.
- Recognition of increases/decrease in grant revenue

# **Livingston County, Michigan**

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

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

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

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

At the end of 2010, the County had \$90.5 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 economy is showing signs of recovery. A newly elected governor, new tax legislation, and a balanced budget are encouraging signs that the State economy is on a path of steady growth. Unemployment levels have dropped from last year's high of 13.1 percent in April 2010 to 10.2 percent in April 2011. The slow growth in the national economy, continued decline in real estate markets, alarming rate of foreclosures, and slower than desired job growth continue to create challenges and opportunities for all government agencies.

The loss in tax revenue that began in fiscal year 2008 and continuing through fiscal year 2010 has 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 continues to look for new opportunities to partner with other local municipalities to share services. A few great examples of successful collaboration include: contracting with Jackson County to share the public health officer, contracting with the City of Brighton and the City of Howell to share the building official, implementation of countywide broadband fiber network sharing, contracting with the City of Howell to provide custodial services, and the countywide use of OSS1 public safety software which has all fire, emergency, and police agencies within the County utilizing the same records management system.

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

As mentioned previously, the County board continues to act tenaciously to reduce the cost of providing quality services to Livingston County residents while preserving its future financial capacity. The approved hiring freeze for all vacant general funded positions remains in force, sharing of responsibilities/personnel by departments is encouraged, and the County will once again not offer wage increases in 2011 or 2012. Also, major changes have been made to reduce benefit costs. The changes include the following:

- 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 employees who remain in the defined benefit plan must now contribute 5 percent of their pension eligible 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 July 1, 2011, the employee will be responsible for 10 percent of the PP04 plan premium.
  - 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 Health Care
  - 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.

# Livingston County, Michigan

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## Management's Discussion and Analysis (Continued)

- 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.

The County closely monitors reserve balances, revenue, 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 revenue will continue to decline 5.0 percent in 2011 and an additional 8.0 percent in 2012, begin to stabilize in 2013, and then begin a slow .5 percent increase in both 2014 and 2015. 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 a decade of economic downturn. We are cognizant of the fact that Livingston County must continue to make difficult decisions while changing 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, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 54,182,199	\$ 23,163,026	\$ 77,345,225	\$ 6,561,528
Receivables:				
Taxes	4,549,554	19,201,146	23,750,700	-
Accounts	2,623,616	54,013	2,677,629	-
Accrued interest	14,550	5,342	19,892	790,666
Due from other governmental units	1,856,453	366,624	2,223,077	3,805,816
Other	-	4,576,882	4,576,882	3,566,137
Leases	-	-	-	68,025,440
Due from component units	74,151	-	74,151	-
Internal balances	204,514	(204,514)	-	-
Inventories	-	62,571	62,571	1,410,812
Prepaid costs and other assets	1,803,335	619,189	2,422,524	-
Restricted assets - Cash and investments	-	-	-	236,113
Net pension asset (Note 12)	1,519,909	-	1,519,909	-
Net OPEB asset (Note 13)	2,003,048	72,906	2,075,954	68,339
Capital assets:				
Assets not subject to depreciation (Note 5)	9,515,680	11,959,424	21,475,104	26,562,273
Assets subject to depreciation (Note 5)	45,723,647	23,271,239	68,994,886	143,405,598
Total assets	124,070,656	83,147,848	207,218,504	254,432,722
<b>Liabilities</b>				
Accounts payable	1,650,795	131,981	1,782,776	237,866
Due to other governmental units	244,921	143,463	388,384	2,089,122
Due to primary government	-	-	-	74,151
Accrued and other liabilities	1,902,946	502,862	2,405,808	1,675,936
Deferred revenue (Note 4)	4,870,281	2,083	4,872,364	450,540
Net OPEB or pension obligation	-	-	-	1,502,835
Long-term obligations:				
Due within one year (Note 7)	2,415,709	7,966,000	10,381,709	6,653,744
Due in more than one year (Note 7)	7,985,983	2,775,000	10,760,983	64,590,873
Total liabilities	19,070,635	11,521,389	30,592,024	77,275,067
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	48,091,150	32,350,663	80,441,813	169,341,075
Restricted:				
Total governmental special revenue funds (Note 9)	20,696,827	-	20,696,827	-
Foundation nonexpendable	-	-	-	237,846
County roads	-	-	-	3,543,057
Unrestricted	36,212,044	39,275,796	75,487,840	4,035,677
Total net assets	<u>\$ 105,000,021</u>	<u>\$ 71,626,459</u>	<u>\$ 176,626,480</u>	<u>\$ 177,157,655</u>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Livingston County, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 5,077,786	\$ 1,384,563	\$ 109,100	\$ 30,000
Public safety	33,898,898	11,693,712	3,166,303	-
Health and welfare	20,747,558	6,797,865	8,785,872	-
Community and economic development	4,104,487	2,399,412	611,409	-
Interest on long-term debt	362,219	-	-	-
<b>Total governmental activities</b>	<b>64,190,948</b>	<b>22,275,552</b>	<b>12,672,684</b>	<b>30,000</b>
Business-type activities:				
Airport Fund	1,229,508	839,499	-	509,034
Delinquent Tax Revolving Fund	2,858,814	5,201,199	-	-
Septage Receiving Station	757,379	730,767	-	-
Livingston Essential Transportation Service	2,529,221	427,637	1,971,218	354,268
Building and Safety Fund	1,045,518	1,047,619	-	-
<b>Total business-type activities</b>	<b>8,420,440</b>	<b>8,246,721</b>	<b>1,971,218</b>	<b>863,302</b>
<b>Total primary government</b>	<b>\$ 72,611,388</b>	<b>\$ 30,522,273</b>	<b>\$ 14,643,902</b>	<b>\$ 893,302</b>
<b>Component units:</b>				
Drain Commission	\$ 3,061,076	\$ 1,943,683	\$ 1,038,073	\$ -
Department of Public Works	4,437,125	3,354,386	100,000	-
Road Commission	17,533,900	5,800	15,137,545	-
Livingston County Foundation	-	-	-	-
<b>Total component units</b>	<b>\$ 25,032,101</b>	<b>\$ 5,303,869</b>	<b>\$ 16,275,618</b>	<b>\$ -</b>
<b>General revenue:</b>				
Property taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of fixed assets				
<b>Total general revenue</b>				
<b>Transfers</b>				
<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, 2010**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,554,123)	\$ -	\$ (3,554,123)	\$ -
(19,038,883)	-	(19,038,883)	-
(5,163,821)	-	(5,163,821)	-
(1,093,666)	-	(1,093,666)	-
(362,219)	-	(362,219)	-
(29,212,712)	-	(29,212,712)	-
-	119,025	119,025	-
-	2,342,385	2,342,385	-
-	(26,612)	(26,612)	-
-	223,902	223,902	-
-	2,101	2,101	-
-	2,660,801	2,660,801	-
(29,212,712)	2,660,801	(26,551,911)	-
-	-	-	(79,320)
-	-	-	(982,739)
-	-	-	(2,390,555)
-	-	-	-
-	-	-	(3,452,614)
30,102,342	-	30,102,342	-
229,945	176,752	406,697	24,638
887,908	-	887,908	348,194
-	26,037	26,037	54,569
31,220,195	202,789	31,422,984	427,401
1,656,410	(1,656,410)	-	-
3,663,893	1,207,180	4,871,073	(3,025,213)
101,336,128	70,419,279	171,755,407	180,182,868
<b>\$ 105,000,021</b>	<b>\$ 71,626,459</b>	<b>\$ 176,626,480</b>	<b>\$ 177,157,655</b>

# Livingston County, Michigan

## Governmental Funds Balance Sheet December 31, 2010

	General Fund	Ambulance Fund	Revenue Sharing Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Note 3)	\$ 21,396,452	\$ 3,843,395	\$ 7,491,362	\$ 17,312,191	\$ 50,043,400
Receivables:					
Taxes	1,847,285	2,290,116	-	391,125	4,528,526
Accounts	12,175	955,770	-	1,224,641	2,192,586
Accrued interest receivable	745	193	-	13,612	14,550
Due from other governmental units	586,291	-	-	1,270,162	1,856,453
Advance to component unit (Note 6)	74,151	-	-	-	74,151
Due from other funds (Note 6)	192,269	-	-	284,942	477,211
Advances to other funds (Note 6)	497,937	-	-	225,093	723,030
Prepaid costs and other assets	256,721	-	-	827,691	1,084,412
<b>Total assets</b>	<b>\$24,864,026</b>	<b>\$ 7,089,474</b>	<b>\$ 7,491,362</b>	<b>\$21,549,457</b>	<b>\$60,994,319</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 668,380	\$ 74,677	\$ -	\$ 589,049	\$ 1,332,106
Due to other governmental units	110,563	-	-	134,358	244,921
Due to other funds (Note 6)	730	-	-	124,007	124,737
Advances from other funds (Note 6)	-	-	-	362,458	362,458
Accrued and other liabilities	421,121	75,859	-	96,280	593,260
Deferred revenue (Note 4)	1,442,527	2,290,116	-	1,284,620	5,017,263
<b>Total liabilities</b>	<b>2,643,321</b>	<b>2,440,652</b>	<b>-</b>	<b>2,590,772</b>	<b>7,674,745</b>
<b>Fund Balances</b>					
Reserved (Note 10)	829,554	-	-	372,887	1,202,441
Unreserved, reported in:					
General Fund:					
Designated (Note 10)	16,000,000	-	-	-	16,000,000
Undesignated	5,391,151	-	-	-	5,391,151
Special Revenue Funds - Undesignated	-	4,648,822	7,491,362	11,441,237	23,581,421
Capital Projects Funds - Designated (Note 10)	-	-	-	7,144,561	7,144,561
<b>Total fund balances</b>	<b>22,220,705</b>	<b>4,648,822</b>	<b>7,491,362</b>	<b>18,958,685</b>	<b>53,319,574</b>
<b>Total liabilities and fund balances</b>	<b>\$24,864,026</b>	<b>\$ 7,089,474</b>	<b>\$ 7,491,362</b>	<b>\$21,549,457</b>	<b>\$60,994,319</b>

The Notes to Financial Statements are an Integral Part of this Statement.

# Livingston County, Michigan

## **Governmental Funds** **Reconciliation of the Balance Sheet to the Statement of Net Assets** **December 31, 2010**

<b>Fund Balance Reported in Governmental Funds</b>	\$ 53,319,574
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	51,949,163
Net pension asset is not included as an asset of the funds	1,519,909
Net OPEB asset is not included as an asset of the funds	1,893,689
Personal property taxes receivable in governmental activities are not financial resources and are not reported in the funds	21,028
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	146,982
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(8,093,013)
Accrued interest is not due and payable in the current period and is not reported in the funds	(22,277)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,942,088)
Net self-insurance liabilities are not reported in the funds	(1,209,228)
Internal service funds are included as part of governmental activities	7,416,282
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 105,000,021</u></b>

# Livingston County, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2010

	General Fund	Ambulance Fund	Revenue Sharing Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Taxes	\$ 27,163,249	\$ 2,502,843	\$ -	\$ 426,692	\$ 30,092,784
Licenses and permits	288,842	-	-	106,787	395,629
Federal sources	489,800	-	-	8,445,084	8,934,884
State sources	1,753,417	-	-	2,348,972	4,102,389
Charges for services	7,077,305	4,990,270	-	6,215,250	18,282,825
Fines and forfeitures	461,888	-	-	-	461,888
Interest and rent	154,716	16,678	-	60,626	232,020
Contributions from local units and other:					
Contributions from local units	1,007,130	-	-	782,119	1,789,249
Other	1,556,701	17,067	-	134,010	1,707,778
Total revenue	39,953,048	7,526,858	-	18,519,540	65,999,446
<b>Expenditures</b>					
Current:					
General government	5,523,669	-	-	-	5,523,669
Court systems	10,698,012	-	-	-	10,698,012
Public safety	15,636,101	-	-	6,931,366	22,567,467
Health and welfare	1,868,698	7,051,136	-	11,885,809	20,805,643
Economic development	3,878,935	-	-	160,735	4,039,670
Capital outlay	-	-	-	9,211	9,211
Debt service:					
Principal	-	-	-	2,035,000	2,035,000
Interest on long-term debt	-	-	-	363,407	363,407
Total expenditures	37,605,415	7,051,136	-	21,385,528	66,042,079
<b>Excess of Revenue Over (Under) Expenditures</b>					
	2,347,633	475,722	-	(2,865,988)	(42,633)
<b>Other Financing Sources (Uses)</b>					
Operating transfers in (Note 6)	3,284,102	-	-	4,927,475	8,211,577
Operating transfers out (Note 6)	(3,310,100)	(248,797)	(2,947,675)	(128,319)	(6,634,891)
Total other financing sources (uses)	(25,998)	(248,797)	(2,947,675)	4,799,156	1,576,686
<b>Net Change in Fund Balances</b>					
	2,321,635	226,925	(2,947,675)	1,933,168	1,534,053
<b>Fund Balances - Beginning of year, as restated (Note 14)</b>					
	19,899,070	4,421,897	10,439,037	17,025,517	51,785,521
<b>Fund Balances - End of year</b>					
	<u>\$ 22,220,705</u>	<u>\$ 4,648,822</u>	<u>\$ 7,491,362</u>	<u>\$ 18,958,685</u>	<u>\$ 53,319,574</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, 2010

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	1,534,053
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capital outlay		1,009,889
Depreciation expense		(2,565,276)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end		139,101
Decrease in delinquent personal property taxes is included in the statement of activities		9,521
Increase in net self-insurance liability is recorded as an expense on the statement of activities		(446,393)
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)		2,197,012
Change in accrued interest payable		1,188
Decrease in net pension asset is recorded in the statement of activities		(74,159)
Increase in net OPEB asset is recorded in the statement of activities		747,833
Decrease in accumulated employee sick and vacation pay is recorded when earned in the statement of activities		136,037
Internal service funds are included as part of governmental activities		975,087
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>3,663,893</u></b>

# Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station
<b>Assets</b>			
Current assets:			
Cash and investments (Note 3)	\$ 109,849	\$ 20,588,609	\$ 307,098
Receivables:			
Taxes - Net of allowance	-	19,201,146	-
Accounts	35,567	-	-
Accrued interest receivable	-	5,062	45
Due from other governmental units	652	10,414	-
Other	-	4,576,882	-
Due from other funds (Note 6)	-	-	-
Inventories	44,730	-	-
Prepaid costs and other assets	-	619,189	-
Total current assets	<u>190,798</u>	<u>45,001,302</u>	<u>307,143</u>
Noncurrent assets:			
Advances to other funds (Note 6)	-	2,243,116	-
Net OPEB asset (Note 13)	8,577	-	-
Capital assets - Net (Note 5)	29,470,039	-	3,020,781
Total noncurrent assets	<u>29,478,616</u>	<u>2,243,116</u>	<u>3,020,781</u>
Total assets	<u>29,669,414</u>	<u>47,244,418</u>	<u>3,327,924</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	33,302	-	65,980
Due to other governmental units	10,874	39,593	92,996
Due to other funds (Note 6)	30,000	39,035	-
Accrued and other liabilities	307,778	30,267	19,700
Deferred revenue (Note 4)	-	-	-
Current portion of long-term debt (Note 7)	-	7,861,000	105,000
Total current liabilities	<u>381,954</u>	<u>7,969,895</u>	<u>283,676</u>
Noncurrent liabilities:			
Advances from other funds (Note 6)	2,257,637	-	120,958
Long-term debt - Net of current portion (Note 7)	-	-	2,775,000
Total noncurrent liabilities	<u>2,257,637</u>	<u>-</u>	<u>2,895,958</u>
Total liabilities	<u>2,639,591</u>	<u>7,969,895</u>	<u>3,179,634</u>
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	29,470,039	-	140,781
Unrestricted (deficit)	(2,440,216)	39,274,523	7,509
Total net assets	<u>\$ 27,029,823</u>	<u>\$ 39,274,523</u>	<u>\$ 148,290</u>

The Notes to Financial Statements are an Integral Part of this Statement.

**Proprietary Funds  
Statement of Net Assets  
December 31, 2010**

Enterprise Funds			Governmental Activities
Nonmajor Funds			
Livingston Essential Transportation Service	Building and Safety Fund	Total Enterprise Funds	Internal Service Funds
\$ 203,546	\$ 1,953,924	\$ 23,163,026	\$ 4,109,991
-	-	19,201,146	431,030
14,279	4,167	54,013	-
-	235	5,342	-
355,558	-	366,624	-
-	-	4,576,882	-
-	-	-	773
7,991	9,850	62,571	-
-	-	619,189	749,158
581,374	1,968,176	48,048,793	5,290,952
-	-	2,243,116	-
42,886	21,443	72,906	109,359
2,739,843	-	35,230,663	3,290,164
2,782,729	21,443	37,546,685	3,399,523
3,364,103	1,989,619	85,595,478	8,690,475
28,026	4,673	131,981	318,689
-	-	143,463	-
-	-	69,035	284,212
85,888	59,229	502,862	223,022
-	2,083	2,083	-
-	-	7,966,000	-
113,914	65,985	8,815,424	825,923
-	-	2,378,595	225,093
-	-	2,775,000	223,177
-	-	5,153,595	448,270
113,914	65,985	13,969,019	1,274,193
2,739,843	-	32,350,663	3,066,987
510,346	1,923,634	39,275,796	4,349,295
<b>\$ 3,250,189</b>	<b>\$ 1,923,634</b>	<b>\$ 71,626,459</b>	<b>\$ 7,416,282</b>

# Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station
<b>Operating Revenue</b>			
Charges for services	\$ 835,999	\$ 910,705	\$ 727,717
Penalties and interest	-	4,208,805	-
Other revenue	3,500	81,689	3,050
Total operating revenue	839,499	5,201,199	730,767
<b>Operating Expenses</b>			
Personnel	209,127	-	-
Operating	519,480	-	7,305
Other expenses	-	2,632,239	456,122
Depreciation expense	420,117	-	158,080
Total operating expenses	1,148,724	2,632,239	621,507
<b>Operating (Loss) Income</b>	(309,225)	2,568,960	109,260
<b>Nonoperating Revenue (Expenses)</b>			
Interest earnings	46	172,902	332
Interest expense	(80,784)	(226,575)	(135,872)
Gain on sale of fixed assets	-	-	-
Federal and state operating subsidies	-	-	-
Total nonoperating (expenses) revenue	(80,738)	(53,673)	(135,540)
<b>(Loss) Income - Before contributions and transfers</b>	(389,963)	2,515,287	(26,280)
<b>Capital Contributions - Capital grants</b>	509,034	-	-
<b>Transfers In (Note 6)</b>	-	-	-
<b>Transfers Out (Note 6)</b>	-	(1,656,410)	-
<b>Change in Net Assets</b>	119,071	858,877	(26,280)
<b>Net Assets - Beginning of year</b>	26,910,752	38,415,646	174,570
<b>Net Assets - End of year</b>	<b>\$ 27,029,823</b>	<b>\$ 39,274,523</b>	<b>\$ 148,290</b>

**Proprietary Funds**

**Statement of Revenue, Expenses, and Changes in Net Assets**

**Year Ended December 31, 2010**

Enterprise Funds			Governmental
Nonmajor Funds			Activities
Livingston Essential Transportation Service	Building and Safety Fund	Total Enterprise Funds	Internal Service Fund
\$ 346,040	\$ 1,047,619	\$ 3,868,080	\$ 14,885,470
-	-	4,208,805	-
81,597	-	169,836	-
427,637	1,047,619	8,246,721	14,885,470
1,466,213	729,118	2,404,458	9,339,477
478,535	315,484	1,320,804	3,698,358
275,516	-	3,363,877	-
308,957	916	888,070	1,004,016
2,529,221	1,045,518	7,977,209	14,041,851
(2,101,584)	2,101	269,512	843,619
-	3,472	176,752	-
-	-	(443,231)	-
26,037	-	26,037	51,744
1,971,218	-	1,971,218	-
1,997,255	3,472	1,730,776	51,744
(104,329)	5,573	2,000,288	895,363
354,268	-	863,302	-
-	-	-	79,724
-	-	(1,656,410)	-
249,939	5,573	1,207,180	975,087
3,000,250	1,918,061	70,419,279	6,441,195
<b>\$ 3,250,189</b>	<b>\$ 1,923,634</b>	<b>\$ 71,626,459</b>	<b>\$ 7,416,282</b>

# Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 831,515	\$ 30,842,838	\$ 730,767
Receipts from other funds	-	101,117	10,958
Payments to suppliers	(524,278)	(3,163,913)	(511,148)
Payments to employees	(239,684)	-	-
Internal activity - Payments to other funds	(54,620)	(26,441)	-
Settlement of delinquent taxes	-	(25,513,675)	-
Net cash provided by (used in) operating activities	12,933	2,239,926	230,577
<b>Cash Flows from Noncapital Financing Activities</b>			
Federal and state operating subsidies	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	(1,656,410)	-
Net cash (used in) provided by noncapital financing activities	-	(1,656,410)	-
<b>Cash Flows from Capital and Related Financing Activities</b>			
Issuance of bonds	-	13,100,000	-
Receipt of capital grants	104,839	-	-
Proceeds from sales of capital assets	-	-	-
Purchase of capital assets	(111,563)	-	22,596
Principal and interest paid on capital debt	(80,784)	(23,465,575)	(235,872)
Net cash used in capital and related financing activities	(87,508)	(10,365,575)	(213,276)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	46	172,902	332
Proceeds from sale and maturities of investment securities	95,000	8,775,079	(118,256)
Net cash provided by (used in) investing activities	95,046	8,947,981	(117,924)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	20,471	(834,078)	(100,623)
<b>Cash and Cash Equivalents - Beginning of year</b>	64,378	1,465,720	109,865
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 84,849</b>	<b>\$ 631,642</b>	<b>\$ 9,242</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>			
Cash and investments	\$ 109,849	\$ 20,588,609	\$ 307,098
Less amounts classified as investments	(25,000)	(19,956,967)	(297,856)
Total cash and cash equivalents	<b>\$ 84,849</b>	<b>\$ 631,642</b>	<b>\$ 9,242</b>

**Proprietary Funds  
Statement of Cash Flows  
Year Ended December 31, 2010**

Enterprise Funds			Governmental Activities
Nonmajor Funds			
Livingston Essential Transportation Service	Building and Safety Fund	Total Enterprise Funds	Proprietary Internal Service Fund
\$ 477,822	\$ 1,049,293	\$ 33,932,235	\$ 98,447
-	-	112,075	14,389,506
(784,423)	(309,127)	(5,292,889)	(4,476,781)
(1,474,619)	(724,282)	(2,438,585)	(9,184,534)
-	-	(81,061)	69,672
-	-	(25,513,675)	-
(1,781,220)	15,884	718,100	896,310
1,971,218	-	1,971,218	-
-	-	-	79,724
-	-	(1,656,410)	-
1,971,218	-	314,808	79,724
-	-	13,100,000	-
354,268	-	459,107	-
26,037	-	26,037	51,744
(624,815)	-	(713,782)	(1,143,826)
-	-	(23,782,231)	(77,926)
(244,510)	-	(10,910,869)	(1,170,008)
-	3,472	176,752	-
-	(700,400)	8,051,423	-
-	(696,928)	8,228,175	-
(54,512)	(681,044)	(1,649,786)	(193,974)
258,058	1,434,568	3,332,589	4,303,965
<b>\$ 203,546</b>	<b>\$ 753,524</b>	<b>\$ 1,682,803</b>	<b>\$ 4,109,991</b>
\$ 203,546	\$ 1,953,924	\$ 23,163,026	\$ 4,109,991
-	(1,200,400)	(21,480,223)	-
<b>\$ 203,546</b>	<b>\$ 753,524</b>	<b>\$ 1,682,803</b>	<b>\$ 4,109,991</b>

# Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station
<b>Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities</b>			
Operating (loss) income	\$ (309,225)	\$ 2,568,960	\$ 109,260
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	420,117	-	158,080
Changes in assets and liabilities:			
Receivables	(7,983)	127,964	-
Due from others	-	54,620	-
Inventories	(16,195)	-	-
Prepaid and other assets	10,877	(380,067)	-
Accounts payable	(11,408)	(151,607)	(47,721)
Due to others	(54,620)	20,056	10,958
Advances from other funds	-	-	-
Accrued and other liabilities	(18,630)	-	-
	<u>12,933</u>	<u>2,239,926</u>	<u>230,577</u>
Net cash provided by (used in) operating activities	<u>\$ 12,933</u>	<u>\$ 2,239,926</u>	<u>\$ 230,577</u>
<b>Noncash Transactions</b>			
Contributed assets	\$ 509,034	\$ -	\$ -
Increase in receivable allowance on delinquent taxes	-	1,539,562	-

**Proprietary Funds  
Statement of Cash Flows (Continued)  
Year Ended December 31, 2010**

Enterprise Funds			Governmental Activities
Nonmajor Funds			
Livingston Essential Transportation Service	Building and Safety Fund	Total Enterprise Funds	Proprietary Internal Service Fund
\$ (2,101,584)	\$ 2,101	\$ 269,512	\$ 843,619
308,957	916	888,070	1,004,016
50,185	1,674	171,840	(397,576)
-	-	54,620	59
12,238	757	(3,200)	-
(17,414)	4,029	(382,575)	(122,118)
(34,618)	1,571	(243,783)	(459,731)
-	-	(23,606)	259,710
-	-	-	(190,038)
<u>1,016</u>	<u>4,836</u>	<u>(12,778)</u>	<u>(41,631)</u>
<b>\$ (1,781,220)</b>	<b>\$ 15,884</b>	<b>\$ 718,100</b>	<b>\$ 896,310</b>
\$ 354,268	\$ -	\$ 863,302	\$ -
-	-	1,539,562	-

# Livingston County, Michigan

## Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2010

	Other Employee Benefits Trust Fund	Agency Funds
<b>Assets</b>		
Cash (Note 3)	\$ -	\$ 3,153,547
Investments - Mutual funds (Note 3)	12,714,171	-
Accrued interest receivable	-	562
Total assets	12,714,171	<u>\$ 3,154,109</u>
<b>Liabilities</b>		
Due to other governmental units	-	\$ 1,222,809
Other liabilities	-	1,931,300
Total liabilities	-	<u>\$ 3,154,109</u>
<b>Net Assets Held in Trust for Other Employee Benefits</b>	<u>\$12,714,171</u>	

# Livingston County, Michigan

## **Fiduciary Funds** **Statement of Changes in Fiduciary Net Assets - Other Employee** **Benefits Trust Fund** **Year Ended December 31, 2010**

	<u>Other Employee Benefits Trust Fund</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 152,758
Net increase in fair value of investments	1,215,004
Investment-related expenses	<u>(92,180)</u>
Net investment income	1,275,582
Contributions	<u>2,243,278</u>
Total additions	3,518,860
<b>Deductions - Benefit payments</b>	<u>781,542</u>
<b>Net Increase in Net Assets Held in Trust</b>	2,737,318
<b>Net Assets Held in Trust for Other Employee Benefits - Beginning of year</b>	<u>9,976,853</u>
<b>Net Assets Held in Trust for Other Employee Benefits - End of year</b>	<u><u>\$12,714,171</u></u>

# Livingston County, Michigan

## Component Units Statement of Net Assets December 31, 2010

	Drain Commissioner	Department of Public Works	Road Commission	Livingston County Foundation	Total
<b>Assets</b>					
Cash and investments (Note 3)	\$ 2,958,087	\$ 928,976	\$ 2,623,937	\$ 50,528	\$ 6,561,528
Receivables:					
Interest and other receivables	237,993	530,291	22,011	371	790,666
Due from other governmental units	1,424,630	470,608	1,910,578	-	3,805,816
Special assessments receivable	3,566,137	-	-	-	3,566,137
Leases receivable from local units	20,265,440	47,760,000	-	-	68,025,440
Inventory	-	-	1,410,812	-	1,410,812
Restricted assets - Cash and investments	-	-	-	236,113	236,113
Net OPEB asset (Note 13)	64,329	4,010	-	-	68,339
Capital assets (Note 5)	3,677,939	46,468,551	119,821,381	-	169,967,871
<b>Total assets</b>	<b>32,194,555</b>	<b>96,162,436</b>	<b>125,788,719</b>	<b>287,012</b>	<b>254,432,722</b>
<b>Liabilities</b>					
Accounts payable	12,420	64,876	160,570	-	237,866
Due to other governmental units	1,355,838	544,261	189,023	-	2,089,122
Advance from primary government	-	74,151	-	-	74,151
Other current liabilities	1,233,812	301,893	140,231	-	1,675,936
Deferred revenue (Note 4)	-	450,540	-	-	450,540
Net OPEB or pension obligation	-	-	1,502,835	-	1,502,835
Long-term debt (Note 7):					
Due within one year	2,755,626	3,171,203	726,915	-	6,653,744
Due in more than one year - Long-term debt	19,698,684	44,675,084	217,105	-	64,590,873
<b>Total liabilities</b>	<b>25,056,380</b>	<b>49,282,008</b>	<b>2,936,679</b>	<b>-</b>	<b>77,275,067</b>
<b>Net Assets</b>					
Invested in capital assets - Net of related debt	3,649,825	46,382,267	119,308,983	-	169,341,075
Restricted	-	-	3,543,057	237,846	3,780,903
Unrestricted	3,488,350	498,161	-	49,166	4,035,677
<b>Total net assets</b>	<b>\$ 7,138,175</b>	<b>\$ 46,880,428</b>	<b>\$122,852,040</b>	<b>\$ 287,012</b>	<b>\$177,157,655</b>

# Livingston County, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Drain Commissioner - Public works	\$ 3,061,076	\$ 1,943,683	\$ 1,038,073	\$ -
Department of Public Works - Public works	4,437,125	3,354,386	100,000	-
Road Commission - Public works	17,533,900	5,800	15,137,545	-
Livingston County Foundation	-	-	-	-
Total component units	<b>\$ 25,032,101</b>	<b>\$ 5,303,869</b>	<b>\$ 16,275,618</b>	<b>\$ -</b>

General revenue:

Unrestricted investment earnings

Miscellaneous

Gain on sale of fixed assets

Total general revenue

**Change in Net Assets**

**Net Assets** - Beginning of year, as restated (Note 14)

**Net Assets** - End of year

**Component Units  
Statement of Activities  
Year Ended December 31, 2010**

Net (Expense) Revenue and Changes in Net Assets				
Drain Commissioner	Department of Public Works	Road Commission	Livingston County Foundation	Total
\$ (79,320)	\$ -	\$ -	\$ -	\$ (79,320)
-	(982,739)	-	-	(982,739)
-	-	(2,390,555)	-	(2,390,555)
-	-	-	-	-
(79,320)	(982,739)	(2,390,555)	-	(3,452,614)
7,808	3,487	12,295	1,048	24,638
-	-	348,194	-	348,194
-	-	54,569	-	54,569
7,808	3,487	415,058	1,048	427,401
(71,512)	(979,252)	(1,975,497)	1,048	(3,025,213)
7,209,687	47,859,680	124,827,537	285,964	180,182,868
<b>\$ 7,138,175</b>	<b>\$ 46,880,428</b>	<b>\$ 122,852,040</b>	<b>\$ 287,012</b>	<b>\$ 177,157,655</b>

# Livingston County, Michigan

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## Notes to Financial Statements December 31, 2010

### Note I - Nature of Business and 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.

**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.

# Livingston County, Michigan

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## Notes to Financial Statements December 31, 2010

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**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.

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 revenue includes (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 revenue 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.

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**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.

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 September 14 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.

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

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 revenue 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 revenue 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.

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 revenue that has 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.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### Note I - Nature of Business and Significant Accounting Policies (Continued)

**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.

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 revenue 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.

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

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

**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 2009 taxable valuation of the County totaled \$8.57 billion, on which ad valorem taxes levied December 1, 2009 consisted of 0.2945 mills for ambulance operating purposes, 0.2146 mills for HCMA, and 0.0500 mills for assistance to indigent veterans as authorized by PA 214 of 1899. On July 1, 2010, the general operating millage for the 2010 fiscal year, or 3.3897 mills, was levied on the 2010 taxable valuation of \$7.95 billion for general operating purposes. The ad valorem taxes raised were approximately \$26.9 million for general operations, \$2.3 million for ambulance operations, \$1.7 million for HCMA, and \$397,000 for veterans. These amounts are recorded in their respective funds as tax revenue, except for HCMA, which is a pass-through. The amount recorded as revenue is net of amounts distributed to local DDAs and TIFAs.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### Note I - Nature of Business and Significant Accounting Policies (Continued)

**Inventories and Prepaid Items** - 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.

**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	3 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).

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**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.

**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.

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

- Projected revenue and/or expenditures were adjusted to reflect actual collection and expenditure activity.
- Projected expenditures were adjusted for delayed or unanticipated expenses that arose.
- General Fund departments continue taking proactive measures to operate within or under the approved budget and eliminate or reduce future ongoing costs.
- The hiring freeze that was implemented in July 2008 continued through 2010; efforts are made to fill full-time vacancies with part-time employees; non-union employees in the retiree healthcare defined benefit plan were transferred over to a retiree healthcare defined contribution savings plan; and departments continue to collaborate and share personnel.

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.

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

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).

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, 2010, the Airport Enterprise Fund had total net assets of \$27,029,823. The investment in capital assets, net of related debt, totaled \$29,470,039 at year end. Offsetting the investment in capital assets, net of related debt, is an unrestricted net asset deficit balance of \$2,440,216.

At December 31, 2010, the Information Technology Internal Service Fund had total net assets of \$1,915,000. The investment in capital assets, net of related debt, totaled \$2,469,027 at year end. Offsetting the investment in capital assets, net of related debt, is an unrestricted net asset deficit balance of \$554,027.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

**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:

	<u>Budget</u>	<u>Actual</u>
General Fund - Probation - Circuit	\$ 62,583	\$ 62,648
General Fund - Probate court	662,668	667,802
General Fund - Circuit court	1,643,356	1,650,448
General Fund - Appellate court	52,000	56,088
General Fund - Family support	244,628	244,875
General Fund - Animal shelter	248,207	256,543
General Fund - DPW	116,695	119,885
General Fund - County treasurer	1,110,868	1,140,729
Special Revenue Fund - OLHSA	9,500	27,392
Special Revenue Fund - Prosecutors Drug Fund	2,000	6,607

### 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.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

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 \$74,794,971, of which \$11,113,721 was covered by federal depository insurance and \$63,681,250 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.

**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
Commercial paper	\$ 5,624,661	\$ 5,624,661	\$ -	\$ -
Federal Home Loan Bank	3,710,553	-	3,710,553	-
Fannie Mae	1,034,312	-	1,034,312	-

#### Fiduciary Funds

Type of Investment	Fair Value	Less Than 1
		Year
Other Employee Benefits Trust Fund - Equities	\$ 8,417,325	\$ 8,417,325
Federal Home Loan Bank	729,532	729,532
Federal Home Loan Mortgage Corp.	1,718,530	1,718,530

#### Component Units

Type of Investment	Fair Value	Less Than
		1 Year
Commercial paper	\$ 50,000	\$ 50,000

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

**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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Fannie Mae	\$ 1,034,312	A-I	S&P
Fowlerville Downtown Development Bond	400,000	NR	N/A
Commercial paper	5,624,661	A-I	S&P
Federal Home Loan Bank	3,710,553	A-I	S&P

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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Other Employee Benefits Trust Fund - Equities	\$ 8,417,325	NR	N/A
Federal Home Loan Bank	729,532	AAA	S&P
Federal Home Loan Mortgage Corp.	1,718,530	AAA	S&P

#### Component Units

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Commercial paper	\$ 50,000	A-I	S&P

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

**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
	\$ 5,624,661
Federal Home Loan Bank	3,710,553
Fannie Mae	1,034,312

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

#### Fiduciary Funds

Investment	Fair Value
Other Employee Benefits Trust Fund - Equities	\$ 8,417,325
Federal Home Loan Bank	729,532
Federal Home Loan Mortgage Corp.	1,718,530

#### Component Units

Investment	Fair Value
Commercial paper	\$ 50,000

### 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 and enterprise 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	Enterprise Funds
Property taxes	\$ -	\$ 4,870,281	\$ 4,870,281	\$ -
Grant revenue	146,982	-	146,982	-
Other	-	-	-	2,083
Total	<u>\$ 146,982</u>	<u>\$ 4,870,281</u>	<u>\$ 5,017,263</u>	<u>\$ 2,083</u>

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### Note 5 - Capital Assets

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

<b>Governmental Activities</b>	Balance January 1, 2010	Reclassifications	Additions	Disposals and Reclassifications	Balance December 31, 2010
Capital assets not being depreciated:					
Land	\$ 8,994,305	\$ -	\$ -	\$ -	\$ 8,994,305
Construction in progress	1,692,865	(1,563,620)	392,130	-	521,375
Subtotal	10,687,170	(1,563,620)	392,130	-	9,515,680
Capital assets being depreciated:					
Buildings	55,431,644	-	-	-	55,431,644
Leasehold improvements	32,610	-	-	-	32,610
Equipment and furniture	20,489,088	1,563,620	1,125,039	-	23,177,747
Vehicles	4,264,462	-	693,178	(541,439)	4,416,201
Improvements other than building	2,059,649	-	-	-	2,059,649
Subtotal	82,277,453	1,563,620	1,818,217	(541,439)	85,117,851
Accumulated depreciation:					
Buildings	15,968,321	-	1,113,055	-	17,081,376
Leasehold improvements	11,957	-	3,261	-	15,218
Equipment and furniture	15,566,764	-	1,753,621	-	17,320,385
Vehicles	2,917,486	-	650,097	(514,807)	3,052,776
Improvements other than building	1,875,191	-	49,258	-	1,924,449
Subtotal	36,339,719	-	3,569,292	(514,807)	39,394,204
Net capital assets being depreciated	45,937,734	1,563,620	(1,751,075)	(26,632)	45,723,647
Net capital assets	\$ 56,624,904	\$ -	\$ (1,358,945)	\$ (26,632)	\$ 55,239,327

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### Note 5 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance January 1, 2010	Additions	Disposals	Balance December 31, 2010
Capital assets not being depreciated:				
Land	\$ 11,245,320	\$ 507,001	\$ -	\$ 11,752,321
Construction in progress	178,204	191,644	(162,745)	207,103
Subtotal	11,423,524	698,645	(162,745)	11,959,424
Capital assets being depreciated:				
Buildings	6,009,389	11,658	-	6,021,047
Improvements other than buildings	18,636,403	-	-	18,636,403
Vehicles	1,594,286	593,014	(216,282)	1,971,018
Machinery and equipment	1,666,232	-	(22,595)	1,643,637
Subtotal	27,906,310	604,672	(238,877)	28,272,105
Accumulated depreciation:				
Buildings	1,331,016	136,224	-	1,467,240
Improvements other than buildings	1,325,319	357,588	-	1,682,907
Vehicles	1,071,857	254,415	(216,282)	1,109,990
Machinery and equipment	600,886	139,843	-	740,729
Subtotal	4,329,078	888,070	(216,282)	5,000,866
Net capital assets being depreciated	23,577,232	(283,398)	(22,595)	23,271,239
Net capital assets	\$ 35,000,756	\$ 415,247	\$ (185,340)	\$ 35,230,663

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### Note 5 - Capital Assets (Continued)

Component Units	Balance January 1, 2010	Additions	Disposals	Balance December 31, 2010
Capital assets not being depreciated -				
Land	\$ 26,259,327	\$ 302,946	\$ -	\$ 26,562,273
Capital assets being depreciated:				
Land improvements	159,393	-	-	159,393
Buildings and improvements	12,825,623	-	-	12,825,623
Drains and septic systems	32,089,912	138,415	-	32,228,327
Machinery, equipment, and vehicles	11,707,413	338,539	(855,951)	11,190,001
Infrastructure - Roads and bridges	176,543,678	5,350,816	-	181,894,494
Draining flow rights	16,477,420	-	-	16,477,420
Depletable assets	488,543	-	-	488,543
Subtotal	250,291,982	5,827,770	(855,951)	255,263,801
Accumulated depreciation:				
Land improvements	133,072	-	-	133,072
Buildings and improvements	2,922,472	343,917	-	3,266,389
Drains and septic systems	2,913,674	892,033	-	3,805,707
Machinery, equipment, vehicles	9,426,508	903,314	(855,706)	9,474,116
Infrastructure - Roads and bridges	86,874,050	7,279,226	-	94,153,276
Draining flow rights	740,219	166,439	-	906,658
Depletable assets	118,985	-	-	118,985
Subtotal	103,128,980	9,584,929	(855,706)	111,858,203
Net capital assets being depreciated	147,163,002	(3,757,159)	(245)	143,405,598
Net capital assets	\$ 173,422,329	\$ (3,454,213)	\$ (245)	\$ 169,967,871

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 761,376
Public safety	1,119,080
Health and welfare	548,166
Community and economic development	5,285
Public works	131,370
Internal service funds	<u>1,004,015</u>
Total governmental activities	<u>\$ 3,569,292</u>

Business-type activities:

Building and safety	\$ 916
Airport	420,117
Septage receiving station	158,080
L.E.T.S.	<u>308,957</u>
Total business-type activities	<u>\$ 888,070</u>

Component unit activities:

Drain Commission districts	\$ 356,600
Department of Public Works	1,019,157
Road Commission	<u>8,209,172</u>
Total component unit activities	<u>\$ 9,584,929</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, 2010

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

Interfund balances represent routine and temporary cash flow assistance.

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Airport Fund	\$ 30,000
	Nonmajor governmental funds	123,234
	Delinquent Tax Revolving Fund	39,035
	Total General Fund	192,269
Nonmajor governmental funds	General Fund	730
	Internal Service Funds	284,212
	Total nonmajor governmental funds	284,942
Internal Service Funds	Nonmajor governmental funds	773
	Total	<u>\$ 477,984</u>

Receivable Fund	Payable Fund	Amount
<b>Advances</b>		
General Fund	Nonmajor governmental funds	\$ 362,458
	Septage Receiving Station Fund	120,958
	Airport Fund	14,521
	Total General Fund	497,937
Delinquent Tax Revolving Fund	Airport Fund	2,243,116
Nonmajor governmental funds	Internal Service Funds	225,093
	Total advances	<u>\$ 2,966,146</u>

Receivable Fund	Payable Fund	Amount
<b>Due to/from Primary Government and Component Units</b>		
General Fund	Department of Public Works	<u>\$ 74,151</u>

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

#### Interfund Transfers

Transferred To	Transferred From	Amount
General Fund	Ambulance Fund	\$ 248,797
	Revenue Sharing Reserve Fund	2,947,675
	Nonmajor governmental funds	48,595
	Delinquent Tax Revolving Fund	39,035
	Total General Fund	3,284,102
Nonmajor governmental funds	General Fund	3,310,100
	Delinquent Tax Revolving Fund	1,617,375
	Total nonmajor governmental funds	4,927,475
Internal Service Funds	Nonmajor governmental funds	79,724
	Total operating transfers out	<u>\$ 8,291,301</u>

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 major and 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 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.

### 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, 2010

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

Long-term obligation activity can be summarized as follows:

	<u>Matures</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>							
General obligation bonds:							
1999 Building Authority - Mental health bonds	2010	4.30%-4.50%	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -
2000 Building Authority - Building improvement projects	2010	5.25%	795,000	-	(795,000)	-	-
2001 Building Authority - Road Commission refunding bonds	2010	4.50%	565,000	-	(565,000)	-	-
2002 Capital Improvement bonds	2012	3.875%-4.00%	1,705,000	-	(545,000)	1,160,000	570,000
2005 Mental health refunding bonds	2024	3.50%-5.00%	2,130,000	-	(10,000)	2,120,000	115,000
2005 Building Authority - Mental health refunding bonds	2014	3.25%-5.00%	3,665,000	-	(20,000)	3,645,000	860,000
Total bonds payable			8,960,000	-	(2,035,000)	6,925,000	1,545,000
Notes payable - Information technology - Cisco			301,103	-	(77,926)	223,177	82,240
Other obligations:							
Drain at large assessments			323,526	-	(70,512)	253,014	48,827
Landfill postclosure liability			1,006,500	-	(91,500)	915,000	91,500
Employee compensated absences			2,233,098	-	(147,597)	2,085,501	648,142
Total governmental activities			\$ 12,824,227	\$ -	\$ (2,422,535)	\$ 10,401,692	\$ 2,415,709
<b>Business-type Activities</b>							
Regional waste (sewage receiving station)	2028	4.00%-4.25%	\$ 2,980,000	\$ -	\$ (100,000)	\$ 2,880,000	\$ 105,000
Tax notes - 2009	2011	2.5%	18,000,000	-	(15,000,000)	3,000,000	3,000,000
Tax notes - 2010	2011	1.7% + LIBOR	-	13,100,000	(8,239,000)	4,861,000	4,861,000
Total business-type activities			\$ 20,980,000	\$ 13,100,000	\$ (23,339,000)	\$ 10,741,000	\$ 7,966,000
<b>Component Unit Debt</b>							
Drain Commission districts	2010-2026	2.00%-7.25%	\$ 25,396,485	\$ -	\$ (2,942,175)	\$ 22,454,310	\$ 2,755,626
Department of Public Works	2010-2030	3.10%-10.25%	51,725,542	-	(3,879,255)	47,846,287	3,171,203
Road Commission	2010-2012	3.20%-8.08%	2,102,060	1,753	(1,159,793)	944,020	726,915
Total component debt			\$ 79,224,087	\$ 1,753	\$ (7,981,223)	\$ 71,244,617	\$ 6,653,744

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

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

Years Ending December 31	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,627,240	\$ 303,058	\$ 1,930,298	\$ 7,966,000	\$ 212,300	\$ 8,178,300	\$ 6,653,744	\$ 2,943,773	\$ 9,597,517
2012	1,686,792	236,705	1,923,497	110,000	111,798	221,798	5,802,676	2,711,385	8,514,061
2013	1,106,057	158,413	1,264,470	115,000	107,298	222,298	5,946,319	2,474,379	8,420,698
2014	1,098,088	114,416	1,212,504	120,000	102,598	222,598	5,996,634	2,225,706	8,222,340
2015	140,000	67,981	207,981	125,000	97,698	222,698	5,643,573	1,984,555	7,628,128
2016-2020	765,000	252,271	1,017,271	725,000	406,288	1,131,288	24,651,671	6,534,608	31,186,279
2021-2025	725,000	79,838	804,838	915,000	240,850	1,155,850	12,740,000	2,253,701	14,993,701
2026-2030	-	-	-	665,000	43,546	708,546	3,810,000	398,313	4,208,313
Total	\$ 7,148,177	\$ 1,212,682	\$ 8,360,859	\$ 10,741,000	\$ 1,322,376	\$ 12,063,376	\$ 71,244,617	\$ 21,526,420	\$ 92,771,037

**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 timeframe were established as a postclosure landfill liability and reported in the government-wide financial statements.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

**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, 2010, approximately \$16 million of bonds outstanding are considered defeased.

### Note 8 - Revenue 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, 2010 is \$88,858,096, with annual requirements ranging from \$8,508,850 in 2011 to \$496,375 in the final year. The local unit contributions from which the appropriations will be made have averaged approximately \$9.5 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 \$6,365,000 and \$3,070,963, respectively.

### Note 9 - Restricted Net Assets

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

	Governmental Activities
Health and welfare expense	\$ 5,817,866
Public safety expense	5,527,955
Community and economic development expense	1,859,644
Revenue-sharing reserve	7,491,362
Total restricted net assets	<u>\$ 20,696,827</u>

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### 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	120,958	-
Advance - Regional waste water	74,151	-
Prepaid costs and other assets	257,466	-
Correction funds	-	1,000,000
Designated for cash flow	-	15,000,000
	<hr/>	<hr/>
Total General Fund	829,554	16,000,000
Special Revenue Fund - Reserved for:		
Lutz County Park	54,654	-
Fillmore Estate County Park	26,234	-
911 Service Fund prepaid items	27,171	-
	<hr/>	<hr/>
Total Special Revenue Funds	108,059	-
Debt Service Funds - Reserved for debt service	13,350	-
Capital Projects Funds - Reserved for:		
Jail expansion	-	1,645,977
Ambulance facility - Genoa	-	363,120
Advance - Information Technology Fund	225,093	-
Capital replacement	-	5,119,829
West Complex construction grant	-	15,635
	<hr/>	<hr/>
Total Capital Projects Funds	225,093	7,144,561
Permanent Fund - Reserved for cemetery care	26,385	-
	<hr/>	<hr/>
Total	\$ 1,202,441	\$ 23,144,561

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### 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, 2010, the County's Member Retention Fund with the Authority includes approximately \$29,000 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:

	<u>2010</u>	<u>2009</u>
Unpaid claims - Beginning of year	\$ 793,484	\$ 311,622
Incurred claims, including claims incurred but not reported	560,523	1,319,849
Claim payments	<u>(115,971)</u>	<u>(837,987)</u>
Unpaid claims - End of year	<u>\$ 1,238,036</u>	<u>\$ 793,484</u>

In addition to the claims paid, the County incurred an additional \$902,239 for insurance expense for the year ended December 31, 2010.

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 BlueCross/Blue Shield of Michigan. The County is self-insured under the Blue Cross/Blue Shield of Michigan program up to \$100,000 per contract. 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, 2010, the County's annual pension cost was \$3,704,176 for the plan. The required and actual contribution to the plan was \$3,630,017. The annual required contribution was determined as part of an actuarial valuation at December 31, 2009 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.

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.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

For the year ended December 31, 2010, the County's annual pension cost and net pension asset are as follows:

Annual required contribution	\$ 3,630,017
Interest on net pension obligation	(127,525)
Adjustment to annual required contribution	<u>201,684</u>
Annual pension cost (APC)	3,704,176
Contributions made	<u>(3,630,017)</u>
Decrease in net pension asset	74,159
Net pension asset - Beginning of year	<u>1,594,068</u>
Net pension asset - End of year	<u>\$ 1,519,909</u>

### Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2008	\$ 3,371,405	100 %	\$ 3,434,985	98 %	\$ 1,662,734
2009	3,731,792	100 %	3,800,457	98 %	1,594,069
2010	3,630,017	100 %	3,704,176	98 %	1,519,909

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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 %
12/31/2009	69,297,904	95,087,254	25,789,350	73 %	23,176,987	111 %

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### 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 Livingston 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 and who met the age and service requirements for a pension under the Municipal Employee Retirement System of Michigan (MERS) on or before February 28, 2010. 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 306 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-person 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 did not meet the requirements by February 28, 2010 were automatically transferred into the Retiree Health Savings Plan and received an employer contribution to the Retiree Health Savings Plan based on years of service. The participants who met the requirements were given the opportunity to make a one-time irrevocable “opt-out” decision to participate in the Retiree Health Savings Plan. Those participants who chose to opt-out of the Retiree Health Care Plan also received an employer contribution to the Retiree Health Savings Plan based on years of service. Eligible employees who chose to remain in the Retiree Health Care Plan no longer accrue service or seniority toward their share of the cost of healthcare benefits effective February 28, 2010.

The County requested a supplemental actuarial valuation to be completed reflecting the plan changes noted above. This report was completed during the month of June 2010. The changes moved all but a handful of non-union employees out of the plan. The supplemental actuarial valuation results for the non-union group reflect a funded ratio of 110.6 percent. Therefore, the remaining plan is 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, 2010

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

**Funding Progress** - For the year ended December 31, 2010, the County has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2008. 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	\$ 1,461,736
Interest on the prior year's net OPEB asset	<u>(89,153)</u>
Annual OPEB cost	1,372,583
Amounts contributed:	
Payments of current premiums	781,542
Contributions	1,461,736
Total contributions	<u>2,243,278</u>
Increase in net OPEB asset	870,695
OPEB asset - Beginning of year	<u>1,273,598</u>
OPEB asset - End of year	<u>\$ 2,144,293</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, 2010, 2009, and 2008 were as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Annual OPEB costs:	\$ 1,372,584	\$ 1,501,685	\$ 1,934,425
Percentage contributed	163 %	148 %	128 %
Net OPEB assets	\$ 2,144,293	\$ 1,273,598	\$ 548,295

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

### 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.

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

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.

**Livingston County Retiree Health Savings Plan** - The Livingston County Retiree Health Savings Plan (defined contribution) is for eligible employees hired after March 17, 2003 but prior to November 1, 2009 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. The plan was 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.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2010

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

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 \$405,957 during the year ended December 31, 2010. For the 56 employees who were transferred from the Retiree Health Care Defined Benefit plan to the Retiree Health Savings Plan, the County paid a lump sum in the amount of \$981,980.

### Note 14 - Accounting and Reporting Change

During the year, the County adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This pronouncement requires that certain intangible assets be recorded in the financial statements on a retrospective basis. Due to the immateriality of the items identified, beginning net assets have not been restated. The impact of adopting this new pronouncement is that the financial statements now recognize additional capital assets for internally created software in the Internal Service Funds at a net balance of \$23,579 at December 31, 2010. The assets were created by reducing expenses in the current year.

**Restatement of Beginning Net Assets** - The financial statements for the year ended December 31, 2010 have been restated in order to capture interest expense that should have been capitalized in prior years in the Department of Public Works component unit. The effect of this correction was to increase both beginning net fixed assets and net assets by \$5,976,151.

	Department of Public Works	Component Units
Net assets - December 31, 2009 - As previously reported	\$ 41,883,529	\$ 174,206,717
Adjustment for capitalization of interest	5,976,151	5,976,151
Net assets - December 31, 2009 - As restated	<u>\$ 47,859,680</u>	<u>\$ 180,182,868</u>

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

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, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes	\$ 25,544,000	\$ 25,798,592	\$ 27,163,249	\$ 1,364,657
Licenses and permits	203,924	203,924	288,842	84,918
Federal grants	639,348	900,204	489,800	(410,404)
State sources	1,797,742	1,834,742	1,753,417	(81,325)
Charges for services	6,344,814	6,482,025	7,077,305	595,280
Fines and forfeitures	475,100	475,100	461,888	(13,212)
Interest and rent	202,210	137,210	154,716	17,506
Other revenue:				
Contributions from local units	1,045,595	1,007,123	1,007,130	7
Other	1,738,646	1,582,946	1,556,701	(26,245)
Total revenue	37,991,379	38,421,866	39,953,048	1,531,182
<b>Expenditures - Current</b>				
General government:				
Governing body (council, board)	500,510	505,375	497,990	7,385
CEO (manager, supervisor, mayor)	616,066	344,316	342,572	1,744
Finance/Accounting/Budget department	129,500	199,000	198,513	487
Purchasing	224,757	232,607	226,553	6,054
Internal audit department	108,878	120,878	118,131	2,747
Information technology/data processing	793,116	793,116	792,966	150
Treasurer	931,084	1,110,868	1,140,729	(29,861)
Assessing	1,250	1,250	870	380
Clerk	894,469	894,469	875,220	19,249
Elections	154,625	154,625	87,799	66,826
Human resources/personnel	224,326	347,031	339,887	7,144
Insurance and other functions	1,150,000	1,077,900	902,439	175,461
Other general government	671,855	400,973	-	400,973
Total general government	6,400,436	6,182,408	5,523,669	658,739
Court systems	10,531,208	11,008,370	10,698,012	310,358
Public safety:				
Sheriff and jail	14,533,403	14,599,074	14,189,267	409,807
Other public safety	1,758,267	1,548,342	1,446,834	101,508
Total public safety	16,291,670	16,147,416	15,636,101	511,315
Health and welfare	1,991,394	2,214,469	1,868,698	345,771
Economic development	3,883,497	4,073,895	3,878,935	194,960
Total expenditures	39,098,205	39,626,558	37,605,415	2,021,143
<b>Excess of Revenue (Under) Over Expenditures</b>	(1,106,826)	(1,204,692)	2,347,633	3,552,325
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	3,301,182	3,261,876	3,284,102	22,226
Operating transfers out	(3,217,727)	(3,383,968)	(3,310,100)	73,868
Total other financing sources (uses)	83,455	(122,092)	(25,998)	96,094
<b>Net Change in Fund Balance</b>	(1,023,371)	(1,326,784)	2,321,635	3,648,419
<b>Fund Balance - Beginning of year</b>	19,899,070	19,899,070	19,899,070	-
<b>Fund Balance - End of year</b>	<u>\$ 18,875,699</u>	<u>\$ 18,572,286</u>	<u>\$ 22,220,705</u>	<u>\$ 3,648,419</u>

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Ambulance Fund Year Ended December 31, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes	\$ 2,211,172	\$ 2,100,000	\$ 2,502,843	\$ 402,843
Charges for services	5,004,800	5,004,800	4,990,270	(14,530)
Interest and rent	100,400	100,400	16,678	(83,722)
Other	3,000	3,000	17,067	14,067
Total revenue	<u>7,319,372</u>	<u>7,208,200</u>	<u>7,526,858</u>	<u>318,658</u>
<b>Expenditures - Current - Health and welfare</b>	<u>7,065,372</u>	<u>6,952,700</u>	<u>7,051,136</u>	<u>(98,436)</u>
<b>Excess of Revenue Over Expenditures</b>	254,000	255,500	475,722	220,222
<b>Other Financing Sources - Operating transfers out</b>	<u>(254,000)</u>	<u>(254,000)</u>	<u>(248,797)</u>	<u>5,203</u>
<b>Net Change in Fund Balance</b>	-	1,500	226,925	225,425
<b>Fund Balance - Beginning of year</b>	<u>4,421,897</u>	<u>4,421,897</u>	<u>4,421,897</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 4,421,897</u></u>	<u><u>\$ 4,423,397</u></u>	<u><u>\$ 4,648,822</u></u>	<u><u>\$ 225,425</u></u>

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Revenue Sharing Reserve Fund Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Expenditures</b> - Operating transfers out	\$ (2,963,681)	\$ (2,963,681)	\$ (2,947,675)	\$ 16,006
<b>Fund Balance</b> - Beginning of year	<u>10,439,037</u>	<u>10,439,037</u>	<u>10,439,037</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u>\$ 7,475,356</u>	<u>\$ 7,475,356</u>	<u>\$ 7,491,362</u>	<u>\$ 16,006</u>

## **Other Supplemental Information**

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# Livingston County, Michigan

## Special Revenue Funds

	Job Training Services	Health Fund	911 Services Fund	Child Care	Family Counseling	Friend of the Court
<b>Assets</b>						
Cash and investments	\$ 1,531	\$ 1,175,537	\$ 3,764,207	\$ 2,008,633	\$ 18,669	\$ -
Receivables:						
Tax receivable	-	-	-	-	-	-
Accounts receivable	-	120,728	1,062,055	40,000	-	1,526
Accrued interest receivable	-	-	439	-	-	-
Due from other governmental units	560,152	1,102	208,058	82	-	432,299
Due from other funds	-	-	284,212	-	-	-
Advances to other funds	-	-	-	-	-	-
Other assets	-	-	27,171	-	-	-
<b>Total assets</b>	<b>\$ 561,683</b>	<b>\$ 1,297,367</b>	<b>\$ 5,346,142</b>	<b>\$ 2,048,715</b>	<b>\$ 18,669</b>	<b>\$ 433,825</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 280,437	\$ 16,807	\$ 136,343	\$ 70,220	\$ -	\$ 4,446
Due to other governmental units	-	-	-	108,338	-	-
Due to other funds	773	-	-	-	-	123,234
Advances from other funds	36,304	304,372	-	-	-	-
Accrued liabilities	5,878	35,768	30,319	-	-	22,348
Deferred revenue	7,578	-	98,923	-	-	-
<b>Total liabilities</b>	<b>330,970</b>	<b>356,947</b>	<b>265,585</b>	<b>178,558</b>	<b>-</b>	<b>150,028</b>
<b>Fund Balances</b>						
Reserved	-	-	27,171	-	-	-
Unreserved, reported in:						
Special Revenue Funds - Undesignated	230,713	940,420	5,053,386	1,870,157	18,669	283,797
Capital Projects Funds - Designated	-	-	-	-	-	-
<b>Total fund balances</b>	<b>230,713</b>	<b>940,420</b>	<b>5,080,557</b>	<b>1,870,157</b>	<b>18,669</b>	<b>283,797</b>
<b>Total liabilities and fund balances</b>	<b>\$ 561,683</b>	<b>\$ 1,297,367</b>	<b>\$ 5,346,142</b>	<b>\$ 2,048,715</b>	<b>\$ 18,669</b>	<b>\$ 433,825</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

Special Revenue Funds

Small Cities Community Development Block Grant	Survey and Remon- umentation	Prosecutor's Drug Enforcement	Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	Community Corrections
\$ 538,013	\$ 947,304	\$ 8,391	\$ 172,752	\$ 20,926	\$ 18,054	\$ 25,491	\$ 11,046
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,831	60	-	-	-	-	-	-
-	-	-	-	-	-	-	45,021
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>\$ 549,844</b>	<b>\$ 947,364</b>	<b>\$ 8,391</b>	<b>\$ 172,752</b>	<b>\$ 20,926</b>	<b>\$ 18,054</b>	<b>\$ 25,491</b>	<b>\$ 56,067</b>
\$ 4,250	\$ 14,720	\$ -	\$ -	\$ -	\$ -	\$ 296	\$ 27,336
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	21,782
-	-	-	-	-	-	-	1,967
-	-	-	-	-	-	-	-
4,250	14,720	-	-	-	-	296	51,085
-	-	-	-	-	-	-	-
545,594	932,644	8,391	172,752	20,926	18,054	25,195	4,982
-	-	-	-	-	-	-	-
545,594	932,644	8,391	172,752	20,926	18,054	25,195	4,982
<b>\$ 549,844</b>	<b>\$ 947,364</b>	<b>\$ 8,391</b>	<b>\$ 172,752</b>	<b>\$ 20,926</b>	<b>\$ 18,054</b>	<b>\$ 25,491</b>	<b>\$ 56,067</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>Assets</b>							
Cash and investments	\$ 20,207	\$ 184,140	\$ 1,731	\$ 851,016	\$ 235,819	\$ 1,115	\$ 13,668
Receivables:							
Tax receivable	-	391,125	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Accrued interest receivable	-	23	-	247	-	-	-
Due from other governmental units	23,448	-	-	-	-	-	-
Due from other funds	730	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 44,385</b>	<b>\$ 575,288</b>	<b>\$ 1,731</b>	<b>\$ 851,263</b>	<b>\$ 235,819</b>	<b>\$ 1,115</b>	<b>\$ 13,668</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 5,878	\$ -	\$ -	\$ -	\$ -	\$ 23
Due to other governmental units	26,000	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Deferred revenue	-	391,125	-	-	-	-	-
<b>Total liabilities</b>	<b>26,000</b>	<b>397,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>
<b>Fund Balances</b>							
Reserved	-	-	-	-	-	-	-
Unreserved, reported in:							
Special Revenue Funds - Undesignated	18,385	178,285	1,731	851,263	235,819	1,115	13,645
Capital Projects Funds - Designated	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>18,385</b>	<b>178,285</b>	<b>1,731</b>	<b>851,263</b>	<b>235,819</b>	<b>1,115</b>	<b>13,645</b>
<b>Total liabilities and fund balances</b>	<b>\$ 44,385</b>	<b>\$ 575,288</b>	<b>\$ 1,731</b>	<b>\$ 851,263</b>	<b>\$ 235,819</b>	<b>\$ 1,115</b>	<b>\$ 13,668</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

Special Revenue Funds			Debt Service Funds				
Lutz County Park	Fillmore Estate County Park	Community Development Block Grant OLSHA	Mental Health Bonds	2000 Building Improvement Bonds	2001 Bonds - Road Commission Refunding Bonds	2002 Capital Improvement Bonds	Refunding Building Authority Mental Health Fund
\$ 55,179	\$ 26,285	\$ 42,707	\$ 3,408	\$ -	\$ 1,796	\$ -	\$ 8,146
-	-	-	-	-	-	-	-
325	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	786,993	-	-	-	-	-
<b>\$ 55,504</b>	<b>\$ 26,285</b>	<b>\$ 829,700</b>	<b>\$ 3,408</b>	<b>\$ -</b>	<b>\$ 1,796</b>	<b>\$ -</b>	<b>\$ 8,146</b>
\$ 850	\$ 51	\$ 27,392	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	786,994	-	-	-	-	-
850	51	814,386	-	-	-	-	-
54,654	26,234	-	3,408	-	1,796	-	8,146
-	-	15,314	-	-	-	-	-
-	-	-	-	-	-	-	-
54,654	26,234	15,314	3,408	-	1,796	-	8,146
<b>\$ 55,504</b>	<b>\$ 26,285</b>	<b>\$ 829,700</b>	<b>\$ 3,408</b>	<b>\$ -</b>	<b>\$ 1,796</b>	<b>\$ -</b>	<b>\$ 8,146</b>

# Livingston County, Michigan

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds December 31, 2010

	Capital Projects Funds					Permanent Funds	Total Nonmajor Governmental Funds
	Jail Expansion	Administration Building Renovation	Capital Replacement	West Complex Construction Grant	EMS Construction	Cemetery	
	<b>Assets</b>						
Cash and investments	\$ 1,645,743	\$ -	\$ 5,105,517	\$ 15,635	\$ 363,120	\$ 26,405	\$ 17,312,191
Receivables:							
Tax receivable	-	-	-	-	-	-	391,125
Accounts receivable	-	-	-	-	-	-	1,224,634
Accrued interest receivable	234	-	785	-	-	-	13,619
Due from other governmental units	-	-	-	-	-	-	1,270,162
Due from other funds	-	-	-	-	-	-	284,942
Advances to other funds	-	-	225,093	-	-	-	225,093
Other assets	-	-	13,527	-	-	-	827,691
<b>Total assets</b>	<b>\$ 1,645,977</b>	<b>\$ -</b>	<b>\$ 5,344,922</b>	<b>\$ 15,635</b>	<b>\$ 363,120</b>	<b>\$ 26,405</b>	<b>\$ 21,549,457</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 589,049
Due to other governmental units	-	-	-	-	-	20	134,358
Due to other funds	-	-	-	-	-	-	124,007
Advances from other funds	-	-	-	-	-	-	362,458
Accrued liabilities	-	-	-	-	-	-	96,280
Deferred revenue	-	-	-	-	-	-	1,284,620
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>2,590,772</b>
<b>Fund Balances</b>							
Reserved	-	-	225,093	-	-	26,385	372,887
Unreserved, reported in:							
Special Revenue Funds - Undesignated	-	-	-	-	-	-	11,441,237
Capital Projects Funds - Designated	1,645,977	-	5,119,829	15,635	363,120	-	7,144,561
<b>Total fund balances</b>	<b>1,645,977</b>	<b>-</b>	<b>5,344,922</b>	<b>15,635</b>	<b>363,120</b>	<b>26,385</b>	<b>18,958,685</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,645,977</b>	<b>\$ -</b>	<b>\$ 5,344,922</b>	<b>\$ 15,635</b>	<b>\$ 363,120</b>	<b>\$ 26,405</b>	<b>\$ 21,549,457</b>

# Livingston County, Michigan

Special Revenue Funds						
	Job Training Services	Health Fund	911 Services Fund	Child Care	Family Counseling	Friend of the Court
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	106,787	-	-	-	-
Federal sources	5,237,049	1,615,794	282,747	-	-	1,269,429
State sources	67,953	843,784	402,120	722,882	-	-
Charges for services	14,499	1,152,787	4,247,854	160,062	-	170,487
Interest earned	-	-	6,800	-	-	467
Contributions from local units and other	250	-	9	-	13,725	291
<b>Total revenue</b>	<b>5,319,751</b>	<b>3,719,152</b>	<b>4,939,530</b>	<b>882,944</b>	<b>13,725</b>	<b>1,440,674</b>
<b>Expenditures</b>						
Current:						
Public safety	-	-	4,033,063	-	-	2,421,938
Health and welfare	5,299,176	3,819,348	-	2,153,806	16,384	-
Community and economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>5,299,176</b>	<b>3,819,348</b>	<b>4,033,063</b>	<b>2,153,806</b>	<b>16,384</b>	<b>2,421,938</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>20,575</b>	<b>(100,196)</b>	<b>906,467</b>	<b>(1,270,862)</b>	<b>(2,659)</b>	<b>(981,264)</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	316,316	-	1,319,852	-	853,989
Operating transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>316,316</b>	<b>-</b>	<b>1,319,852</b>	<b>-</b>	<b>853,989</b>
<b>Net Change in Fund Balances</b>	<b>20,575</b>	<b>216,120</b>	<b>906,467</b>	<b>48,990</b>	<b>(2,659)</b>	<b>(127,275)</b>
<b>Fund Balances - Beginning 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>
<b>Fund Balances - End of year</b>	<b>\$ 230,713</b>	<b>\$ 940,420</b>	<b>\$ 5,080,557</b>	<b>\$ 1,870,157</b>	<b>\$ 18,669</b>	<b>\$ 283,797</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2010**

Special Revenue Funds							
Small Cities Community Development Block Grant	Survey and Remonu- mentation	Prosecutor's Drug Enforcement	Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	Community Corrections
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	33,280	-	-	-	-	-	54,140
-	73,724	-	-	-	-	-	32,454
27,737	1,396	-	-	-	-	44	-
-	-	5,000	41,755	6,104	3,601	6,500	4,860
27,737	108,400	5,000	41,755	6,104	3,601	6,544	91,454
-	-	6,607	11,603	-	-	-	242,440
-	-	-	-	-	-	-	-
17,000	97,357	-	-	-	-	4,752	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,000	97,357	6,607	11,603	-	-	4,752	242,440
10,737	11,043	(1,607)	30,152	6,104	3,601	1,792	(150,986)
-	-	-	-	-	-	-	152,443
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	152,443
10,737	11,043	(1,607)	30,152	6,104	3,601	1,792	1,457
534,857	921,601	9,998	142,600	14,822	14,453	23,403	3,525
<b>\$ 545,594</b>	<b>\$ 932,644</b>	<b>\$ 8,391</b>	<b>\$ 172,752</b>	<b>\$ 20,926</b>	<b>\$ 18,054</b>	<b>\$ 25,195</b>	<b>\$ 4,982</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>							
Property taxes	\$ -	\$ 426,692	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Federal sources	-	-	-	-	40,065	-	-
State sources	213,651	-	8,362	-	-	-	2,800
Charges for services	18,360	-	-	180,518	-	-	28,037
Interest earned	-	474	-	1,362	1,378	-	-
Contributions from local units and other	-	100	-	-	-	825	-
<b>Total revenue</b>	<b>232,011</b>	<b>427,266</b>	<b>8,362</b>	<b>181,880</b>	<b>41,443</b>	<b>825</b>	<b>30,837</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	-	168,266	-	47,449
Health and welfare	233,249	200,611	8,574	154,012	-	649	-
Community and economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>233,249</b>	<b>200,611</b>	<b>8,574</b>	<b>154,012</b>	<b>168,266</b>	<b>649</b>	<b>47,449</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(1,238)</b>	<b>226,655</b>	<b>(212)</b>	<b>27,868</b>	<b>(126,823)</b>	<b>176</b>	<b>(16,612)</b>
<b>Other Financing Sources (Uses)</b>							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	(48,421)	-	-	-	(174)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(48,421)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(174)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,238)</b>	<b>178,234</b>	<b>(212)</b>	<b>27,868</b>	<b>(126,823)</b>	<b>2</b>	<b>(16,612)</b>
<b>Fund Balances - Beginning 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>
<b>Fund Balances - End of year</b>	<b>\$ 18,385</b>	<b>\$ 178,285</b>	<b>\$ 1,731</b>	<b>\$ 851,263</b>	<b>\$ 235,819</b>	<b>\$ 1,115</b>	<b>\$ 13,645</b>

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and  
Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2010**

Special Revenue Funds			Debt Service Funds				
Lutz County Park	Fillmore Estate County Park	Community Development Block Grant OLSHA	Mental Health Bonds	2000 Building Improvement Bonds	2001 Bonds - Road Commission Refunding Bonds	2002 Capital Improvement Bonds	Refunding Building Authority Mental Health Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,828	8,860	-	-	-	-	-	-
97	40	407	-	-	-	-	-
<u>11,428</u>	<u>-</u>	<u>39,812</u>	<u>104,702</u>	<u>-</u>	<u>577,714</u>	<u>-</u>	<u>99,460</u>
33,353	8,900	40,219	104,702	-	577,714	-	99,460
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,183	1,825	27,394	301	150	274	275	224
-	-	-	-	-	-	-	-
-	-	-	100,000	795,000	565,000	545,000	30,000
-	-	-	4,400	41,738	12,713	57,300	247,256
<u>11,183</u>	<u>1,825</u>	<u>27,394</u>	<u>104,701</u>	<u>836,888</u>	<u>577,987</u>	<u>602,575</u>	<u>277,480</u>
22,170	7,075	12,825	1	(836,888)	(273)	(602,575)	(178,020)
-	-	-	-	836,888	-	602,575	177,912
-	-	-	-	-	-	-	-
-	-	-	-	836,888	-	602,575	177,912
22,170	7,075	12,825	1	-	(273)	-	(108)
<u>32,484</u>	<u>19,159</u>	<u>2,489</u>	<u>3,407</u>	<u>-</u>	<u>2,069</u>	<u>-</u>	<u>8,254</u>
<u>\$ 54,654</u>	<u>\$ 26,234</u>	<u>\$ 15,314</u>	<u>\$ 3,408</u>	<u>\$ -</u>	<u>\$ 1,796</u>	<u>\$ -</u>	<u>\$ 8,146</u>

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended December 31, 2010

	Capital Projects Fund					Permanent Funds	Total Nonmajor Governmental Funds
	Administration		Capital Replacement	West Complex Construction	EMS Construction	Cemetery	
	Jail Expansion	Building Renovation		Grant			
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,692
Licenses and permits	-	-	-	-	-	-	106,787
Federal sources	-	-	-	-	-	-	8,445,084
State sources	-	-	-	-	-	-	2,348,972
Charges for services	-	-	105,780	-	-	-	6,215,250
Interest earned	2,522	-	17,682	-	213	-	60,619
Contributions from local units and other	-	-	-	-	-	-	916,136
Total revenue	2,522	-	123,462	-	213	-	18,519,540
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	-	-	-	6,931,366
Health and welfare	-	-	-	-	-	-	11,885,809
Community and economic development	-	-	-	-	-	-	160,735
Capital outlay	-	-	-	-	9,211	-	9,211
Debt service:							
Principal	-	-	-	-	-	-	2,035,000
Interest	-	-	-	-	-	-	363,407
Total expenditures	-	-	-	-	9,211	-	21,385,528
<b>Excess of Revenue Over (Under) Expenditures</b>	2,522	-	123,462	-	(8,998)	-	(2,865,988)
<b>Other Financing Sources (Uses)</b>							
Operating transfers in	-	-	667,500	-	-	-	4,927,475
Operating transfers out	-	(29,024)	(50,700)	-	-	-	(128,319)
Total other financing sources (uses)	-	(29,024)	616,800	-	-	-	4,799,156
<b>Net Change in Fund Balances</b>	2,522	(29,024)	740,262	-	(8,998)	-	1,933,168
<b>Fund Balances - Beginning of year</b>	1,643,455	29,024	4,604,660	15,635	372,118	26,385	17,025,517
<b>Fund Balances - End of year</b>	<u>\$ 1,645,977</u>	<u>\$ -</u>	<u>\$ 5,344,922</u>	<u>\$ 15,635</u>	<u>\$ 363,120</u>	<u>\$ 26,385</u>	<u>\$ 18,958,685</u>

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Net Assets Internal Service Funds December 31, 2010

	Building Services	Information Technology	Carpool	Benefits	Total
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 658,482	\$ -	\$ 1,497,639	\$ 1,953,870	\$ 4,109,991
Accounts receivable	24,972	304	8,170	397,584	431,030
Due from other funds	-	-	-	773	773
Prepaid costs and other assets	-	148,940	-	600,218	749,158
Total current assets	683,454	149,244	1,505,809	2,952,445	5,290,952
Noncurrent assets:					
Net OPEB asset	42,886	64,329	2,144	-	109,359
Capital assets - Net	95,806	2,692,204	502,154	-	3,290,164
Total noncurrent assets	138,692	2,756,533	504,298	-	3,399,523
Total assets	822,146	2,905,777	2,010,107	2,952,445	8,690,475
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	121,654	145,655	50,880	500	318,689
Due to other funds	-	284,212	-	-	284,212
Accrued liabilities and other	63,100	112,640	799	46,483	223,022
Total current liabilities	184,754	542,507	51,679	46,983	825,923
Noncurrent liabilities:					
Advances from other funds	-	225,093	-	-	225,093
Long-term debt	-	223,177	-	-	223,177
Total noncurrent liabilities	-	448,270	-	-	448,270
Total liabilities	184,754	990,777	51,679	46,983	1,274,193
<b>Net Assets</b>					
Invested in capital assets - Net of related debt	95,806	2,469,027	502,154	-	3,066,987
Unrestricted (deficit)	541,586	(554,027)	1,456,274	2,905,462	4,349,295
Total net assets	<u>\$ 637,392</u>	<u>\$ 1,915,000</u>	<u>\$ 1,958,428</u>	<u>\$ 2,905,462</u>	<u>\$ 7,416,282</u>

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended December 31, 2010

	Building Services	Information Technology	Carpool	Benefits	Total
<b>Operating Revenue -</b>					
Charges for services	\$ 2,446,171	\$ 4,225,261	\$ 862,529	\$ 7,351,509	\$ 14,885,470
<b>Operating Expenses</b>					
Personnel	1,070,155	1,172,762	47,425	7,049,135	9,339,477
Operating expenses	1,199,705	1,918,012	580,641	-	3,698,358
Depreciation	6,117	734,555	263,344	-	1,004,016
Total operating expenses	<u>2,275,977</u>	<u>3,825,329</u>	<u>891,410</u>	<u>7,049,135</u>	<u>14,041,851</u>
<b>Operating Income (Loss)</b>	170,194	399,932	(28,881)	302,374	843,619
<b>Nonoperating Revenue -</b>					
Gain on sale of assets	-	1,571	50,173	-	51,744
<b>Income - Before transfers</b>	170,194	401,503	21,292	302,374	895,363
<b>Transfers In</b>	39,724	40,000	-	-	79,724
<b>Change in Net Assets</b>	209,918	441,503	21,292	302,374	975,087
<b>Net Assets - Beginning of year</b>	427,474	1,473,497	1,937,136	2,603,088	6,441,195
<b>Net Assets - End of year</b>	<u>\$ 637,392</u>	<u>\$ 1,915,000</u>	<u>\$ 1,958,428</u>	<u>\$ 2,905,462</u>	<u>\$ 7,416,282</u>

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended December 31, 2010

	Building Services	Information Technology	Carpool	Benefits	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ -	\$ 83,055	\$ 15,392	\$ -	\$ 98,447
Receipts from interfund services and reimbursements	2,446,988	4,149,544	838,967	6,954,007	14,389,506
Payments to suppliers	(1,254,152)	(2,254,087)	(575,394)	(393,148)	(4,476,781)
Payments to employees	(1,075,470)	(1,221,357)	(46,626)	(6,841,081)	(9,184,534)
Internal activity - Payments to other funds	-	94,174	(24,502)	-	69,672
	<u>117,366</u>	<u>851,329</u>	<u>207,837</u>	<u>(280,222)</u>	<u>896,310</u>
Net cash provided by (used in) operating activities					
<b>Cash Flows from Noncapital Financing Activities -</b>					
Transfers from other funds	39,724	40,000	-	-	79,724
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from sales of capital assets	-	1,571	50,173	-	51,744
Purchase of capital assets	-	(878,364)	(265,462)	-	(1,143,826)
Principal and interest paid on capital debt	-	(77,926)	-	-	(77,926)
	<u>-</u>	<u>(954,719)</u>	<u>(215,289)</u>	<u>-</u>	<u>(1,170,008)</u>
Net cash used in capital and related financing activities					
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	157,090	(63,390)	(7,452)	(280,222)	(193,974)
<b>Cash and Cash Equivalents - Beginning of year</b>	501,392	63,390	1,505,091	2,234,092	4,303,965
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 658,482</u>	<u>\$ -</u>	<u>\$ 1,497,639</u>	<u>\$ 1,953,870</u>	<u>\$ 4,109,991</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 170,194	\$ 399,932	\$ (28,881)	\$ 302,374	\$ 843,619
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	6,117	734,555	263,344	-	1,004,016
Changes in assets and liabilities:					
Receivables	817	7,338	(8,170)	(397,561)	(397,576)
Due from other funds	-	-	-	59	59
Advances from other funds	-	(190,038)	-	-	(190,038)
Other assets	(17,414)	(55,545)	(1,762)	(47,397)	(122,118)
Accounts payable	(37,033)	(280,530)	7,009	(149,177)	(459,731)
Due to other funds	-	284,212	(24,502)	-	259,710
Accrued and other liabilities	(5,315)	(48,595)	799	11,480	(41,631)
	<u>(5,315)</u>	<u>(48,595)</u>	<u>799</u>	<u>11,480</u>	<u>(41,631)</u>
Net cash provided by (used in) operating activities	<u>\$ 117,366</u>	<u>\$ 851,329</u>	<u>\$ 207,837</u>	<u>\$ (280,222)</u>	<u>\$ 896,310</u>

# Livingston County, Michigan

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds December 31, 2010

	Agency Funds		
	Trust and Agency	Library Penal Fines	Total Agency Funds
<b>Assets</b>			
Cash	\$ 2,679,251	\$ 474,296	\$ 3,153,547
Accrued interest receivable	97	465	562
Total assets	<b><u>\$ 2,679,348</u></b>	<b><u>\$ 474,761</u></b>	<b><u>\$ 3,154,109</u></b>
<b>Liabilities</b>			
Due to other governmental units	\$ 1,222,809	\$ -	\$ 1,222,809
Accrued liabilities and other	1,456,539	474,761	1,931,300
Total liabilities	<b><u>\$ 2,679,348</u></b>	<b><u>\$ 474,761</u></b>	<b><u>\$ 3,154,109</u></b>

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Operating, Nonoperating, and Other Revenue Sources Year Ended December 31, 2010

	January 1, 2010 to September 30, 2010	October 1, 2010 to December 31, 2010	Total
<b>Operating Revenue</b>			
Demand-response - Passenger fares	\$ 82,146	\$ 27,620	\$ 109,766
Special transit fares - Contracts	102,523	66,796	169,319
Rent - EMS	54,673	26,924	81,597
Other:			
Sale of fuel to EMS	40,486	18,643	59,129
Outside services	-	-	-
Sale of vehicles	2,853	17,290	20,143 <b>A</b>
	<u>43,339</u>	<u>35,933</u>	<u>79,272</u>
Total other			
	<u>43,339</u>	<u>35,933</u>	<u>79,272</u>
Total operating revenue	<u><b>\$ 282,681</b></u>	<u><b>\$ 157,273</b></u>	<u><b>\$ 439,954</b></u>
<b>Nonoperating Revenue</b>			
Federal operating and capital grants:			
U.S. DOT operating grant - Section 5307 (2010 and 2011)	\$ 640,897	\$ 232,603	\$ 873,500
U.S. DOT capital grant - Preventative maintenance - Section 5307 (2010 and 2011)	110,172	106,896	217,068
Federal capital grant - Capital assistance:			
Section 5307	50,436	-	50,436
Federal ARRA grant	535,566	-	535,566
State operating and capital grants:			
State operating reconciliations - Prior year underpayments	123,657	4,499	128,156
State capital matching grant - Vehicle	12,609	-	12,609
Transit operating assistance	359,010	152,548	511,558
Transit operating assistance - State withholdings for prior year overpayments	(123,657)	(4,499)	(128,156)
Insurance reimbursement	5,894	-	5,894
	<u>5,894</u>	<u>-</u>	<u>5,894</u>
Total nonoperating revenue	<u><b>\$ 1,714,584</b></u>	<u><b>\$ 492,047</b></u>	<u><b>\$ 2,206,631</b></u>

**A** Sale of vehicles is included in nonoperating revenue in the proprietary funds statement of revenue, expenses, and changes in net assets

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Operating, Nonoperating, and Other Revenue Sources - JARC Year Ended December 31, 2010

	January 1, 2010 to September 30, 2010	October 1, 2010 to December 31, 2010	Total
<b>Operating Revenue</b>			
Demand-response - Passenger fares	\$ 5,098	\$ 2,728	\$ 7,826
U.S. DOT operating grant - JARC - Section 5316 (2010)	17,206	8,091	25,297 <b>B</b>
State of MI operating grant - JARC - Section 5316 (2010)	17,206	8,091	25,297 <b>B</b>
Total operating revenue	<u><b>\$ 39,510</b></u>	<u><b>\$ 18,910</b></u>	<u><b>\$ 58,420</b></u>
<b>Nonoperating Revenue</b>			
Federal operating and capital grants - U.S. DOT capital grant - JARC - Section 5316 (2010)	\$ 59,324	\$ -	\$ 59,324
State operating and capital grants - Vehicle capital match	14,831	-	14,831
Total nonoperating revenue	<u><b>\$ 74,155</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 74,155</b></u>

**B** JARC operating grants are included in nonoperating revenue in the proprietary funds statement of revenue, expenses, and changes in net assets

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Operating Expenses Year Ended December 31, 2010

	General				Total
	Operations	Maintenance	Administration	JARC	
Labor	\$ 814,672	\$ 55,795	\$ 100,102	\$ 37,033	\$ 1,007,602
Pension	81,407	5,606	9,996	4,851	101,860
Other fringe benefits	295,345	19,958	36,346	5,101	356,750
Services	1,860	198,227	149,996	1,985	352,068
Materials and supplies consumed:					
Fuel and lubricants	195,644	-	-	8,605	204,249
Tires and tubes	4,887	-	-	744	5,631
Major purchases	52,179	-	-	-	52,179
Other materials and supplies	-	30,255	7,214	-	37,469
Utilities	-	-	47,835	-	47,835
Depreciation	301,983	-	-	6,974	308,957
Casualty and liability costs	479	-	-	-	479
Miscellaneous	1,177	3,903	6,814	100	11,994
Operating leases and rentals	14,455	-	27,693	-	42,148
	<u>1,764,088</u>	<u>313,744</u>	<u>385,996</u>	<u>65,393</u>	<u>2,529,221</u>
Total operating expenses					
Ineligible costs:					
Revenue associated with fuel sold to EMS	59,127	-	-	-	59,127
Revenue associated with building rental	-	-	81,597	-	81,597
Insurance reimbursement	5,894	-	-	-	5,894
Association dues	-	-	119	-	119
Depreciation	301,983	-	-	6,974	308,957
Major purchases - Grant	52,179	-	-	-	52,179
Ineligible farebox revenue	-	-	-	7,826	7,826
U.S. DOT capital grant - Preventative maintenance Section 5307	-	217,068	-	-	217,068
	<u>419,183</u>	<u>217,068</u>	<u>81,716</u>	<u>14,800</u>	<u>732,767</u>
Total ineligible expenses					
Total eligible expenses	<u><b>\$ 1,344,905</b></u>	<u><b>\$ 96,676</b></u>	<u><b>\$ 304,280</b></u>	<u><b>\$ 50,593</b></u>	<u><b>\$ 1,796,454</b></u>

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Net Eligible Cost Computations of General Operations Year Ended December 31, 2010

	January 1, 2010 to September 30, 2010	October 1, 2010 to December 31, 2010	Total
Labor	\$ 721,015	\$ 249,554	\$ 970,569
Pension	69,475	27,534	97,009
Other fringe benefits	284,380	67,270	351,650
Services	237,632	112,451	350,083
Materials and supplies consumed:			
Fuel and lubricants	124,919	70,725	195,644
Other materials and supplies	27,302	67,232	94,534
Utilities	33,485	14,350	47,835
Casualty and liability costs	479	-	479
Depreciation	213,257	88,726	301,983
Operating leases and rentals	32,626	9,522	42,148
Miscellaneous	7,993	3,901	11,894
Total operating expenses	1,752,563	711,265	2,463,828
Ineligible operating expenses:			
Revenue associated with fuel sold to County EMS	40,484	18,643	59,127
Revenue associated with rentals	54,673	26,924	81,597
Ineligible association dues	-	119	119
U.S. DOT capital grant - Preventative maintenance Section 5307	110,172	106,896	217,068
Insurance reimbursement	5,894	-	5,894
Major purchases - Grant	-	52,179	52,179
Depreciation	213,257	88,726	301,983
Total ineligible expenses	424,480	293,487	717,967
Total eligible expenses	<u>\$ 1,328,083</u>	<u>\$ 417,778</u>	<u>\$ 1,745,861</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.

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Net Eligible Cost Computations of General Operations - JARC Year Ended December 31, 2010

	January 1, 2010 to September 30, 2010	October 1, 2010 to December 31, 2010	Total
Labor	\$ 25,336	\$ 11,697	\$ 37,033
Pension	3,584	1,267	4,851
Other fringe benefits	3,390	1,711	5,101
Services	1,195	790	1,985
Materials and supplies consumed:			
Fuel and lubricants	5,904	2,701	8,605
Other materials and supplies	-	744	744
Depreciation	5,231	1,743	6,974
Miscellaneous	100	-	100
Total operating expenses	44,740	20,653	65,393
Ineligible operating expenses:			
Farebox return	5,098	2,728	7,826
Depreciation	5,230	1,744	6,974
Total ineligible expenses	10,328	4,472	14,800
Total eligible expenses	<u>\$ 34,412</u>	<u>\$ 16,181</u>	<u>\$ 50,593</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.

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Revenue and Eligible and Ineligible Expenditures Year Ended December 31, 2010

	October 1, 2009 to December 31, 2009	January 1, 2010 to September 30, 2010	Total
<b>Operating Revenue</b>			
Demand-response - Passenger fares	\$ 32,567	\$ 82,146	\$ 114,713
Special transit fares - Contracts	25,730	102,523	128,253
Rent - EMS	34,080	54,673	88,753
Other:			
Sale of fuel to EMS	10,159	40,486	50,645
Outside services	9,044	-	9,044
Sale of vehicles	-	2,853	2,853
	<u>19,203</u>	<u>43,339</u>	<u>62,542</u>
Total other revenue			
	<u>19,203</u>	<u>43,339</u>	<u>62,542</u>
Total operating revenue	<u><b>\$ 111,580</b></u>	<u><b>\$ 282,681</b></u>	<u><b>\$ 394,261</b></u>
<b>Operating Expenses</b>			
Labor	\$ 254,712	\$ 721,015	\$ 975,727
Pension	41,622	69,475	111,097
Other fringe benefits	65,344	284,380	349,724
Services	145,094	237,632	382,726
Materials and supplies consumed:			
Fuel and lubricants	37,099	124,919	162,018
Other materials and supplies	10,219	27,302	37,521
Utilities	17,254	33,485	50,739
Casualty and liability costs	-	479	479
Depreciation	58,963	213,257	272,220
Operating leases and rentals	13,125	32,626	45,751
Miscellaneous	12,800	7,993	20,793
	<u>656,232</u>	<u>1,752,563</u>	<u>2,408,795</u>
Total operating expenses			
	<u>656,232</u>	<u>1,752,563</u>	<u>2,408,795</u>
<b>Less Ineligible Expenses</b>			
Fuel sold to EMS	13,494	40,484	53,978
Rent from EMS	34,080	54,673	88,753
Association dues	129	-	129
Preventative maintenance	118,292	110,172	228,464
Insurance reimbursement	-	5,894	5,894
Salary and wage reimbursements from other departments	9,044	-	9,044
Grant reimbursements	35,347	-	35,347
Depreciation	58,963	213,257	272,220
	<u>269,349</u>	<u>424,480</u>	<u>693,829</u>
Total ineligible expenses			
	<u>269,349</u>	<u>424,480</u>	<u>693,829</u>
Total eligible expenses	<u><b>\$ 386,883</b></u>	<u><b>\$ 1,328,083</b></u>	<u><b>\$ 1,714,966</b></u>

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Revenue and Eligible and Ineligible Expenditures - JARC Year Ended December 31, 2010

	October 1, 2009 to December 31, 2009	January 1, 2010 to September 30, 2010	Total
<b>Operating Revenue</b>			
JARC passenger fares	\$ -	\$ 5,098	\$ 5,098
U.S. DOT operating grant - JARC - Section 5316 (2010)	-	17,206	17,206
State of MI operating grant - JARC - Section 5316 (2010)	-	17,206	17,206
	<u>-</u>	<u>17,206</u>	<u>17,206</u>
Total operating revenue	<u>\$ -</u>	<u>\$ 39,510</u>	<u>\$ 39,510</u>
<b>Operating Expenses</b>			
Labor	\$ -	\$ 25,336	\$ 25,336
Pension	-	3,584	3,584
Other fringe benefits	-	3,390	3,390
Services	-	1,195	1,195
Materials and supplies consumed:			
Fuel and lubricants	-	5,904	5,904
Other materials and supplies	-	-	-
Utilities	-	-	-
Casualty and liability costs	-	-	-
Depreciation	-	5,231	5,231
Operating leases and rentals	-	-	-
Miscellaneous	-	100	100
	<u>-</u>	<u>44,740</u>	<u>44,740</u>
Total operating expenses	-	44,740	44,740
<b>Less Ineligible Expenses</b>			
Farebox return	-	5,098	5,098
Depreciation	-	5,230	5,230
	<u>-</u>	<u>10,328</u>	<u>10,328</u>
Total ineligible expenses	-	10,328	10,328
Total eligible expenses	<u>\$ -</u>	<u>\$ 34,412</u>	<u>\$ 34,412</u>

JARC did not begin at Livingston County until March 2010.

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Property and Equipment Year Ended December 31, 2010

		Cost	Accumulated Depreciation	Total
Construction in progress - Grant MI-96-X019 - ARRA (100% Fed Funds)	PCTTRANS map software	\$ 31,800	\$ -	\$ 31,800
Buildings and building improvements	Intermodel building	2,302,676	485,017	1,817,659
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)	Two Eldorado National buses	173,138	173,138	-
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	118,185	23,637
Grant MI-03-0192 Fed 5309 (2003) and 2002-0060 Z11 (state match)	Two Eldorado National buses	153,048	129,362	23,686
Grant MI-03-0212 Fed 5309 (2004) and 2002-0060 Z11 (state match)	One Eldorado National bus	79,541	53,027	26,514
Grant MI-03-0212 Fed 5309 (2004) and 2002-0060-Z11 RI (state match)	One Ford E-350 passenger van	20,591	20,591	-
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	130,899	113,445
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	43,633	37,816
Grant MI 90-x453 Fed Sec 5307 and 2002-0060 Z15 (state match)	One Eldorado National bus	80,941	43,361	37,580
Grant MI 90-x453 Fed Sec 5307	One Eldorado National bus	79,161	42,408	36,753
Grant MI-030-0226 Fed Sec 5307 and 2002-0060 Z16 (state match)	One Eldorado National bus	79,161	42,408	36,753
Grant MI 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)	Bus backup cameras	13,585	9,510	4,075
Grant MI 90-x453 Fed Sec 5307 and 2002-0060 Z15 (state match)	Bus radios	1,855	1,112	743
Grant MI-03-0226 Fed 5309 (2005) and 2002-0060 Z16 (state match)	Bus washing system	19,168	5,271	13,897
Grant MI 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)	Surveillance system	14,250	3,800	10,450
State Match 2002-0060/Z15 \$8,825, 2002-0060-Z/19 \$3,784 LETS Funds \$6,460		68,810	8,192	60,618
Grant MI-96-X019 - ARRA (100% Federal Funds)	Three Eldorado National buses	229,603	21,867	207,736
Grant MI-96-X019 - ARRA (100% Federal Funds)	Three Dodge minivans	95,465	19,889	75,576
Grant MI-96-X019 - ARRA (100% Federal Funds) \$114,000 LETS Funds \$12,034	One Eldorado National bus	125,910	11,991	113,919
Grant MI-37-X037 - JARC Section 5316 (state match 2007-0245/Z6)	One Eldorado National bus	73,226	6,974	66,252
Total vehicles and vehicle equipment		2,018,021	1,128,571	889,450
Office furniture - Purchased with local funds		43,210	42,278	932
Total property and equipment		<u>\$ 4,395,707</u>	<u>\$ 1,655,866</u>	<u>\$ 2,739,841</u>

# Livingston County, Michigan

## Livingston Essential Transportation System Statistical Data - Public Transportation Mileage Data (Unaudited) Year Ended December 31, 2010

	Total Mileage	Passenger Trips
Demand - Response mileage data (unaudited):		
First quarter	159,031	27,903
Second quarter	175,332	29,145
Third quarter	178,227	29,044
Fourth quarter	180,570	30,548
Total	<b>693,160</b>	<b>116,640</b>

# Livingston County, Michigan

## Livingston Essential Transportation System Statistical Data - Financial Trends (Unaudited) Year Ended December 31, 2010

<u>Financial Position (Status of Assets, Liabilities, and Equity)</u>	2006	2007	2008	2009	2010
General Fund:					
Unreserved fund balance compared to expenditures	33.3%	36.8%	38.4%	49.2%	56.9%
Current ratio (assets/liabilities, excluding deferred revenue)	9.9	10.1	8.6	15.9	20.7
All governmental activities:					
Unreserved fund balance compared to expenditures	42.1%	51.6%	52.9%	74.9%	78.9%
Current ratio (assets/liabilities, excluding deferred revenue)	15.4	17.1	13.9	19.0	23.0
<b><u>Fiscal Capacity (Measures of Ability to Raise Revenue, Incur Debt, and Meet Obligations)</u></b>					
General Fund:					
Property taxes per capita (operating millage only)	\$ 150	\$ 154	\$ 160	\$ 157	\$ 150
Millage capacity (ability to levy additional taxes without a vote)	None	None	None	None	None
Expenditures per capita	\$ 214	\$ 215	\$ 218	\$ 211	\$ 208
Ratio of revenue compared to expenditures	1.08	1.10	1.08	1.09	1.06
All governmental activities:					
Total property taxes levied per capita (with extra voted mills)	\$ 161	\$ 166	\$ 173	\$ 170	\$ 166
County taxes paid per household	\$ 299	\$ 309	\$ 294	\$ 294	\$ 263
County taxes paid per household as a percentage of household income	0.444%	0.461%	0.416%	0.408%	0.364%
Taxable value (in 000s)	\$ 8,348,502	\$ 8,793,696	\$ 8,825,751	\$ 8,825,751	\$ 8,572,601
Annual change in taxable value	7.6%	5.3%	5.7%	0.4%	-2.9%
State equalized value (SEV)	\$ 10,641,862	\$ 10,618	\$ 9,791,590	\$ 9,791,590	\$ 8,195,852
Annual change in SEV	24.6%	24.4%	14.7%	14.7%	-16.3%
Debt information:					
County-funded debt per capita	\$ 85	\$ 79	\$ 72	\$ 66	\$ 57
Debt saturation (percent of debt limitation utilized)	1.7%	1.4%	1.2%	1.0%	0.8%