

Livingston County, Michigan

Financial Report with Supplemental Information December 31, 2013

Livingston County, Michigan

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Independent Auditor's Report

To the County Board of Commissioners
Livingston County, Michigan

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise Livingston County, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Livingston County Road Commission, which represents 56 percent, 71 percent, and 83 percent of the assets, net position, and revenues of discretely presented component units, respectively. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Livingston County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Livingston County Road Commission was not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the County Board of Commissioners
Livingston County, Michigan

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Livingston County, Michigan as of December 31, 2013 and the respective changes in its financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, in 2013 the entity adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB systems schedules of funding progress and employer contributions, and the major fund budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 other supplemental information, as identified in the table of contents, and Livingston Essential Transportation System schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the County Board of Commissioners
Livingston County, Michigan

The Livingston Essential Transportation System schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014 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 an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livingston County, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 20, 2014

Livingston County, Michigan

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, 2013. This should be read in conjunction with the County's financial statements.

Financial Highlights

The following represents the most significant financial highlights for the year ended December 31, 2013:

- The County's primary source of General Fund revenue is property taxes, representing 64.2 percent of total revenue. The percentage increase in property taxes for Livingston County in past years was impressive: 12.5 percent in 2005, 9.7 percent in 2006, and 4.2 percent in 2007. The growth trend was not sustainable long term and Livingston County saw a decrease in General Fund tax revenue for five consecutive years at a cumulative loss of approximately \$11.5 million. In 2013, the County finally began to see signs of recovery, which was reflected in a 1.95 percent increase in tax revenue over 2012. Property tax revenue is expected to continue to increase at a similar rate in 2014.
- The County faces several challenges from amendments to the Property Tax Act. Public Act 356 imposed a mandatory and permanent shift from a December to a July tax levy. This legislation creates 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 created cash flow concerns and the potential risk of having to incur costs to borrow money to sustain operations during the first nine months of the year. To avoid this, the County has assigned \$15 million of fund balance to cover operating requirements. Also challenging is Proposal A, which limits the increase of taxable value to the rate of inflation, or 5 percent, whichever is lowest for individual properties. The Headlee rollback limits the millage rate to the annual rate of inflation. Recovery from the recent recession and decline in property tax revenue will be slow because of the Proposal A and Headlee property tax amendments.
- Over the past few years, Livingston County has aggressively and successfully reduced the cost of providing services to our residents and preserving Livingston County's future financial capacity. This has been accomplished with reductions in personnel costs through attrition, departmental restructuring, and redesigning personnel wage and benefit packages with a focus on reducing high legacy costs. Departments do a commendable job monitoring expenses to stay within budget, utilizing County purchasing services, complying with the purchasing policy, and competitively bid supplies and services. The combination of these efforts resulted in an increase of about \$1,255,000 to the General Fund's fund balance in 2013.

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 position 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 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 funds. 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 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 position (in thousands of dollars) for the fiscal years ended December 31, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	\$ 71,794	\$ 79,367	\$ 50,762	\$ 49,167	\$ 122,556	\$ 128,534
Capital assets	62,855	57,053	37,155	37,488	100,010	94,541
Total assets	134,649	136,420	87,917	86,655	222,566	223,075
Deferred Outflows of Resources -						
Deferred charge on refunding	-	-	94	-	94	-
Liabilities						
Current liabilities	9,283	11,553	4,578	5,678	13,861	17,231
Long-term liabilities	11,173	12,160	2,455	2,735	13,628	14,895
Total liabilities	20,456	23,713	7,033	8,413	27,489	32,126
Deferred Inflows of Resources -						
Property taxes levied for the following year	2,599	2,561	-	-	2,599	2,561
Net Position						
Net investment in capital assets	51,800	50,231	34,458	34,824	86,258	85,055
Restricted	11,279	11,713	4,097	2,929	15,376	14,642
Unrestricted	48,515	48,202	42,423	40,489	90,938	88,691
Total net position	\$ 111,594	\$ 110,146	\$ 80,978	\$ 78,242	\$ 192,572	\$ 188,388

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The County's combined net position for both governmental and business-type activities totals \$192.6 million for fiscal year 2013 as compared to \$188.4 million for fiscal year 2012. This is an increase of \$4.2 million (2.2 percent) from 2012 to 2013. The increase in the total net position is attributed mainly to a decrease in liabilities. Net position is further segregated between the restricted and unrestricted net position. The restricted net position is comprised of assets that are restricted for a specific purpose/use and invested in capital assets. Unrestricted net position is that net position that can be used to finance day-to-day operations.

The following table shows the changes in net position during the years ended December 31, 2013 and 2012 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue:						
Charges for services	\$ 20,091	\$ 20,923	\$ 8,094	\$ 8,443	\$ 28,185	\$ 29,366
Operating grants and contributions	9,746	9,961	2,104	1,722	11,850	11,683
Capital grants and contributions	218	500	747	2,349	965	2,849
General revenue:						
Property taxes	27,775	28,324	-	-	27,775	28,324
State alcohol and convention tax	1,488	1,392	-	-	1,488	1,392
State-shared revenue	2,463	95	-	-	2,463	95
Unrestricted investment income	172	132	127	171	299	303
Transfers and other revenue	1,110	1,170	(894)	(916)	216	254
Total revenue	63,063	62,497	10,178	11,769	73,241	74,266
Program Expenses						
General government	8,859	6,135	-	-	8,859	6,135
Public safety	33,468	31,370	-	-	33,468	31,370
Health and welfare	16,029	16,547	-	-	16,029	16,547
Community and economic development	2,917	4,246	-	-	2,917	4,246
Interest on long-term debt	342	336	-	-	342	336
Building and safety	-	-	1,473	1,155	1,473	1,155
Airport	-	-	1,634	1,353	1,634	1,353
Livingston Essential Transportation Services	-	-	2,904	2,770	2,904	2,770
Septage receiving station	-	-	1,084	1,002	1,084	1,002
Delinquent tax revolving funds	-	-	347	1,095	347	1,095
Total program expenses	61,615	58,634	7,442	7,375	69,057	66,009
Change in Net Position	\$ 1,448	\$ 3,863	\$ 2,736	\$ 4,394	\$ 4,184	\$ 8,257

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, and charges for service.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The County expenses increased from 2012 to 2013. The cost of providing services for governmental activities was \$61.6 million for fiscal year 2013, which includes the General Fund, special revenue fund, and internal service fund departments. This is a 5 percent increase, or \$3.0 million more than the cost of providing services in 2012. The increase in the cost of providing services can be attributed mainly to a nonrecurring charge for the implementation of the new Enterprise Resource Planning system, institutional charges for the child care fund, and an increase in federal funding for grant programs. Tiered salaries, additional funding, and restructuring of benefit packages have reduced long-term legacy costs.

The County's total revenue generated from governmental activities increased by 0.9 percent, or \$566,000, from 2012 to 2013. This is a result of the increase in state alcohol and convention tax and state-shared revenue.

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, Septage Receiving Station, and Tax Delinquent Revolving Funds, the types of operations most similar to private businesses. A comparative analysis between fiscal years 2012 and 2013 shows that the cost of providing services for all business-type activities overall resulted in a minimal increase of 0.9 percent. There were increases in costs of several of the business-type activities resulting from the increasing demand for services. These increases, however, were offset overall by the decline in the Delinquent Tax Revolving Funds activity which decreased significantly (almost three quarters of a million dollars) from 2012.

The Funds

Our analysis of the County's major funds begins on page 16, 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, EMS Fund, and the EMS Construction 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, county clerk, treasurer, register of deeds, drain commission, 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, prosecuting attorney, and the court system. The General Fund incurred expenditures of \$36.1 million in 2013, and an additional \$3.5 million was transferred to other funds to subsidize operations. This was less than a 1.2 percent decrease from providing services in 2012. General Fund revenue in 2013 was \$2.47 million more than revenue generated in 2012 mainly attributed to the state-shared revenue. The County's Revenue Reserve Fund was fully depleted mid-year which allowed Livingston County to come back into the state-shared revenue formula. The County once again managed to increase the fund balance in the General Fund by more than \$1,255,000.

The EMS Fund provides emergency medical response and is financed by a special tax levy (26.3 percent of total revenue), charges for services (73 percent of total revenue), and other sources (less than 1 percent of total revenue). The cost of providing this service for 2013 was \$8.0 million. Fund balance in the EMS Fund decreased by \$2.43 million from 2012 attributed to a transfer of \$2.3 million from the EMS Operating fund to the EMS Construction Fund to fulfill the commitment made for the construction of the new EMS facility. The EMS fund balance will be used in future years to meet the continual increase in demand for services and improved service response time.

The EMS Construction Fund was set up to record the construction and furnishing of the new EMS public safety training facility. Debt in the amount of \$8.5 million was issued for the new construction. Capital outlay for the construction of the new building in 2013 was approximately \$7.9 million. The construction of the facility was completed in late fall 2013.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The Revenue Sharing Reserve Fund, which was a major fund until 2012, was mandated by the State to provide replacement funding for the temporary suspension of state-shared revenue. The County annually drew an amount equal to its state-shared revenue (approximately \$3.0 million) until the fund was depleted, which happened in 2013. This brought Livingston County back into formula with the State and allowed us to receive state-shared revenue. The County is now required to meet specific requirements in three categories under the State of Michigan Economic Vitality Incentive Program (EVIP)/County Incentive Program (CIP) to receive a pro-rated share of an amount of the state-appropriated funding. The County has and will continue to meet these requirements. Livingston County did receive close to \$2.5 million in state-shared revenue.

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/decreases in grant revenue
- Board authorization of one-time payments including additional payments to accelerate funding of long-term pension obligations and purchase and implementation of a County Enterprise Resource Planning (ERP) System.

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/decreases in grant revenue

Capital Asset and Debt Administration

At the end of 2013, the County had \$100.0 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.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The County continues to sustain its excellent bond ratings with Moody's AAA rating, thereby managing interest payments and reducing costs for infrastructure improvements. This rating is an accomplishment and maintained by those entities with transparency, sound financial management, and healthy General Fund reserves. Additionally, the County is well within its legal debt limit of 10 percent of the state equalized valuation, utilizing less than 1.00 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 for these units.

Economic Factors and Next Year's Budgets and Rates

Michigan's economy continues to show signs of recovery; however, we must continue to proceed with conservative optimism and monitor closely how the national and world economy impacts Michigan residents. Challenges such as federal healthcare reform and state legislative changes hinder our abilities to provide services. Those major challenges and exposures include declining state funds for mandated services, job creation versus job losses, special assessment districts' lack of revenue to pay debt payments, and projected slow recovery of property and investment revenues.

The loss in tax revenue that began in fiscal year 2008 and continued through fiscal year 2012 changed the way the County does business. Major structural changes were made and will continue to be looked at to ensure sustainability of our operations into the future. Economic indicators also reflect that the economy in Livingston County is improving. Foreclosures have declined substantially from the high of 1,309 properties foreclosed on in 2010 to 455 properties in 2013. Permits for construction have also notably increased in our building, health, and drain departments. The most significant increase in 2013 was the building permits at 2,514 permits, which exceeds our high of 2,194 permits issued in 2006. The County treasurer is reporting a 19 percent decline in the number of parcels going to tax sale. At \$69,850, Livingston County has the highest median income among the 83 counties in Michigan. The unemployment rate is lower than other counties and Livingston County is projected to have 3.1 percent job growth rate in 2014.

The County has plans for several major projects in 2014 including an expansion to the Livingston County Jail. The board has authorized the issuance of approximately \$15 million in Limited Tax General Obligation Capital Improvement bonds to fund the project.

The County continues to focus on meeting and collaborating with other local municipalities to find new partnership opportunities to share services. A few great examples of successful collaboration include contracting with the City of Brighton and the City of Howell to share the building official, countywide broadband fiber network sharing, contracting with the City of Howell to provide custodial services, collaborating with Oakland County in the redesign of the Livingston County website, one countywide central 911 dispatch center, and the countywide use of OSSI 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)

The County board continues to act tenaciously to monitor costs of providing quality services to Livingston County residents. However, with over 27 percent of the workforce eligible to retire within seven years, the County has begun to lift some of the requirements on the hiring freeze. The policy has been revised so that only those vacant positions, reclassifications, or reorganizations that were not included in the budget will have to go through the vacancy review process. Sharing of responsibilities/personnel by departments is encouraged. The County did not offer a wage increases to employees from 2009-2013. Also, several major changes to reduce benefit costs over the past five years should be noted. The changes include the following:

- Pension
 - A hybrid pension plan offering both a defined benefit and a defined contribution plan is now offered to all newly hired nonunion and court employees.
 - Employees remaining in a defined benefit plan contribute 5 percent of pension eligible wages.
 - Additional payments of over \$1 million were made for the third consecutive year to reduce the unfunded liability of the employee groups in the defined benefit plan.
- Active healthcare
 - The base healthcare plan offered to all employee groups has been reduced to a PP04 plan which offers 80/20 coverage.
 - All full-time employees are responsible for 10 percent of the PP04 plan premium. Nonunion employees hired after June 31, 2009 pay 20 percent of plan premium.
 - As of September 1, 2013, all new full-time union employees are responsible for 20 percent of the plan premium.
 - Effective January 1, 2010, all 30-34-hour nonunion employees are responsible for 25 percent of the premium.
- Retiree healthcare
 - Retiree healthcare defined benefit plans are now closed for all employee groups.
 - Nonunion employees not eligible to retire were converted from a defined benefit plan to a Retiree Health Savings Plan and received a lump-sum deposit into a RHCS based on their years of service.
 - In 2012 and 2013, sheriff union groups were offered a cash incentive to switch from a defined benefit plan to a defined contribution plan, of which 39 percent in these groups elected to switch.
 - Effective June 30, 2012, all new full-time sheriff deputies and lieutenants will be enrolled in a defined contribution plan equal to 4 percent of base wages annually.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

- The above revisions effectively closed the retiree healthcare defined benefit plan and reduced the unfunded liability for retiree healthcare from \$21.5 million to \$10.3 million based on the December 31, 2012 actuarial report.

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. It is projected that Livingston County's tax revenue will show another modest increase of 2 percent in 2013 and 2014. As previously stated, recovery will be slow because Proposal A limits the increase of taxable value to the rate of inflation, or 5 percent, whichever is lowest, and the Headlee rollback limits the millage rate to the annual rate of inflation. However, Livingston County must continue to proceed with caution when making decisions to ensure its history of 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 Position December 31, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 4)	\$ 54,655,315	\$ 31,391,763	\$ 86,047,078	\$ 9,403,988
Receivables:				
Taxes	3,745,911	14,493,779	18,239,690	-
Accounts	3,379,828	115,498	3,495,326	-
Accrued interest	10,501	7,769	18,270	421,904
Due from other governmental units	2,769,934	817,309	3,587,243	2,117,822
Delinquent taxes interest and fees - Net of allowance	-	3,946,458	3,946,458	-
Special assessment receivable	-	-	-	2,667,454
Leases	-	-	-	47,415,440
Advances to component units (Note 6)	12,978	44,839	57,817	-
Advances to primary government (Note 6)	-	-	-	43,794
Internal balances	158,787	(158,787)	-	-
Inventories	-	54,642	54,642	1,130,821
Prepaid costs and other assets	544,135	-	544,135	600
Restricted assets - Cash and investments	-	-	-	353,157
Net pension asset (Note 12)	5,787,413	-	5,787,413	-
Net OPEB asset (Note 14)	729,316	48,410	777,726	31,711
Capital assets (Note 5):				
Assets not subject to depreciation	12,138,446	12,552,794	24,691,240	27,172,776
Assets subject to depreciation	50,716,135	24,602,958	75,319,093	142,764,889
Total assets	134,648,699	87,917,432	222,566,131	233,524,356
Deferred Outflows of Resources -				
Deferred charge on refunding of debt (Note 7)	-	94,095	94,095	585,016
Liabilities				
Accounts payable	2,630,343	319,577	2,949,920	403,477
Due to other governmental units	219,658	299,030	518,688	106,814
Advances from component units (Note 6)	-	43,794	43,794	-
Advances from primary government (Note 6)	-	-	-	57,817
Deposits	-	730,341	730,341	-
Accrued and other liabilities	2,505,811	343,988	2,849,799	1,292,579
Unearned revenue	917,917	27,084	945,001	-
Unamortized bond premium (Note 7)	121,524	122,515	244,039	777,695
Net OPEB obligation (Note 15)	-	-	-	1,928,425
Long-term obligations (Note 7):				
Due within one year	2,887,745	2,520,000	5,407,745	5,325,955
Due in more than one year	11,172,702	2,455,000	13,627,702	45,101,334
Other noncurrent liability	-	172,253	172,253	-
Total liabilities	20,455,700	7,033,582	27,489,282	54,994,096
Deferred Inflows of Resources -				
Property taxes levied for the following year	2,598,732	-	2,598,732	-
Net Position				
Net investment in capital assets	51,800,343	34,458,237	86,258,580	169,062,795
Restricted for:				
Special revenue fund purposes (Note 9)	11,278,624	-	11,278,624	-
Building and safety programs	-	4,096,844	4,096,844	-
Foundation nonexpendable	-	-	-	272,188
County roads	-	-	-	5,239,406
Unrestricted	48,515,300	42,422,864	90,938,164	4,540,887
Total net position	\$ 111,594,267	\$ 80,977,945	\$ 192,572,212	\$ 179,115,276

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
Primary government:				
Governmental activities:				
General government	\$ 8,859,404	\$ 310,600	\$ -	\$ -
Public safety	33,468,043	10,502,494	3,618,788	217,584
Health and welfare	16,028,970	7,625,209	5,098,794	-
Community and economic development	2,916,985	1,643,690	1,028,911	-
Interest on long-term debt	342,316	8,705	-	-
Total governmental activities	61,615,718	20,090,698	9,746,493	217,584
Business-type activities:				
Airport Fund	1,634,582	1,159,796	-	378,078
Delinquent Tax Revolving Fund	347,185	2,508,536	-	-
Septage receiving station	1,083,575	1,422,397	-	-
Livingston Essential Transportation Service	2,903,683	367,636	2,104,100	368,543
Building and Safety Fund	1,472,991	2,635,538	-	-
Total business-type activities	7,442,016	8,093,903	2,104,100	746,621
Total primary government	\$ 69,057,734	\$ 28,184,601	\$ 11,850,593	\$ 964,205
Component units:				
Drain Commission	\$ 2,598,321	\$ 1,343,718	\$ 1,137,858	\$ -
Department of Public Works	4,267,335	3,332,851	68,196	-
Road Commission	19,377,657	-	10,937,873	18,040,972
Livingston County Foundation	-	-	-	-
Total component units	\$ 26,243,313	\$ 4,676,569	\$ 12,143,927	\$ 18,040,972
General revenue:				
Property taxes				
State alcohol and convention tax				
State-shared revenue				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of fixed assets				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (8,548,804)	\$ -	\$ (8,548,804)	\$ -
(19,129,177)	-	(19,129,177)	-
(3,304,967)	-	(3,304,967)	-
(244,384)	-	(244,384)	-
(333,611)	-	(333,611)	-
(31,560,943)	-	(31,560,943)	-
-	(96,708)	(96,708)	-
-	2,161,351	2,161,351	-
-	338,822	338,822	-
-	(63,404)	(63,404)	-
-	1,162,547	1,162,547	-
-	3,502,608	3,502,608	-
(31,560,943)	3,502,608	(28,058,335)	-
-	-	-	(116,745)
-	-	-	(866,288)
-	-	-	9,601,188
-	-	-	-
-	-	-	8,618,155
27,775,441	-	27,775,441	-
1,487,799	-	1,487,799	-
2,463,336	-	2,463,336	-
172,221	127,085	299,306	32,624
79,052	133,899	212,951	441,662
-	3,800	3,800	199,682
31,977,849	264,784	32,242,633	673,968
1,031,469	(1,031,469)	-	-
1,448,375	2,735,923	4,184,298	9,292,123
110,145,892	78,242,022	188,387,914	169,823,153
\$ 111,594,267	\$ 80,977,945	\$ 192,572,212	\$ 179,115,276

Livingston County, Michigan

Governmental Funds Balance Sheet December 31, 2013

	General Fund	EMS Fund	EMS Construction	Nonmajor Funds	Total
Assets					
Cash and investments (Note 4)	\$ 24,365,826	\$ 2,058,208	\$ 985,845	\$ 20,221,808	\$ 47,631,687
Receivables:					
Taxes	1,147,179	2,225,939	-	372,793	3,745,911
Accounts	94,317	1,206,392	-	2,024,812	3,325,521
Accrued interest receivable	8,128	-	-	2,373	10,501
Due from other governmental units	1,022,536	-	-	1,747,398	2,769,934
Advance to component units (Note 6)	12,978	-	-	-	12,978
Advances to other funds (Note 6)	195,091	-	-	30,927	226,018
Prepaid costs and other assets	295,133	-	-	45,956	341,089
Total assets	<u>\$ 27,141,188</u>	<u>\$ 5,490,539</u>	<u>\$ 985,845</u>	<u>\$ 24,446,067</u>	<u>\$ 58,063,639</u>
Liabilities					
Accounts payable	\$ 736,385	\$ 158,052	\$ 504,173	\$ 703,044	\$ 2,101,654
Due to other governmental units	2,891	-	-	216,767	219,658
Advances from other funds (Note 6)	-	-	-	36,304	36,304
Accrued and other liabilities	690,075	154,113	481,192	189,261	1,514,641
Unearned revenue	-	-	-	917,917	917,917
Total liabilities	<u>1,429,351</u>	<u>312,165</u>	<u>985,365</u>	<u>2,063,293</u>	<u>4,790,174</u>
Deferred Inflows of Resources					
Unavailable revenue	927,589	610,924	-	607,925	2,146,438
Property taxes levied for the following year	-	2,225,939	-	372,793	2,598,732
Total deferred inflows of resources	<u>927,589</u>	<u>2,836,863</u>	<u>-</u>	<u>980,718</u>	<u>4,745,170</u>
Fund Balances					
Nonspendable	503,202	-	-	63,356	566,558
Restricted	-	-	-	11,278,624	11,278,624
Committed	-	705,271	480	2,025,566	2,731,317
Assigned	15,000,000	1,636,240	-	8,077,448	24,713,688
Unassigned	9,281,046	-	-	(42,938)	9,238,108
Total fund balances	<u>24,784,248</u>	<u>2,341,511</u>	<u>480</u>	<u>21,402,056</u>	<u>48,528,295</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,141,188</u>	<u>\$ 5,490,539</u>	<u>\$ 985,845</u>	<u>\$ 24,446,067</u>	<u>\$ 58,063,639</u>

Livingston County, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position Year Ended December 31, 2013

Fund Balance Reported in Governmental Funds	\$ 48,528,295
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	61,131,938
Net pension asset is not included as an asset of the funds	5,787,413
Net OPEB asset is not included as an asset of the funds	687,165
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	1,218,849
Property tax 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	927,589
Bonds payable, capital lease obligations, and landfill postclosure liabilities are not due and payable in the current period and are not reported in the funds	(11,718,000)
Unamortized bond premiums are not reported in the funds	(121,524)
Accrued interest is not due and payable in the current period and is not reported in the funds	(65,911)
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	(2,198,408)
Net self-insurance liabilities are not reported in the funds	(623,002)
Internal service funds are included as part of governmental activities	<u>8,039,863</u>
Net Position of Governmental Activities	<u>\$ 111,594,267</u>

Livingston County, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances December 31, 2013

	General Fund	EMS Fund	EMS Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Taxes	\$ 25,289,472	\$ 2,190,961	\$ -	\$ 367,659	\$ 27,848,092
Licenses and permits	365,489	-	-	160,961	526,450
Federal sources	34,644	-	-	5,167,309	5,201,953
State sources	4,522,056	-	-	2,899,143	7,421,199
Charges for services	7,780,009	6,079,930	-	6,105,912	19,965,851
Fines and forfeitures	376,283	-	-	-	376,283
Interest and rent	57,191	61,193	8,052	49,721	176,157
Other	939,871	719	-	412,971	1,353,561
Total revenue	<u>39,365,015</u>	<u>8,332,803</u>	<u>8,052</u>	<u>15,163,676</u>	<u>62,869,546</u>
Expenditures					
Current:					
General government	8,754,383	-	-	217,579	8,971,962
Court systems	9,204,648	-	-	5,034,832	14,239,480
Public safety	13,834,829	-	-	5,798,699	19,633,528
Health and welfare	1,542,355	8,003,900	-	6,089,549	15,635,804
Economic development	2,725,091	-	-	143,486	2,868,577
Capital outlay	-	-	7,943,798	-	7,943,798
Debt service:					
Principal	-	-	-	1,360,000	1,360,000
Interest on long-term debt	-	-	-	353,168	353,168
Total expenditures	<u>36,061,306</u>	<u>8,003,900</u>	<u>7,943,798</u>	<u>18,997,313</u>	<u>71,006,317</u>
Excess of Revenue Over (Under) Expenditures	3,303,709	328,903	(7,935,746)	(3,833,637)	(8,136,771)
Other Financing Sources (Uses)					
Operating transfers in (Note 6)	1,448,080	-	2,294,727	4,971,226	8,714,033
Operating transfers out (Note 6)	(3,495,957)	(2,756,796)	-	(1,429,811)	(7,682,564)
Total other financing (uses) sources	<u>(2,047,877)</u>	<u>(2,756,796)</u>	<u>2,294,727</u>	<u>3,541,415</u>	<u>1,031,469</u>
Net Change in Fund Balances	1,255,832	(2,427,893)	(5,641,019)	(292,222)	(7,105,302)
Fund Balances - Beginning of year	<u>23,528,416</u>	<u>4,769,404</u>	<u>5,641,499</u>	<u>21,694,278</u>	<u>55,633,597</u>
Fund Balances - End of year	<u>\$ 24,784,248</u>	<u>\$ 2,341,511</u>	<u>\$ 480</u>	<u>\$ 21,402,056</u>	<u>\$ 48,528,295</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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (7,105,302)

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	8,524,328
Depreciation expense	(2,317,050)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	(2,841)
Decrease in delinquent personal property taxes is included in the statement of activities	(4,970)
Increase in net self-insurance liability is recorded as an increase of expense on the statement of activities	(161,515)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,465,500
Bond premiums are amortized as a component of interest expense in the statement of activities	8,102
Change in accrued interest payable and other	2,750
Increase in net pension asset is recorded in the statement of activities	1,114,057
Decrease in net OPEB asset is recorded in the statement of activities	(873,081)
Decrease in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(130,212)
Internal service funds are included as part of governmental activities	928,609

Change in Net Position of Governmental Activities \$ 1,448,375

Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station
Assets			
Current assets:			
Cash and investments (Note 4)	\$ 582,724	\$ 25,499,671	\$ 957,181
Receivables:			
Taxes - Net of allowance	-	14,493,779	-
Accounts	85,941	-	-
Accrued interest receivable	-	7,560	124
Due from other governmental units	54,933	233,905	-
Delinquent taxes interest and fees - Net of allowance	-	3,946,458	-
Inventories	47,265	-	-
Prepaid costs and other assets	-	-	-
Total current assets	770,863	44,181,373	957,305
Noncurrent assets:			
Advances to component units (Note 6)	-	44,839	-
Advances to other funds (Note 6)	-	2,476,099	-
Net OPEB asset (Note 14)	4,180	-	-
Capital assets - Net (Note 5)	32,081,354	-	3,037,202
Total noncurrent assets	32,085,534	2,520,938	3,037,202
Total assets	32,856,397	46,702,311	3,994,507
Deferred Outflows of Resources - Deferred charge on refunding of debt (Note 7)	-	-	94,095
Liabilities			
Current liabilities:			
Accounts payable	192,783	1,760	76,563
Due to other governmental units	-	299,030	-
Deposits	-	730,341	-
Accrued and other liabilities	107,983	1,374	17,500
Unearned revenue	-	-	-
Unamortized bond premium (Note 7)	-	-	122,515
Current portion of long-term debt (Note 7)	-	2,400,000	120,000
Total current liabilities	300,766	3,432,505	336,578
Noncurrent liabilities:			
Advances from other funds (Note 6)	2,195,551	-	439,335
Advances from component units (Note 6)	-	-	43,794
Other noncurrent liability	172,253	-	-
Long-term debt - Net of current portion (Note 7)	-	-	2,455,000
Total noncurrent liabilities	2,367,804	-	2,938,129
Total liabilities	2,668,570	3,432,505	3,274,707
Net Position			
Net investment in capital assets	32,081,354	-	339,687
Restricted for building and safety programs	-	-	-
Unrestricted (deficit)	(1,893,527)	43,269,806	474,208
Total net position	\$ 30,187,827	\$ 43,269,806	\$ 813,895

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

**Proprietary Funds
Statement of Net Position
December 31, 2013**

Enterprise Funds			Governmental Activities
Nonmajor Funds			
Livingston Essential Transportation Service	Building and Safety Fund	Total Enterprise Funds	Internal Service Fund
\$ 162,852	\$ 4,189,335	\$ 31,391,763	\$ 6,834,528
-	-	14,493,779	-
29,557	-	115,498	54,307
-	85	7,769	-
505,554	22,917	817,309	-
-	-	3,946,458	-
7,377	-	54,642	-
-	-	-	203,046
705,340	4,212,337	50,827,218	7,091,881
-	-	44,839	-
-	-	2,476,099	-
21,419	22,811	48,410	42,151
2,037,196	-	37,155,752	1,722,643
2,058,615	22,811	39,725,100	1,764,794
2,763,955	4,235,148	90,552,318	8,856,675
-	-	94,095	-
38,783	9,688	319,577	528,689
-	-	299,030	-
-	-	730,341	-
115,599	101,532	343,988	244,482
-	27,084	27,084	-
-	-	122,515	-
-	-	2,520,000	12,714
154,382	138,304	4,362,535	785,885
-	-	2,634,886	30,927
-	-	43,794	-
-	-	172,253	-
-	-	2,455,000	-
-	-	5,305,933	30,927
154,382	138,304	9,668,468	816,812
2,037,196	-	34,458,237	1,709,929
-	4,096,844	4,096,844	-
572,377	-	42,422,864	6,329,934
\$ 2,609,573	\$ 4,096,844	\$ 80,977,945	\$ 8,039,863

Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station
Operating Revenue			
Charges for services	\$ 1,159,796	\$ 432,468	\$ 1,415,192
Penalties and interest	-	2,040,445	-
Other revenue	-	35,623	7,205
Total operating revenue	1,159,796	2,508,536	1,422,397
Operating Expenses			
Personnel	203,931	-	-
Operating	871,636	-	-
Other expenses	-	322,014	765,877
Depreciation	473,179	-	162,794
Total operating expenses	1,548,746	322,014	928,671
Operating (Loss) Income	(388,950)	2,186,522	493,726
Nonoperating Revenue (Expenses)			
Interest earnings	-	120,917	935
Interest expense	(85,836)	(25,171)	(100,334)
Other nonoperating expenses	-	-	(54,570)
Gain on sale of fixed assets	-	-	-
Federal and state operating subsidies	-	-	-
Other nonoperating general revenue	133,899	-	-
Total nonoperating revenue (expenses)	48,063	95,746	(153,969)
(Loss) Income - Before contributions and transfers	(340,887)	2,282,268	339,757
Capital Contributions - Capital grants	378,078	-	-
Transfers Out (Note 6)	-	(1,031,469)	-
Change in Net Position	37,191	1,250,799	339,757
Net Position - Beginning of year	30,150,636	42,019,007	474,138
Net Position - End of year	\$ 30,187,827	\$ 43,269,806	\$ 813,895

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended December 31, 2013

Enterprise Funds			Governmental Activities
Nonmajor Funds			
Livingston Essential Transportation Service	Building and Safety Fund	Total Enterprise Funds	Internal Service Fund
\$ 329,836	\$ 2,635,538	\$ 5,972,830	\$ 15,607,486
-	-	2,040,445	-
37,800	-	80,628	-
<u>367,636</u>	<u>2,635,538</u>	<u>8,093,903</u>	<u>15,607,486</u>
1,627,497	1,113,160	2,944,588	9,574,022
691,300	359,831	1,922,767	4,099,030
327,025	-	1,414,916	-
257,861	-	893,834	1,020,093
<u>2,903,683</u>	<u>1,472,991</u>	<u>7,176,105</u>	<u>14,693,145</u>
(2,536,047)	1,162,547	917,798	914,341
-	5,233	127,085	-
-	-	(211,341)	-
-	-	(54,570)	-
3,800	-	3,800	14,268
2,104,100	-	2,104,100	-
-	-	133,899	-
<u>2,107,900</u>	<u>5,233</u>	<u>2,102,973</u>	<u>14,268</u>
(428,147)	1,167,780	3,020,771	928,609
368,543	-	746,621	-
-	-	(1,031,469)	-
(59,604)	1,167,780	2,735,923	928,609
<u>2,669,177</u>	<u>2,929,064</u>	<u>78,242,022</u>	<u>7,111,254</u>
<u>\$ 2,609,573</u>	<u>\$ 4,096,844</u>	<u>\$ 80,977,945</u>	<u>\$ 8,039,863</u>

Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,071,532	\$ 19,009,395	\$ 1,422,397
Receipts from interfund services and reimbursements	-	-	-
Payments to suppliers	(711,049)	(344,234)	(791,458)
Payments to employees	(202,427)	-	-
Settlement of delinquent taxes	-	(13,098,939)	-
Net cash provided by (used in) operating activities	158,056	5,566,222	630,939
Cash Flows from Noncapital Financing Activities			
Federal and state operating subsidies	-	-	-
Repayments of loans made to other funds	-	68,520	-
Transfers to other funds	-	(1,031,469)	-
Repayments of loans from other funds	(62,124)	-	(8,645)
Net cash (used in) provided by noncapital financing activities	(62,124)	(962,949)	(8,645)
Cash Flows from Capital and Related Financing Activities			
Issuance of bonds and related premiums	-	8,600,000	2,582,472
Receipt of capital grants	378,078	-	-
Easement proceeds	133,899	-	-
Proceeds from sales of capital assets	-	-	-
Purchase of capital assets	(398,870)	-	(162,170)
Principal and interest paid on capital debt	(85,836)	(10,425,919)	(217,250)
Debt issuance costs	-	-	(54,570)
Deferred charge on refunding	-	-	(97,902)
Debt refunding	-	-	(2,430,000)
Net cash provided by (used in) capital and related financing activities	27,271	(1,825,919)	(379,420)
Cash Flows from Investing Activities			
Interest received on investments	-	124,246	920
Net proceeds and purchases of investment securities	-	(3,101,395)	(15,661)
Net cash (used in) provided by investing activities	-	(2,977,149)	(14,741)
Net Increase (Decrease) in Cash and Cash Equivalents	123,203	(199,795)	228,133
Cash and Cash Equivalents - Beginning of year	459,521	323,643	74,131
Cash and Cash Equivalents - End of year	<u>\$ 582,724</u>	<u>\$ 123,848</u>	<u>\$ 302,264</u>
Statement of Net Position Classification of Cash and Cash Equivalents			
Cash and investments	\$ 582,724	\$ 25,499,671	\$ 957,181
Less amounts classified as investments	-	(25,375,823)	(654,917)
Total cash and cash equivalents	<u>\$ 582,724</u>	<u>\$ 123,848</u>	<u>\$ 302,264</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (388,950)	\$ 2,186,522	\$ 493,726
Adjustments to reconcile operating (loss) income to net cash from operating activities:			
Depreciation and amortization	473,179	-	162,794
Changes in assets and liabilities:			
Receivables	(88,264)	3,046,253	-
Inventories	8,536	-	-
Prepaid and other assets	11,891	-	-
Accounts payable	144,755	(22,220)	(25,581)
Accrued and other liabilities	(3,091)	355,667	-
Net cash provided by (used in) operating activities	<u>\$ 158,056</u>	<u>\$ 5,566,222</u>	<u>\$ 630,939</u>

**Proprietary Funds
Statement of Cash Flows (Continued)
Year Ended December 31, 2013**

Enterprise Funds			Governmental Activities
Nonmajor Funds			
Livingston Essential Transportation Service	Building and Safety Fund	Total Enterprise Funds	Proprietary Internal Service Fund
\$ 371,930	\$ 2,650,006	\$ 24,525,260	\$ 326,240
-	-	-	15,352,545
(1,070,741)	(354,548)	(3,272,030)	(3,929,580)
(1,614,780)	(1,091,296)	(2,908,503)	(9,519,761)
-	-	(13,098,939)	-
(2,313,591)	1,204,162	5,245,788	2,229,444
2,104,100	-	2,104,100	-
-	-	68,520	-
-	-	(1,031,469)	-
-	-	(70,769)	(18,353)
2,104,100	-	1,070,382	(18,353)
-	-	11,182,472	-
368,543	-	746,621	-
-	-	133,899	-
3,800	-	3,800	22,811
-	-	(561,040)	(622,912)
-	-	(10,729,005)	(41,431)
-	-	(54,570)	-
-	-	(97,902)	-
-	-	(2,430,000)	-
372,343	-	(1,805,725)	(641,532)
-	5,210	130,376	-
-	88,173	(3,028,883)	-
-	93,383	(2,898,507)	-
162,852	1,297,545	1,611,938	1,569,559
-	2,180,090	3,037,385	5,264,969
\$ 162,852	\$ 3,477,635	\$ 4,649,323	\$ 6,834,528
\$ 162,852	\$ 4,189,335	\$ 31,391,763	\$ 6,834,528
-	(711,700)	(26,742,440)	-
\$ 162,852	\$ 3,477,635	\$ 4,649,323	\$ 6,834,528
\$ (2,536,047)	\$ 1,162,547	\$ 917,798	\$ 914,341
257,861	-	893,834	1,020,093
4,294	14,468	2,976,751	71,299
762	-	9,298	-
18,694	11,571	42,156	68,272
(53,226)	5,283	49,011	146,593
(5,929)	10,293	356,940	8,846
\$ (2,313,591)	\$ 1,204,162	\$ 5,245,788	\$ 2,229,444

Livingston County, Michigan

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2013

	Other Employee Benefits Trust Fund	Agency Funds
Assets		
Cash and cash equivalents (Note 4)	\$ 255,638	\$ 3,804,179
Investments (Note 4):		
Mutual funds	666,925	-
U.S. government securities	4,322,686	-
Equities	11,930,778	-
Accrued interest and other receivables	-	53,455
Total assets	17,176,027	<u>\$ 3,857,634</u>
Liabilities		
Due to other governmental units	-	\$ 1,331,863
Other liabilities	-	2,525,771
Total liabilities	-	<u>\$ 3,857,634</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 17,176,027</u>	

Livingston County, Michigan

Fiduciary Funds **Statement of Changes in Fiduciary Net Position - Other Employee** **Benefits Trust Fund** **Year Ended December 31, 2013**

	<u>Other Employee Benefits Trust Fund</u>
Additions	
Investment income:	
Interest and dividends	\$ 198,248
Net increase in fair value of investments	3,145,632
Investment-related expenses	<u>(139,659)</u>
Net investment income	3,204,221
Contributions - Payment of current premiums	<u>811,422</u>
Total additions	4,015,643
Deductions - Benefit payments	<u>811,422</u>
Net Increase in Net Position Held in Trust	3,204,221
Net Position Held in Trust for Other Employee Benefits - Beginning of year	<u>13,971,806</u>
Net Position Held in Trust for Other Employee Benefits - End of year	<u><u>\$ 17,176,027</u></u>

Livingston County, Michigan

Component Units Statement of Net Position December 31, 2013

	Drain Commission	Department of Public Works	Road Commission	Livingston County Foundation	Total
Assets					
Cash and investments (Note 4)	\$ 3,493,356	\$ 911,957	\$ 4,944,707	\$ 53,968	\$ 9,403,988
Receivables:					
Interest and other receivables	165,620	199,292	56,992	-	421,904
Due from other governmental units	-	118,133	1,999,689	-	2,117,822
Special assessments receivable	2,667,454	-	-	-	2,667,454
Leases receivable from local units	13,395,440	34,020,000	-	-	47,415,440
Advance from primary government (Note 6)	43,794	-	-	-	43,794
Inventories	-	-	1,130,821	-	1,130,821
Prepaid expenses and other assets	600	-	-	-	600
Restricted assets - Cash and investments	-	80,969	-	272,188	353,157
Net OPEB asset (Note 14)	29,992	1,719	-	-	31,711
Capital assets (Note 5)	3,467,349	43,463,711	123,006,605	-	169,937,665
Total assets	23,263,605	78,795,781	131,138,814	326,156	233,524,356
Deferred Outflows of Resources - Deferred charges on refunding of debt (Note 7)	-	585,016	-	-	585,016
Liabilities					
Accounts payable	37,793	120,840	244,844	-	403,477
Due to other governmental units	53,288	767	52,759	-	106,814
Advance to primary government (Note 6)	-	57,817	-	-	57,817
Other current liabilities	773,274	298,509	220,796	-	1,292,579
Unamortized bond premium (Note 7)	-	777,695	-	-	777,695
Net OPEB obligation (Note 15)	-	-	1,928,425	-	1,928,425
Long-term debt (Note 7):					
Due within one year	2,291,000	2,505,676	529,279	-	5,325,955
Due in more than one year	12,795,440	31,548,939	756,955	-	45,101,334
Total liabilities	15,950,795	35,310,243	3,733,058	-	54,994,096
Net Position					
Net investment in capital assets	3,467,349	43,429,096	122,166,350	-	169,062,795
Restricted:					
Foundation nonexpendable	-	-	-	272,188	272,188
County roads	-	-	5,239,406	-	5,239,406
Unrestricted	3,845,461	641,458	-	53,968	4,540,887
Total net position	\$ 7,312,810	\$ 44,070,554	\$ 127,405,756	\$ 326,156	\$ 179,115,276

Livingston County, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Drain Commission	\$ 2,598,321	\$ 1,343,718	\$ 1,137,858	\$ -
Department of Public Works	4,267,335	3,332,851	68,196	-
Road Commission	19,377,657	-	10,937,873	18,040,972
Livingston County Foundation	-	-	-	-
Total component units	\$ 26,243,313	\$ 4,676,569	\$ 12,143,927	\$ 18,040,972

General revenue:

Unrestricted investment earnings
 Miscellaneous
 Gain on sale of fixed assets

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Component Units
Statement of Activities
Year Ended December 31, 2013**

Net (Expense) Revenue and Changes in Net Position				
Drain Commission	Department of Public Works	Road Commission	Livingston County Foundation	Total
\$ (116,745)	\$ -	\$ -	\$ -	\$ (116,745)
-	(866,288)	-	-	(866,288)
-	-	9,601,188	-	9,601,188
-	-	-	-	-
(116,745)	(866,288)	9,601,188	-	8,618,155
7,749	910	5,247	18,718	32,624
-	-	441,662	-	441,662
-	-	199,682	-	199,682
7,749	910	646,591	18,718	673,968
(108,996)	(865,378)	10,247,779	18,718	9,292,123
7,421,806	44,935,932	117,157,977	307,438	169,823,153
\$ 7,312,810	\$ 44,070,554	\$ 127,405,756	\$ 326,156	\$ 179,115,276

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Livingston County, Michigan:

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. Although blended component units are legal separate entities, in substance, they are part of the County's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County (see discussion below for description).

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.

Discretely Presented Component Units - 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

Notes to Financial Statements December 31, 2013

Note I - Summary of 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.

Accounting and Reporting Principles

The County follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund-based statements.

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 segment. Program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Note I - Summary of Significant Accounting Policies (Continued)

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the County's enterprise functions and various other functions of the County. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the County considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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.

Note I - Summary of Significant Accounting Policies (Continued)

Fund Accounting

The County accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenues were used. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The County reports the following funds as "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.
- **EMS Special Revenue Fund** - The EMS Special Revenue Fund accounts for all of the activities of the County's EMS department.
- **EMS Construction Capital Projects Fund** - The majority of financing for this project comes from the issuance of \$8.5 million Capital Improvement Bonds in 2012. This major project in Livingston County is for constructing, equipping, and furnishing a new County emergency medical service facility.

Additionally, the County reports the following "nonmajor" governmental funds:

- **Special Revenue Funds** - Special revenue funds account for the revenue and expenditures related to revenue-sharing reserve, health services, job training services, childcare services, family counseling, friend of the court, the small cities community development block grant, the community development block grant OLHSA, 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, 911 services, homestead property exemption fund, correction officers' training, Lutz County Park, Fillmore Estate County Park, and federal and state grant funds.
- **Debt Service Funds** - Debt service funds account for the debt retirement activity of the governmental activities of the County for the debt service sinking fund, the Building Authority Mental Health Fund, and EMS Debt 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 other capital improvements of the County and the West Complex construction.

Note I - Summary of Significant Accounting Policies (Continued)

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

Proprietary funds include enterprise funds, (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The County reports the following funds as "major" enterprise funds:

- **Airport Fund** - The Airport Fund accounts for the operations of the rural airport located in the County. The primary revenue source is charges for services and grant monies for the airport expansion.
- **Delinquent Tax Revolving Fund** - The Delinquent Tax Revolving Fund accounts for the purchase of delinquent tax rolls from the County's local units. Interest and penalties received within the collection of these receivables are the Delinquent Tax Revolving Fund's primary source of revenue.
- **Septage Receiving Station** - This fund is used to account for the operations of the septage receiving station. The primary source of revenue is a per-gallon charge for service on waste that local communities dispose of through the receiving station.

Additionally, the County reports "nonmajor" enterprise funds to account for building and safety and Livingston Essential Transportation Services revenue collected from users and expenses related to operations.

Internal Service Funds - The County's internal service funds are used to allocate building services, information technology, carpool, and benefit services to the various funds on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our governments programs. Activities that are reported as fiduciary include:

- **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.

Note I - Summary of Significant Accounting Policies (Continued)

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Specific Balances and Transactions

Cash, Cash Equivalents, 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 - All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The EMS Fund accounts receivable balance includes \$2,783,530 as an allowance for doubtful accounts.

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 \$25,000 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.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Capital Asset Class	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

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 position. Bond premiums and discounts 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 deferred charges are amortized over the term of the related debt. Issuance costs are reported as an expense. 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 expenditures.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note I - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualifies for reporting in this category. The deferred inflows of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants, special assessments, and other miscellaneous sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government also has property taxes recorded as a receivable before the period when the resources are required to be used. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of financial position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations.

Net Position Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies - Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Note I - Summary of Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The County Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The County Board of Commissioners may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue - 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 2012 taxable valuation of the County totaled \$7.48 billion, on which ad valorem taxes levied on December 1, 2012 consisted of 0.3000 mills for EMS operating purposes and 0.0500 mills for assistance to indigent veterans as authorized by PA 214 of 1899. On July 1, 2013, the general operating millage for the 2013 fiscal year, or 3.3897 mills, was levied on the 2013 taxable valuation of \$7.57 billion for general operating purposes. The ad valorem taxes raised were approximately \$25.6 million for general operations, \$2.2 million for ambulance operations, and \$370,000 for veterans. These amounts are recorded in their respective funds as tax revenue. The amount recorded as revenue is net of amounts distributed to local DDAs and TIFAs.

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.

Note I - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - 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).

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues relates to charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 2 - Change in Accounting

During the current year, the County adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources.

As a result of implementing this statement, the following assets and liabilities have been reclassified as indicated:

Item	Amount	Prior Reporting Classification/Treatment	New Classification After Adoption of GASB Statement No. 65
Deferred amounts on debt refundings	\$ 679,111	Adjustment to the bonds payable liability	Deferred outflow or deferred inflow of resources
Property taxes billed, but which were levied for next year's budget	2,598,732	Liability	Deferred inflow of resources
Revenue in governmental funds not collected within 60 days of year end	2,146,468	Liability	Deferred inflow of resources

Note 3 - 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.

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 \$25,000.

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.
- Recognize new grants and revisions to existing grant awards

Note 3 - Stewardship, Compliance, and Accountability (Continued)

- Additional payment to pension to reduce unfunded liabilities
- One-time payment for economic development project - I-96/Latson Road interchange
- General Fund departments continue taking proactive measures to operate within or under the approved budget and eliminate or reduce future ongoing costs.

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

The budget process begins in late spring 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 early summer, 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 early summer, 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. In the fall, the budget plan is compiled and the County administrator distributes the recommended budget plan to the Board of Commissioners, elected officials, and department heads.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 3 - Stewardship, Compliance, and Accountability (Continued)

During October, 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.

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 - Economic development	\$ 2,623,917	\$ 2,725,091
EMS Fund - Health and welfare	7,840,102	8,003,900

Note 4 - 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, 2013

Note 4 - 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 \$82,252,134, of which \$3,934,071 was covered by federal depository insurance and of which \$78,318,063 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
Federal Farm Credit Bank	\$ 2,001,820	\$ 2,001,820	\$ -	\$ -
Municipal bond	574,637	574,637	-	-
Commercial paper	9,593,935	9,593,935	-	-
Fowlerville Downtown Development Bond	220,000	-	220,000	-

Fiduciary Funds

Type of Investment	Fair Value	Less Than 1 Year
Other Employee Benefits Trust Fund		
Federal Home Loan Bank	\$ 1,120,967	\$ 1,120,967
Federal Farm Credit Bank	943,797	943,797
Federal National Mortgage Association	2,257,922	2,257,922

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:

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 4 - Deposits and Investments (Continued)

Government-wide

Investment	Fair Value	Rating	Rating Organization
Federal Farm Credit Bank	\$ 2,001,820	Aaa	Moody's
Municipal bond	281,210	Aa2	Moody's
Municipal bond	293,428	Aaa	Moody's
Commercial paper	9,593,935	P-1	Moody's
Fowlerville Downtown Development Bond	220,000	NR	N/A

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

Fiduciary Funds

Investment	Fair Value	Rating	Rating Organization
Other Employee Benefits Trust Fund			
Equities	\$1 1,930,778	NR	N/A
Federal Home Loan Bank	1,120,967	Aaa	Moody's
Federal Farm Credit Bank	943,797	Aaa	Moody's
Federal National Mortgage Association	2,257,922	Aaa	Moody's

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
Commercial paper	\$ 6,996,557

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	
Federal Farm Credit Bank	\$ 943,797
Federal Home Loan Mortgage Association	859,054

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 5 - Capital Assets

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

	Balance January 1, 2013	Reclassifications	Additions	Disposals and Reclassifications	Balance December 31, 2013
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 9,119,956	\$ -	\$ 1,260,699	\$ -	\$ 10,380,655
Construction in progress	5,874,136	(4,201,249)	84,904	-	1,757,791
Subtotal	14,994,092	(4,201,249)	1,345,603	-	12,138,446
Capital assets being depreciated:					
Buildings	55,741,719	3,873,486	6,671,220	-	66,286,425
Equipment and furniture	24,537,114	327,763	480,407	-	25,345,284
Vehicles	4,623,544	-	650,010	(263,616)	5,009,938
Improvements other than building	2,162,631	-	-	-	2,162,631
Subtotal	87,065,008	4,201,249	7,801,637	(263,616)	98,804,278
Accumulated depreciation:					
Buildings	19,289,450	-	1,201,971	-	20,491,421
Equipment and furniture	20,487,281	-	1,387,438	-	21,874,719
Vehicles	3,253,354	-	732,368	(255,073)	3,730,649
Improvements other than building	1,975,988	-	15,366	-	1,991,354
Subtotal	45,006,073	-	3,337,143	(255,073)	48,088,143
Net capital assets being depreciated	42,058,935	4,201,249	4,464,494	(8,543)	50,716,135
Net capital assets	\$ 57,053,027	\$ -	\$ 5,810,097	\$ (8,543)	\$ 62,854,581

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 5 - Capital Assets (Continued)

	Balance January 1, 2013	Reclassifications	Additions	Disposals and Reclassifications	Balance December 31, 2013
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 12,516,959	\$ -	\$ -	\$ -	\$ 12,516,959
Construction in progress	2,926,725	(2,926,482)	35,592	-	35,835
Subtotal	15,443,684	(2,926,482)	35,592	-	12,552,794
Capital assets being depreciated:					
Buildings	6,020,140	1,058,315	-	-	7,078,455
Improvements other than buildings	18,972,157	1,868,167	363,278	-	21,203,602
Vehicles	1,666,571	-	-	(20,591)	1,645,980
Machinery and equipment	1,739,767	-	162,170	-	1,901,937
Subtotal	28,398,635	2,926,482	525,448	(20,591)	31,829,974
Accumulated depreciation:					
Buildings	1,739,364	-	150,083	-	1,889,447
Improvements other than buildings	2,388,670	-	397,275	-	2,785,945
Vehicles	1,207,240	-	184,169	(20,591)	1,370,818
Machinery and equipment	1,018,499	-	162,307	-	1,180,806
Subtotal	6,353,773	-	893,834	(20,591)	7,227,016
Net capital assets being depreciated	22,044,862	2,926,482	(368,386)	-	24,602,958
Net capital assets	\$ 37,488,546	\$ -	\$ (332,794)	\$ -	\$ 37,155,752

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 5 - Capital Assets (Continued)

	Balance January 1, 2013	Additions	Disposals and Reclassifications	Balance December 31, 2013
Component Units				
Capital assets not being depreciated -				
Land	\$ 27,114,350	\$ 58,426	\$ -	\$ 27,172,776
Capital assets being depreciated:				
Land improvements	159,393	-	-	159,393
Buildings and improvements	12,825,623	56,277	-	12,881,900
Drains and septic systems	32,582,369	10,184	-	32,592,553
Machinery, equipment, and vehicles	11,606,751	947,701	(496,441)	12,058,011
Infrastructure - Roads and bridges	193,312,327	17,061,018	-	210,373,345
Draining flow rights	16,477,420	-	-	16,477,420
Depletable assets	488,543	-	-	488,543
Subtotal	267,452,426	18,075,180	(496,441)	285,031,165
Accumulated depreciation:				
Land improvements	133,072	-	-	133,072
Buildings and improvements	3,944,408	334,546	-	4,278,954
Drains and septic systems	5,593,630	897,047	-	6,490,677
Machinery, equipment, and vehicles	9,883,646	691,710	(496,022)	10,079,334
Infrastructure - Roads and bridges	112,073,678	7,685,602	-	119,759,280
Draining flow rights	1,239,535	166,439	-	1,405,974
Depletable assets	118,985	-	-	118,985
Subtotal	132,986,954	9,775,344	(496,022)	142,266,276
Net capital assets being depreciated	134,465,472	8,299,836	(419)	142,764,889
Net capital assets	\$ 161,579,822	\$ 8,358,262	\$ (419)	\$ 169,937,665

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

Governmental activities:

General government	\$ 683,324
Public safety	720,080
Health and welfare	778,750
Community and economic development	3,961
Public works	130,935
Internal service funds	1,020,093
Total governmental activities	<u>\$ 3,337,143</u>

Business-type activities:

Airport	\$ 473,179
Septage receiving station	162,794
L.E.T.S.	257,861
Total business-type activities	<u>\$ 893,834</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 5 - Capital Assets (Continued)

Component unit activities:	
Drain Commission districts	\$ 360,800
Department of Public Works	1,021,619
Road Commission	<u>8,392,925</u>
Total component unit activities	<u>\$ 9,775,344</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.

Construction Commitments - The County has the following active construction projects at year end. At year end, the County's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Tyler software project	\$ 723,402	\$ 504,427
Simulcast project	1,684,302	128,301
Airport Fuel Farm	24,580	473,930
Airport Underdrain	11,012	4,720
Animal Dog Area	6,748	69,681
Jail Intake Pod	<u>15,479</u>	<u>89,521</u>
Total	<u>\$ 2,465,523</u>	<u>\$ 1,270,580</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

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
Advances		
General Fund	Nonmajor governmental funds	\$ 36,304
	Septage Receiving Station Fund	114,266
	Airport Fund	44,521
	Total General Fund	195,091
Delinquent Tax Revolving Fund	Airport Fund	2,151,030
	Septage Receiving Station Fund	325,069
	Total Delinquent Tax Revolving Fund	2,476,099
Nonmajor governmental funds	Internal service funds	30,927
	Total advances	<u>\$ 2,702,117</u>
Receivable Fund	Payable Fund	Amount
Advances from Primary Government to Component Unit		
General Fund	Department of Public Works	\$ 12,978
Delinquent Tax Revolving Fund	Department of Public Works	44,839
Drain Commission	Septage Receiving Station	43,794
	Total	<u>\$ 101,611</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

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

Interfund Transfers

Transferred To	Transferred From	Amount
General Fund	Nonmajor governmental funds	\$ 1,429,811
	Delinquent Tax Revolving Fund	18,269
	Total General Fund	1,448,080
Nonmajor governmental funds	General Fund	3,495,957
	EMS Fund	462,069
	Delinquent Tax Revolving Fund	1,013,200
	Total nonmajor governmental funds	4,971,226
EMS Construction	EMS Fund	2,294,727
	Total operating transfers out	\$ 8,714,033

The transfer from the nonmajor governmental funds provides for operations of the General Fund per Public Act 357 of 2004. 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. Transfers from the General Fund to the nonmajor governmental funds provide for operations of those funds, capital projects, and capital acquisitions. The transfers from the Delinquent Tax Revolving Fund to the nonmajor governmental funds provide for debt payments and capital improvements. The transfer from the EMS Fund to the EMS Construction Fund was to transfer monies to complete the EMS building project.

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, 2013

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Matures	Interest Rate	Beginning Balance	Additions	Reductions/ Adjustments	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
2012 Capital Improvement bonds	2032	2.00%-3.00%	\$ 8,500,000	\$ -	\$ (300,000)	\$ 8,200,000	\$ 310,000
2005 Mental health refunding bonds	2024	4.00%-5.00%	1,885,000	-	(125,000)	1,760,000	130,000
2005 Building Authority - Mental health refunding bonds	2014	4.25%-5.00%	1,895,000	-	(935,000)	960,000	960,000
Total bonds payable			12,280,000	-	(1,360,000)	10,920,000	1,400,000
Notes payable - Information technology - Cisco			54,145	-	(41,431)	12,714	12,714
Other obligations:							
Drain at large assessments			171,500	-	(14,000)	157,500	14,000
Landfill postclosure liability			732,000	-	(91,500)	640,500	91,500
Employee compensated absences			2,217,204	1,482,060	(1,369,531)	2,329,733	1,369,531
Total governmental activities			\$ 15,454,849	\$ 1,482,060	\$ (2,876,462)	\$ 14,060,447	\$ 2,887,745

	Matures	Interest Rate	Beginning Balance	Additions	Reductions/ Adjustments	Ending Balance	Due Within One Year
Business-type Activities							
Regional waste (septage receiving station)	2028	2.00%-3.00%	\$ 2,665,000	\$ 2,455,000	\$ (2,545,000)	\$ 2,575,000	\$ 120,000
Tax notes - 2012	2013	0.40% + LIBOR	4,200,000	-	(4,200,000)	-	-
Tax notes - 2013	2014	0.30% + LIBOR	-	8,600,000	(6,200,000)	2,400,000	2,400,000
Total business-type activities			\$ 6,865,000	\$ 11,055,000	\$ (12,945,000)	\$ 4,975,000	\$ 2,520,000

	Matures	Interest Rate	Beginning Balance	Additions	Reductions/ Adjustments	Ending Balance	Due Within One Year
Component Unit Debt							
Drain Commission districts	2013-2026	1.66%-5.05%	\$ 17,632,440	\$ -	\$ (2,546,000)	\$ 15,086,440	\$ 2,291,000
Department of Public Works	2013-2030	2.00%-6.15%	37,419,974	4,945,000	(8,310,359)	34,054,615	2,505,676
Road Commission	2013-2018	3.20%-8.08%	934,338	411,011	(59,115)	1,286,234	529,279
Total component debt			\$ 55,986,752	\$ 5,356,011	\$ (10,915,474)	\$ 50,427,289	\$ 5,325,955

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
2014	\$ 1,412,714	\$ 304,444	\$ 1,717,158	\$ 2,520,000	\$ 62,750	\$ 2,582,750	\$ 5,325,955	\$ 1,993,957	\$ 7,319,912
2015	460,000	251,919	711,919	145,000	61,300	206,300	4,778,857	1,795,818	6,574,675
2016	475,000	239,744	714,744	145,000	58,400	203,400	4,763,974	1,599,852	6,363,826
2017	490,000	227,444	717,444	155,000	55,400	210,400	4,232,690	1,442,843	5,675,533
2018	510,000	214,743	724,743	155,000	52,300	207,300	4,212,813	1,265,553	5,478,366
2019-2023	2,845,000	862,184	3,707,184	850,000	208,900	1,058,900	17,508,000	3,668,357	21,176,357
2024-2028	2,540,000	497,406	3,037,406	1,005,000	77,775	1,082,775	8,075,000	1,068,043	9,143,043
2029-2033	2,200,000	166,050	2,366,050	-	-	-	1,530,000	87,525	1,617,525
Total	\$ 10,932,714	\$ 2,763,934	\$ 13,696,648	\$ 4,975,000	\$ 576,825	\$ 5,551,825	\$ 50,427,289	\$ 12,921,948	\$ 63,349,237

Note 7 - Long-term Debt (Continued)

Bond Premiums - The long-term debt issuances of the 2013 Sanitary Sewer Improvement Refunding bonds and the 2013 Capital Improvement Refunding Bonds resulted in an unamortized bond premium of \$384,221 and \$127,472, respectively. The unamortized bond premiums will be amortized over the life of the respective bonds through the year 2031.

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.

Note 7 - Long-term Debt (Continued)

Current Refundings - During the year, the County issued limited tax general obligation bonds with a par amount of \$4,945,000 and an original issue premium of \$384,221 with an interest rate range from 2.00 to 3.00 percent. The proceeds of these bonds were used to refund \$4,875,000 of outstanding Livingston County Sanitary Sewer Improvement Bonds, Tyrone Township, Series 2005 (Limited Tax General Obligation) with an interest rate range from 4.00 to 4.25. The net proceeds of \$5,257,752 (after payment of \$71,469 in underwriting fees, insurance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent and held until May 1, 2015, when the proceeds were then used to pay the outstanding bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the financial report in the Department of Public Works Component Unit. The refunding decreased total debt service payments over the next 15 years by approximately \$467,000. The new limited tax general obligation bonds are paid through special assessments of Tyrone Township and does not affect the County's cash flow.

During the year, the County issued limited tax general obligation bonds with a par amount of \$2,455,000 and an original issue premium of \$127,472 with an interest rate range from 2.00 to 3.00 percent. The proceeds of these bonds were used to refund \$2,430,000 of outstanding Livingston County Capital Improvement Bonds (Regional Wastewater System), Series 2006 (Limited Tax General Obligation) with an interest rate range from 4.00 to 4.25 percent. The net proceeds of \$2,527,902 (after payment of \$54,570 in underwriting fees, insurance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent and held until May 1, 2015, when the proceeds were then used to pay the outstanding bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the financial report in the Septage Receiving Station Fund. The refunding decreased total debt service payments over the next 15 years by approximately \$289,000.

Debt Redemption - During the year, the City of Brighton issued and delivered its Limited Tax General Obligation Refunding Bond, Series 2013 in part for the purpose of providing funds to refund the Livingston County Water Supply System Refunding and Improvement Limited Tax General Obligation Bonds dated November 1, 1995 and the Livingston County Water Supply and Storm Sewer System Bonds (Limited Tax General Obligation), dated December 1, 1999. As a result, the bonds are considered to be fully redeemed.

Defeased Debt - In current and 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, 2013, \$7,305,000 of bonds outstanding is considered defeased.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

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, 2013 total \$59,773,508, with annual requirements ranging from \$6,537,240 to \$535,250. The local unit contributions from which the appropriations will be made have averaged approximately \$8.1 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 \$4,750,000 and \$2,109,824, respectively.

Note 9 - Restricted Net Position

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

	<u>Governmental Activities</u>
Health and welfare expense	\$ 3,063,297
Public safety expense	6,174,888
Community and economic development expense	2,027,863
Restricted for debt service	<u>12,576</u>
Total restricted net position	<u>\$ 11,278,624</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 10 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	EMS Fund	EMS Construction	Nonmajor Funds	Total
Fund Balances					
Nonspendable:					
Prepaid costs and other assets	\$ 295,133	\$ -	\$ -	\$ 32,429	\$ 327,562
Long-term receivable	208,069	-	-	30,927	238,996
Total	503,202	-	-	63,356	566,558
Restricted:					
Health and welfare	-	-	-	3,063,297	3,063,297
Public safety expense	-	-	-	6,174,888	6,174,888
Community and economic development	-	-	-	2,027,863	2,027,863
Debt service	-	-	-	12,576	12,576
Total	-	-	-	11,278,624	11,278,624
Committed:					
EMS construction	-	705,271	480	-	705,751
Debt service	-	-	-	2,009,931	2,009,931
West Complex construction	-	-	-	15,635	15,635
Total	-	705,271	480	2,025,566	2,731,317
Assigned:					
Future operating requirements	15,000,000	-	-	-	15,000,000
Health and welfare	-	1,636,240	-	1,044,283	2,680,523
Capital replacement	-	-	-	7,033,165	7,033,165
Total	15,000,000	1,636,240	-	8,077,448	24,713,688
Unassigned	9,281,046	-	-	(42,938)	9,238,108
Total fund balances	\$24,784,248	\$ 2,341,511	\$ 480	\$21,402,056	\$48,528,295

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.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 11 - Risk Management (Continued)

At December 31, 2013, the County's Member Retention Fund with the Authority includes approximately \$189,000 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>2013</u>	<u>2012</u>
Unpaid claims - Beginning of year	\$ 735,523	\$ 2,056,818
Incurred claims	221,990	77,606
Change in incurred but not reported estimate	197,579	(1,254,680)
Claim payments	<u>(342,990)</u>	<u>(144,221)</u>
Unpaid claims - End of year	<u>\$ 812,102</u>	<u>\$ 735,523</u>

In addition to the claims paid, the County incurred an additional \$1,068,376 for insurance expense for the year ended December 31, 2013.

The County is self-insured for medical benefits provided to active employees and retirees. Claims are being paid out of the Benefits Internal Service Fund. The plan is administered by Blue Cross/Blue Shield of Michigan. The County is self-insured under the Blue Cross/Blue Shield of Michigan program up to \$150,000 per contract. Once the individual contract or aggregate stop-loss amount is reached, reinsurance provides the remaining benefits. There is no liability for unpaid claims at December 31, 2013.

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 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.

Note 12 - Defined Benefit Pension Plan (Continued)

During the year ended December 31, 2009, the County started a new hybrid pension plan for nonunion employees hired after August 1, 2009 and court employees hired after January 1, 2011. Existing nonunion 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. For all employee groups participating in the hybrid plan, the County contributed \$174,602 during the year ended December 31, 2013.

Nonunion employees who did not opt out of the defined benefit plan began contributing 5 percent of MERS eligible compensation to the costs of the plan on January 1, 2010.

During the plan year ended December 31, 2012, all bargaining units who participate in the defined benefit plans contribute 5 percent of MERS eligible compensation to the costs of the plan. In addition, newly hired employees have a lower retirement benefit than longer-term employees. For most bargaining units, newly hired employees have a multiplier of 2 percent compared to 2.25 percent of final average compensation for the existing employees of these bargaining units.

Annual Pension Costs - For the year ended December 31, 2013, the County's annual pension cost was \$3,005,966 for the plan. The required contribution to the plan was \$3,120,022. The annual required contribution was determined as part of an actuarial valuation at December 31, 2011 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 13 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. In an effort to increase the funding level and reduce the County's unfunded pension liability, the County made an additional \$1,000,000 contribution above the annual required contribution in 2013 for a total contribution of \$4,120,022.

The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 27 years and 10 years for negative unfunded accrued liabilities.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 12 - Defined Benefit Pension Plan (Continued)

For the year ended December 31, 2013, the County's annual pension cost and net pension asset are as follows:

Annual required contribution	\$ 3,120,022
Interest on net pension asset	(373,869)
Adjustment to annual required contribution	<u>259,812</u>
Annual pension cost (APC)	3,005,965
Contributions made	<u>(4,120,022)</u>
Increase in net pension asset	(1,114,057)
Net pension asset - Beginning of year	<u>4,673,356</u>
Net pension asset - End of year	<u>\$ 5,787,413</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
2011	\$ 2,955,324	134 %	\$ 2,894,476	137 %	\$ 2,439,818
2012	2,849,419	136	2,762,681	141	4,673,356
2013	3,120,022	132	3,055,966	135	5,787,413

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
12/31/2010	\$ 71,482,681	\$ 96,926,582	\$ 25,443,901	74 %	\$ 22,529,367	113 %
12/31/2011	75,914,394	102,788,649	26,874,255	74	22,632,843	119
12/31/2012	79,875,603	108,155,474	28,279,871	74	22,213,767	127

Note 13 - Defined Benefit Pension Plan - Road Commission

Plan Description - Livingston County Road Commission participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, and nonduty-connected death and postretirement adjustments to plan members and their beneficiaries.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 13 - Defined Benefit Pension Plan - Road Commission (Continued)

Annual Pension Cost - During the fiscal year ended December 31, 2013, Livingston County Road Commission's contributions totaling \$397,350 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2010. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years.

Schedule of Employer Contributions

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 460,402	100 %	\$ -
2012	417,402	100	-
2013	397,350	100	-

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
12/31/2010	\$ 16,024,500	\$ 17,169,481	\$ 1,144,981	93 %	\$ 3,583,159	32 %
12/31/2011	16,625,484	18,092,420	1,466,936	92	3,596,043	41
12/31/2012	16,958,334	18,735,384	1,777,050	91	3,336,207	53

For further information, refer to the Livingston County Road Commission's separately issued financial statements.

Note 14 - 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:

Note 14 - Other Postemployment Benefits (Continued)

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 nonunion 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 159 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 who select the base plan. 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, nonunion 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.

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.

Note 14 - Other Postemployment Benefits (Continued)

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.

The County closed participation in the plan to all nonunion employees hired on or after March 17, 2003. Then in 2009, the County amended the plan and changed the eligibility requirements for those still participating in the Retiree Health Care Plan. Effective February 28, 2010, nonunion employees hired on or before March 27, 2003 who were eligible to participate in the plan and who satisfied the age and service requirements were given the opportunity to make a one-time irrevocable “opt-out” decision to participate in the Retiree Health Savings Plan. The nonunion participants who did not meet the age and service requirements 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. Also effective February 28, 2010, the eligible nonunion 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. Currently, there are eight nonunion employees remaining in the plan.

In 2011, the sheriff lieutenants and deputies unions, and in 2012, the sergeants union were given the same opportunity to make a one-time irrevocable “opt-out” decision to participate in the Retiree Health Savings Plan. The plan was closed to new hires in all three sheriff unions. New hires will be enrolled into the Retiree Health Savings Plan and receive an employer contribution based on 4 percent of the employee’s base salary. The County’s December 31, 2012 actuary valuation reflects the plan changes to the sheriff (lieutenants and deputies) unions as noted above.

Funding Progress - For the year ended December 31, 2013, the County has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2010. 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 26 years. This valuation’s computed contribution and actual funding are summarized as follows:

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 14 - Other Postemployment Benefits (Continued)

Annual OPEB cost - Annual required contribution	\$ 1,303,777
Interest on the prior year's net OPEB asset	(89,523)
Less adjustment to the annual required contribution	<u>66,630</u>
Annual OPEB cost	1,280,884
Amounts contributed - Payments of current premiums	811,422
Change in estimate	<u>(511,833)</u>
Decrease in net OPEB asset	(981,295)
OPEB asset - Beginning of year	<u>1,790,732</u>
OPEB asset - End of year	<u><u>\$ 809,437</u></u>

The net OPEB asset is reported in the following:

Primary government:	
Governmental activities	\$ 729,316
Business-type activities	<u>48,410</u>
Total primary government	777,726
Component units	<u>31,711</u>
Total net OPEB asset	<u><u>\$ 809,437</u></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, 2013, 2012, and 2011 were as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual OPEB costs	\$ 1,280,884	\$ 1,236,652	\$ 1,484,260
Percentage contributed	63 %	53 %	84 %
Net OPEB asset	\$ 809,437	\$ 1,278,900	\$ 1,861,384

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 14 - 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			
	2012		2010	2008
	Union	Nonunion	Total	Total
Present value of future benefit payments	\$ 22,874,445	\$ 3,616,755	\$ 25,117,936	\$ 34,543,511
Actuarial value of assets	\$ 6,413,729	\$ 5,473,020	\$ 11,260,991	\$ 8,420,707
Actuarial accrued liability (AAL)	\$ 18,582,943	\$ 3,587,734	\$ 21,124,919	\$ 27,403,425
Unfunded AAL (UAAL)	\$ 12,169,214	\$ (1,885,286)	\$ 9,863,928	\$ 18,982,718
Funded ratio	35%	152%	53%	31%
Annual covered payroll	\$ 3,827,319	\$ 389,679	\$ 3,419,799	\$ 9,646,911
Ratio of UAAL to covered payroll	318%	-484%	153%	197%

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 2003 and the available multi-year trend information is disclosed in the table above.

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

In the December 31, 2012 actuarial valuation, the entry age normal level percent of pay actuarial cost method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses) for all groups, which is a blended rate of the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 9.00 percent initially, reduced by 0.5 percent decrements to an ultimate rate of 4.5 percent after 10 years. The rate includes 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 over 12 years based on a closed group for nonunion participants and as a level dollar amount over 24 years on a closed group for all other groups at December 31, 2012.

Note 14 - Other Postemployment Benefits (Continued)

Livingston County Retiree Health Savings Plan - The Livingston County Retiree Health Savings Plan (defined contribution) is for eligible employees hired after March 17, 2003 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.

In 2011, all sheriff bargaining units ratified three-year contracts. These employees were given a one-time option of remaining in the defined benefit retiree healthcare plan or accepting a payment either into a healthcare savings plan or as a direct payment of taxable income. In addition, the employees who opted out of retiree healthcare had a healthcare savings account established through MERS of Michigan into which quarterly payments equaling 4 percent of their base salary will be deposited.

The employer contributions will be subject to the following maximum limitation in each calendar year of participation: for nonunion 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 nonunion salary schedule adjustment. The employer contribution shall be distributed over a 12-month period. For sheriff (lieutenants and deputies) union employees, the employer contributes 4 percent of base salary quarterly.

During 2009, the County amended the Retiree Health Savings Plan and closed participation to all nonunion employees hired on or after November 1, 2009.

For all employee groups participating in the defined contribution retiree healthcare savings plan, the County contributed \$443,913 during the year ended December 31, 2013.

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 15 - Other Postemployment Benefits - Road Commission

Plan Description - The Road Commission provides postretirement healthcare benefits to all employees who retire from the Road Commission, in accordance with the agreement between the Board of County Road Commissioners and the American Federation of State, County, and Municipal Employees Council #25 AFL-CIO Local #1071.

The Road Commission provides health insurance coverage for retirees on a "pay-as-you-go" basis. There is no obligation to make contributions in advance. For employees who retired before September 30, 2008, the Road Commission bears the full cost of the health insurance premium. Employees who retire after September 30, 2008 and are over 65 years of age must bear the cost of insurance premiums for amounts in excess of \$300. All retirees are responsible for 100 percent of the cost of insurance premiums for spousal coverage, if it is elected. The spouse may continue to have coverage through the Road Commission after the death of the retiree, but must bear the entire cost of the insurance premium. Currently, there are 31 retirees.

The following table shows, for the current year, the components of the Road Commission's annual OPEB cost, the amounts actually contributed, and the changes in the Road Commission's net OPEB obligation:

2013 annual required contribution	\$ 400,629
Interest on the prior year's net OPEB obligation	78,995
Less adjustment to the annual required contribution	<u>(58,515)</u>
Annual OPEB cost	421,109
Payments of current premiums	<u>(248,129)</u>
Increase in net OPEB obligation	172,980
OPEB obligation - Beginning of year	<u>1,755,445</u>
OPEB obligation - End of year	<u>\$ 1,928,425</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2013

Note 15 - Other Postemployment Benefits - Road Commission (Continued)

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of December 31, 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
12/31/13	\$ 421,109	58.92	\$ 1,928,425
12/31/12	402,090	62.33	1,755,445
12/31/11	339,998	70.25	1,603,994

The funded status of the OPEB obligation per the two most recent actuarial valuations is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/06	\$ -	\$12,069,831	\$12,069,831	-	\$ 3,376,715	357.4
12/31/09	-	7,049,418	7,049,418	-	3,705,079	190.3
12/31/12	-	6,538,689	6,538,689	-	3,336,207	196.0

For further information, refer to the Livingston County Road Commission separately issued financial statements.

Note 16 - Subsequent Events

In April 2014, the County Board of Commissioners has authorized the issuance of approximately \$15 million in Limited Tax General Obligation Capital Improvement bonds to fund several projects planned in 2014.

In May 2014, the County sold general obligation limited tax notes in the amount of \$7,000,000. The initial interest rate on the variable rate notes was at the rate of the 30-day LIBOR plus 0.300 percent. The bonds will mature on October 1, 2015.

Note 17 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

In April 2013, the Governmental Accounting Standards Board issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. GASB Statement No. 70 is required to be adopted for years beginning after June 15, 2013. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the County's 2014 fiscal year.

Required Supplemental Information

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 25,268,392	\$ 25,268,392	\$ 25,289,472	\$ 21,080
Licenses and permits	283,218	309,218	365,489	56,271
Federal grants	34,000	34,000	34,644	644
State sources	3,018,590	3,018,590	4,522,056	1,503,466
Charges for services	7,458,604	7,623,412	7,780,009	156,597
Fines and forfeitures	489,184	489,184	376,283	(112,901)
Interest and rent	105,000	105,000	57,191	(47,809)
Other	940,600	1,033,783	939,871	(93,912)
Total revenue	37,597,588	37,881,579	39,365,015	1,483,436
Expenditures - Current				
General government:				
Board of Commissioners	476,645	494,457	476,845	17,612
County administration	473,930	479,130	468,776	10,354
Purchasing	204,333	206,367	201,955	4,412
Internal/external audit	120,000	124,212	112,350	11,862
Information technology	306,065	1,002,760	745,073	257,687
Treasurer	922,735	926,176	896,971	29,205
Equalization	486,061	486,061	474,211	11,850
Clerk	1,143,624	1,153,624	1,147,839	5,785
Elections	35,513	35,513	26,796	8,717
Buildings and grounds	25,288	25,288	25,284	4
Attorney	200,000	220,000	196,102	23,898
Human resources	567,108	567,108	557,040	10,068
Register of Deeds	607,344	614,844	611,195	3,649
Insurance and other functions	3,575,477	3,374,015	2,813,946	560,069
Total general government	9,144,123	9,709,555	8,754,383	955,172
Court systems	9,192,718	9,263,314	9,204,648	58,666
Public safety - Sheriff and jail	13,689,292	13,883,796	13,834,829	48,967
Health and welfare	1,543,885	1,661,147	1,542,355	118,792
Economic development	2,617,517	2,623,917	2,725,091	(101,174)
Total expenditures	36,187,535	37,141,729	36,061,306	1,080,423
Excess of Revenue Over Expenditures	1,410,053	739,850	3,303,709	2,563,859
Other Financing Sources (Uses)				
Operating transfers in	1,451,875	1,451,875	1,448,080	(3,795)
Operating transfers out	(3,501,416)	(3,536,322)	(3,495,957)	40,365
Total other financing uses	(2,049,541)	(2,084,447)	(2,047,877)	36,570
Net Change in Fund Balance	(639,488)	(1,344,597)	1,255,832	2,600,429
Fund Balance - Beginning of year	23,528,416	23,528,416	23,528,416	-
Fund Balance - End of year	<u>\$ 22,888,928</u>	<u>\$ 22,183,819</u>	<u>\$ 24,784,248</u>	<u>\$ 2,600,429</u>

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds EMS Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 2,304,701	\$ 2,304,701	\$ 2,190,961	\$ (113,740)
Charges for services	6,058,525	6,058,525	6,079,930	21,405
Interest and rent	52,641	52,641	61,193	8,552
Other	5,000	5,000	719	(4,281)
Total revenue	<u>8,420,867</u>	<u>8,420,867</u>	<u>8,332,803</u>	<u>(88,064)</u>
Expenditures - Current - Health and welfare	<u>7,785,102</u>	<u>7,840,102</u>	<u>8,003,900</u>	<u>(163,798)</u>
Excess of Revenue Over Expenditures	635,765	580,765	328,903	(251,862)
Other Financing Uses - Operating transfers out	<u>(631,064)</u>	<u>(3,636,964)</u>	<u>(2,756,796)</u>	<u>880,168</u>
Net Change in Fund Balance	4,701	(3,056,199)	(2,427,893)	628,306
Fund Balance - Beginning of year	<u>4,769,404</u>	<u>4,769,404</u>	<u>4,769,404</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 4,774,105</u></u>	<u><u>\$ 1,713,205</u></u>	<u><u>\$ 2,341,511</u></u>	<u><u>\$ 628,306</u></u>

Livingston County, Michigan

Required Supplemental Information Pension System Schedule Year Ended December 31, 2013

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 62,345,081	\$ 80,312,733	\$ 17,967,652	77.6	\$ 23,980,441	74.9
12/31/08	65,652,819	90,053,214	24,400,395	72.9	25,117,925	97.1
12/31/09	69,297,904	95,087,254	25,789,350	72.9	23,176,987	111.3
12/31/10	71,482,681	96,926,582	25,443,901	73.7	22,529,367	112.9
12/31/11	75,914,394	102,788,649	26,874,255	73.9	22,632,843	118.7
12/31/12	79,875,603	108,155,474	28,279,871	73.9	22,213,767	127.3

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/08	12/31/06	\$ 3,372,725	100.0
12/31/09	12/31/07	3,731,792	100.0
12/31/10	12/31/08	3,145,058	100.0
12/31/11	12/31/09	2,955,324	134.0
12/31/12	12/31/10	2,849,419	136.0
12/31/13	12/31/11	3,120,022	132.0

* The required contribution is expressed to the County as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	26 years
Asset valuation method	10-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	0.0% - 13.0%
*Includes inflation at	4.5%
Cost of living adjustments	2.5%

Livingston County, Michigan

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2013

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/06	\$ 5,129,503	\$ 24,554,395	\$ 19,424,892	20.9	\$ 9,591,110	202.5
12/31/08	8,420,707	27,403,425	18,982,718	30.7	9,646,911	196.8
12/31/10	11,260,991	21,124,919	9,863,928	53.3	3,419,799	288.4
12/31/12	11,886,749	22,170,677	10,283,928	53.6	4,216,998	243.9

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/08	12/31/06	\$ 1,934,425	128.0
12/31/09	12/31/06	1,520,049	147.0
12/31/10	12/31/08	1,461,736	153.0
12/31/11	12/31/08	1,527,513	81.0
12/31/12	12/31/10	1,272,569	51.0
12/31/13	12/31/10	1,303,777	62.0

* The required contribution is expressed to the County as level dollar.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2012, the latest actuarial valuation, follows:

Amortization method	Level dollar
Amortization period (Union)	12 years
Amortization period (Non-union)	24 years
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	0.3% - 13.0%
*Includes inflation at	3.0%
Cost of living adjustments	None

Other Supplemental Information

Livingston County, Michigan

Special Revenue Funds

	Job Training Services	Health Fund	Community Development Block Grant OLHSA	Child Care	Family Counseling	Friend of the Court	Small Cities Community Development Block Grant
Assets							
Cash and investments	\$ -	\$ 1,046,115	\$ 44,748	\$ 1,780,918	\$ 56,547	\$ 314,335	\$ 576,607
Receivables:							
Taxes	-	-	-	-	-	-	-
Accounts	-	37,127	934,224	-	-	1,402	-
Accrued interest receivable	-	-	-	-	-	37	1,446
Due from other governmental units	642,154	44,454	-	365	-	299,255	-
Advances to other funds	-	-	-	-	-	-	-
Prepaid costs and other assets	-	1,847	-	-	-	-	-
Total assets	\$ 642,154	\$ 1,129,543	\$ 978,972	\$ 1,781,283	\$ 56,547	\$ 615,029	\$ 578,053
Liabilities							
Accounts payable	\$ 382,112	\$ -	\$ -	\$ 135,249	\$ 2,000	\$ 5,969	\$ -
Due to other governmental units	-	-	-	194,148	-	-	-
Advances from other funds	36,304	-	-	-	-	-	-
Accrued and other liabilities	8,489	56,432	-	5,928	-	39,283	-
Unearned revenue	-	-	917,917	-	-	-	-
Total liabilities	426,905	56,432	917,917	335,325	2,000	45,252	-
Deferred Inflows of Resources							
Unavailable revenue	-	26,981	16,307	-	-	28,607	-
Property taxes levied for the following year	-	-	-	-	-	-	-
Total deferred inflows of resources	-	26,981	16,307	-	-	28,607	-
Fund Balances							
Nonspendable	-	1,847	-	-	-	-	-
Restricted	215,249	-	44,748	1,445,958	54,547	541,170	578,053
Committed	-	-	-	-	-	-	-
Assigned	-	1,044,283	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	215,249	1,046,130	44,748	1,445,958	54,547	541,170	578,053
Total liabilities, deferred inflows of resources, and fund balances	\$ 642,154	\$ 1,129,543	\$ 978,972	\$ 1,781,283	\$ 56,547	\$ 615,029	\$ 578,053

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013**

Special Revenue Funds

Survey and Remonumentation	Prosecutor's Drug Enforcement	Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	Community Corrections	Social Welfare	Soldiers and Sailors Relief	Veterans' Trust
\$ 1,228,967	\$ 5,670	\$ 190,029	\$ 22,426	\$ 32,979	\$ 26,764	\$ 15,015	\$ 43,161	\$ 129,943	\$ -
-	-	-	-	-	-	-	-	372,793	-
121	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	37,597	-	-	5,913
-	-	-	-	-	-	-	-	-	-
\$ 1,229,088	\$ 5,670	\$ 190,029	\$ 22,426	\$ 32,979	\$ 26,764	\$ 52,612	\$ 43,161	\$ 502,736	\$ 5,913
\$ 30,551	\$ -	\$ 14,947	\$ -	\$ -	\$ 173	\$ 3,537	\$ -	\$ 3,807	\$ 5,066
-	-	-	-	-	-	-	22,000	-	-
-	-	-	-	-	-	2,828	-	-	-
-	-	-	-	-	-	-	-	-	-
30,551	-	14,947	-	-	173	6,365	22,000	3,807	5,066
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	372,793	-
-	-	-	-	-	-	-	-	372,793	-
-	-	-	-	-	-	-	-	-	-
1,198,537	5,670	175,082	22,426	32,979	26,591	46,247	21,161	126,136	847
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
1,198,537	5,670	175,082	22,426	32,979	26,591	46,247	21,161	126,136	847
\$ 1,229,088	\$ 5,670	\$ 190,029	\$ 22,426	\$ 32,979	\$ 26,764	\$ 52,612	\$ 43,161	\$ 502,736	\$ 5,913

Livingston County, Michigan

Special Revenue Funds

	Register of Deeds	Federal Equitable Sharing Fund	Homestead Property Exemption Fund	Correction Officers Training	Lutz County Park	Fillmore Estate County Park	Federal Grants	State and Other Grants
Assets								
Cash and investments	\$ 1,199,399	\$ 125,273	\$ 25,825	\$ 7,414	\$ 86,994	\$ 39,509	\$ 188,121	\$ -
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	6,231	2,241	-	30	-
Accrued interest receivable	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	71,049	180,269
Advances to other funds	-	-	-	-	-	-	-	-
Prepaid costs and other assets	-	1,385	-	-	-	-	-	-
Total assets	\$ 1,199,399	\$ 126,658	\$ 25,825	\$ 13,645	\$ 89,235	\$ 39,509	\$ 259,200	\$ 180,269
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 2,750	\$ 270	\$ -	\$ 17,110	\$ 68,751
Due to other governmental units	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	-	750	-	4,286	12,076
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	2,750	1,020	-	21,396	80,827
Deferred Inflows of Resources								
Unavailable revenue	-	-	-	-	-	-	16,213	142,380
Property taxes levied for the following year	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	16,213	142,380
Fund Balances								
Nonspendable	-	1,385	-	-	-	-	-	-
Restricted	1,199,399	125,273	25,825	10,895	88,215	39,509	221,591	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(42,938)
Total fund balances	1,199,399	126,658	25,825	10,895	88,215	39,509	221,591	(42,938)
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,199,399	\$ 126,658	\$ 25,825	\$ 13,645	\$ 89,235	\$ 39,509	\$ 259,200	\$ 180,269

**Other Supplemental Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
December 31, 2013**

Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
Revenue Sharing Reserve Fund	911 Services Fund	Debt Service Sinking Fund	Refunding Building Authority Mental Health Bonds	EMS Debt Fund	Capital Replacement	West Complex Construction Fund	Cemetery Trust	
\$ -	\$ 3,951,087	\$ 2,009,931	\$ 11,790	\$ 786	\$ 7,019,388	\$ 15,635	\$ 26,432	\$ 20,221,808
-	-	-	-	-	-	-	-	372,793
-	1,043,557	-	-	-	-	-	-	2,024,812
-	519	-	-	-	250	-	-	2,373
-	466,342	-	-	-	-	-	-	1,747,398
-	-	-	-	-	30,927	-	-	30,927
-	29,197	-	-	-	13,527	-	-	45,956
\$ -	\$ 5,490,702	\$ 2,009,931	\$ 11,790	\$ 786	\$ 7,064,092	\$ 15,635	\$ 26,432	\$ 24,446,067
\$ -	\$ 30,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 703,044
-	572	-	-	-	-	-	47	216,767
-	-	-	-	-	-	-	-	36,304
-	59,189	-	-	-	-	-	-	189,261
-	-	-	-	-	-	-	-	917,917
-	90,513	-	-	-	-	-	47	2,063,293
-	377,437	-	-	-	-	-	-	607,925
-	-	-	-	-	-	-	-	372,793
-	377,437	-	-	-	-	-	-	980,718
-	29,197	-	-	-	30,927	-	-	63,356
-	4,993,555	-	11,790	786	-	-	26,385	11,278,624
-	-	2,009,931	-	-	-	15,635	-	2,025,566
-	-	-	-	-	7,033,165	-	-	8,077,448
-	-	-	-	-	-	-	-	(42,938)
-	5,022,752	2,009,931	11,790	786	7,064,092	15,635	26,385	21,402,056
\$ -	\$ 5,490,702	\$ 2,009,931	\$ 11,790	\$ 786	\$ 7,064,092	\$ 15,635	\$ 26,432	\$ 24,446,067

Livingston County, Michigan

Special Revenue Funds

	Job Training Services	Health Fund	Community Development Block Grant OLHSA	Child Care	Family Counseling	Friend of the Court	Small Cities Community Development Block Grant
Revenue							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	160,961	-	-	-	-	-
Federal sources	2,319,961	876,370	-	-	-	1,138,519	-
State sources	65,858	780,233	-	700,237	-	216,872	-
Charges for services	18,116	1,125,766	-	164,830	15,495	158,729	-
Interest earned	-	-	486	-	-	284	10,784
Contributions from local units and other	-	-	65,472	-	-	3,547	-
Total revenue	2,403,935	2,943,330	65,958	865,067	15,495	1,517,951	10,784
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Court systems	-	-	-	2,201,239	7,000	2,138,557	-
Public safety	-	-	-	-	-	-	-
Health and welfare	2,372,441	3,290,229	40,161	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	2,372,441	3,290,229	40,161	2,201,239	7,000	2,138,557	-
Excess of Revenue Over (Under) Expenditures	31,494	(346,899)	25,797	(1,336,172)	8,495	(620,606)	10,784
Other Financing Sources (Uses)							
Operating transfers in	-	350,880	8,654	1,360,068	-	807,108	-
Operating transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	350,880	8,654	1,360,068	-	807,108	-
Net Change in Fund Balances	31,494	3,981	34,451	23,896	8,495	186,502	10,784
Fund Balances - Beginning of year	183,755	1,042,149	10,297	1,422,062	46,052	354,668	567,269
Fund Balances - End of year	\$ 215,249	\$ 1,046,130	\$ 44,748	\$ 1,445,958	\$ 54,547	\$ 541,170	\$ 578,053

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2013**

Special Revenue Funds

Survey and Remuneration	Prosecutor's Drug Enforcement	Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	Community Corrections	Social Welfare	Soldiers and Sailors Relief	Veterans' Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,659	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
91,968	-	-	-	-	-	181,159	3,265	-	17,188
93,844	-	-	-	-	-	1,492	229	-	-
3,434	-	-	-	-	16	-	-	333	-
-	750	50,747	1,926	4,647	6,501	10,200	-	-	-
189,246	750	50,747	1,926	4,647	6,517	192,851	3,494	367,992	17,188
111,655	-	-	-	-	-	-	-	-	-
-	6,100	-	-	-	6,308	-	-	-	-
-	-	124,095	2,501	-	-	218,759	-	-	-
-	-	-	-	-	-	-	17,693	346,048	19,274
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
111,655	6,100	124,095	2,501	-	6,308	218,759	17,693	346,048	19,274
77,591	(5,350)	(73,348)	(575)	4,647	209	(25,908)	(14,199)	21,944	(2,086)
-	-	-	-	-	-	25,910	9,000	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	25,910	9,000	-	-
77,591	(5,350)	(73,348)	(575)	4,647	209	2	(5,199)	21,944	(2,086)
1,120,946	11,020	248,430	23,001	28,332	26,382	46,245	26,360	104,192	2,933
\$ 1,198,537	\$ 5,670	\$ 175,082	\$ 22,426	\$ 32,979	\$ 26,591	\$ 46,247	\$ 21,161	\$ 126,136	\$ 847

Livingston County, Michigan

Special Revenue Funds

	Register of Deeds	Federal Equitable Sharing Fund	Homestead Property Exemption Fund	Correction Officers Training	Lutz County Park	Fillmore Estate County Park	Federal Grants	State and Other Grants
Revenue								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Federal sources	-	86,100	-	-	-	-	421,940	-
State sources	-	-	-	-	-	-	-	442,945
Charges for services	253,301	-	-	26,099	21,164	1,860	-	-
Interest earned	3,327	354	13	-	54	24	-	-
Contributions from local units and other	-	52,028	8,240	-	-	-	-	-
Total revenue	256,628	138,482	8,253	26,099	21,218	1,884	421,940	442,945
Expenditures								
Current:								
General government	88,823	-	1,047	-	13,278	2,776	-	-
Court systems	-	-	-	-	-	-	309,240	366,388
Public safety	-	148,410	-	44,622	-	-	25,796	287,757
Health and welfare	-	-	-	-	-	-	-	3,703
Economic development	-	-	-	-	-	-	143,486	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	88,823	148,410	1,047	44,622	13,278	2,776	478,522	657,848
Excess of Revenue Over (Under) Expenditures	167,805	(9,928)	7,206	(18,523)	7,940	(892)	(56,582)	(214,903)
Other Financing Sources (Uses)								
Operating transfers in	-	-	-	-	-	-	77,715	189,122
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	77,715	189,122
Net Change in Fund Balances	167,805	(9,928)	7,206	(18,523)	7,940	(892)	21,133	(25,781)
Fund Balances - Beginning of year	1,031,594	136,586	18,619	29,418	80,275	40,401	200,458	(17,157)
Fund Balances - End of year	\$ 1,199,399	\$ 126,658	\$ 25,825	\$ 10,895	\$ 88,215	\$ 39,509	\$ 221,591	\$ (42,938)

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended December 31, 2013**

Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Permanent Fund		
Revenue			Refunding			West		Total	
Sharing	911 Services	Debt Service	Building	EMS Debt	Capital	Complex	Cemetery	Nonmajor	
Reserve Fund	Fund	Sinking Fund	Authority	Fund	Replacement	Construction	Trust	Governmental	
			Mental Health			Fund		Funds	
			Bonds						
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367,659	
-	-	-	-	-	-	-	-	160,961	
-	324,419	-	-	-	-	-	-	5,167,309	
-	399,418	-	-	-	-	-	-	2,899,143	
-	4,224,987	-	-	-	-	-	-	6,105,912	
38	7,827	3,522	2	8	19,215	-	-	49,721	
-	5,107	-	203,806	-	-	-	-	412,971	
38	4,961,758	3,522	203,808	8	19,215	-	-	15,163,676	
-	-	-	-	-	-	-	-	217,579	
-	-	-	-	-	-	-	-	5,034,832	
-	4,446,759	-	-	-	500,000	-	-	5,798,699	
-	-	-	-	-	-	-	-	6,089,549	
-	-	-	-	-	-	-	-	143,486	
-	-	-	1,060,000	300,000	-	-	-	1,360,000	
-	-	-	156,931	196,237	-	-	-	353,168	
-	4,446,759	-	1,216,931	496,237	500,000	-	-	18,997,313	
38	514,999	3,522	(1,013,123)	(496,229)	(480,785)	-	-	(3,833,637)	
-	-	-	1,013,200	462,069	667,500	-	-	4,971,226	
(1,429,811)	-	-	-	-	-	-	-	(1,429,811)	
(1,429,811)	-	-	1,013,200	462,069	667,500	-	-	3,541,415	
(1,429,773)	514,999	3,522	77	(34,160)	186,715	-	-	(292,222)	
1,429,773	4,507,753	2,006,409	11,713	34,946	6,877,377	15,635	26,385	21,694,278	
\$ -	\$ 5,022,752	\$ 2,009,931	\$ 11,790	\$ 786	\$ 7,064,092	\$ 15,635	\$ 26,385	\$ 21,402,056	

Livingston County, Michigan

Other Supplemental Information Combining Statement of Net Position Internal Service Funds December 31, 2013

	Building Services	Information Technology	Carpool	Benefits	Total
Assets					
Current assets:					
Cash and investments	\$ 956,608	\$ 420,968	\$ 1,451,882	\$ 4,005,070	\$ 6,834,528
Accounts receivable	37,349	15,718	1,240	-	54,307
Prepaid costs and other assets	-	203,046	-	-	203,046
Total current assets	993,957	639,732	1,453,122	4,005,070	7,091,881
Noncurrent assets:					
Net OPEB asset	17,809	23,228	1,114	-	42,151
Capital assets - Net	386,879	700,695	635,069	-	1,722,643
Total noncurrent assets	404,688	723,923	636,183	-	1,764,794
Total assets	1,398,645	1,363,655	2,089,305	4,005,070	8,856,675
Liabilities					
Current liabilities:					
Accounts payable	179,381	98,473	71,102	179,733	528,689
Accrued liabilities and other	64,197	118,843	1,262	60,180	244,482
Current portion of debt	-	12,714	-	-	12,714
Total current liabilities	243,578	230,030	72,364	239,913	785,885
Noncurrent liabilities:					
Advances from other funds	-	30,927	-	-	30,927
Total liabilities	243,578	260,957	72,364	239,913	816,812
Net Position					
Net investment in capital assets	386,879	687,981	635,069	-	1,709,929
Unrestricted	768,188	414,717	1,381,872	3,765,157	6,329,934
Total net position	<u>\$ 1,155,067</u>	<u>\$ 1,102,698</u>	<u>\$ 2,016,941</u>	<u>\$ 3,765,157</u>	<u>\$ 8,039,863</u>

Livingston County, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended December 31, 2013

	Building Services	Information Technology	Carpool	Benefits	Total
Operating Revenue - Charges for services	\$ 2,322,577	\$ 3,458,360	\$ 1,328,781	\$ 8,497,768	\$15,607,486
Operating Expenses					
Personnel	975,606	1,169,980	59,873	7,368,563	9,574,022
Operating expenses	1,170,997	2,014,253	913,780	-	4,099,030
Depreciation	12,432	730,499	277,162	-	1,020,093
Total operating expenses	<u>2,159,035</u>	<u>3,914,732</u>	<u>1,250,815</u>	<u>7,368,563</u>	<u>14,693,145</u>
Operating Income (Loss)	163,542	(456,372)	77,966	1,129,205	914,341
Nonoperating Revenue -					
Gain on sale of assets	<u>-</u>	<u>1,528</u>	<u>12,740</u>	<u>-</u>	<u>14,268</u>
Change in Net Position	163,542	(454,844)	90,706	1,129,205	928,609
Net Position - Beginning of year	<u>991,525</u>	<u>1,557,542</u>	<u>1,926,235</u>	<u>2,635,952</u>	<u>7,111,254</u>
Net Position - End of year	<u>\$ 1,155,067</u>	<u>\$ 1,102,698</u>	<u>\$ 2,016,941</u>	<u>\$ 3,765,157</u>	<u>\$ 8,039,863</u>

Livingston County, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended December 31, 2013

	Building Services	Information Technology	Carpool	Benefits	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 230,276	\$ 95,964	\$ -	\$ -	\$ 326,240
Receipts from interfund services and reimbursements	2,081,854	3,359,636	1,327,541	8,583,514	15,352,545
Payments to suppliers	(1,120,272)	(2,084,562)	(904,479)	179,733	(3,929,580)
Payments to employees	(961,973)	(1,139,527)	(58,742)	(7,359,519)	(9,519,761)
Net cash provided by operating activities	229,885	231,511	364,320	1,403,728	2,229,444
Cash Flows from Noncapital Financing Activities -					
Repayments of loans from other funds	-	(18,353)	-	-	(18,353)
Cash Flows from Capital and Related Financing Activities					
Proceeds from sales of capital assets	-	1,528	21,283	-	22,811
Purchase of capital assets	(315,739)	-	(307,173)	-	(622,912)
Principal and interest paid on capital debt	-	(41,431)	-	-	(41,431)
Net cash (used in) provided by capital and related financing activities	(315,739)	(39,903)	(285,890)	-	(641,532)
Net (Decrease) Increase in Cash and Cash Equivalents					
	(85,854)	173,255	78,430	1,403,728	1,569,559
Cash and Cash Equivalents - Beginning of year	1,042,462	247,713	1,373,452	2,601,342	5,264,969
Cash and Cash Equivalents - End of year	\$ 956,608	\$ 420,968	\$ 1,451,882	\$ 4,005,070	\$ 6,834,528
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ 163,542	\$ (456,372)	\$ 77,966	\$ 1,129,205	\$ 914,341
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	12,432	730,499	277,162	-	1,020,093
Changes in assets and liabilities:					
Receivables	(10,447)	(2,760)	(1,240)	85,746	71,299
Other assets	19,020	48,397	855	-	68,272
Accounts payable	50,427	(92,868)	9,301	179,733	146,593
Accrued and other liabilities	(5,089)	4,615	276	9,044	8,846
Net cash provided by operating activities	\$ 229,885	\$ 231,511	\$ 364,320	\$ 1,403,728	\$ 2,229,444

Livingston County, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds December 31, 2013

	Agency Funds		
	Trust and Agency	Library Penal Fines	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 3,344,097	\$ 460,082	\$ 3,804,179
Accrued interest receivable	53,376	79	53,455
Total assets	<u>\$ 3,397,473</u>	<u>\$ 460,161</u>	<u>\$ 3,857,634</u>
Liabilities			
Due to other governmental units	\$ 1,331,863	\$ -	\$ 1,331,863
Accrued liabilities and other	2,065,610	460,161	2,525,771
Total liabilities	<u>\$ 3,397,473</u>	<u>\$ 460,161</u>	<u>\$ 3,857,634</u>

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Operating, Nonoperating, and Other Revenue Sources Year Ended December 31, 2013

	January 1, 2013 to September 30, 2013	October 1, 2013 to December 31, 2013	Total
Operating Revenue			
Demand-response - Passenger fares	\$ 100,572	\$ 67,549	\$ 168,121
Special transit fares - Contracts	104,855	42,636	147,491
Rent - EMS	37,800	-	37,800
Other:			
Sale of fuel to other county departments	2,964	2,173	5,137
Charter Service	116	-	116
Sale of vehicles	3,800	-	3,800 A
Total other	6,880	2,173	9,053
Total operating revenue	<u>\$ 250,107</u>	<u>\$ 112,358</u>	<u>\$ 362,465</u>
Nonoperating Revenue			
Federal operating and capital grants:			
U.S. DOT operating grant - Section 5307 (FY '13 # MI-90-X669 and FY '14 applied for)	\$ 728,426	\$ 319,733	\$ 1,048,159
U.S. DOT capital grant - Preventative maintenance - Section 5307 (FY '12 # MI-90-X669 and FY '14 applied for)	155,756	75,790	231,546
U.S. DOT capital grant - Equipment - Section 5307 (FY '12 # MI-90-X652)	513	-	513
U.S. DOT capital grant - Equipment - Section 5307 (FY '13 # MI-90-X104 and FY '13 applied for)	-	65,404	65,404
Federal capital grant - Capital assistance - Federal ARRA grant	54,601	-	54,601
Other federal grants - CMAQ Grant	69,918	-	69,918
State operating and capital grants:			
State operating reconciliations - Prior year overpayments	151,896	-	151,896
State capital match - Equipment (PA # 2012-0118/P3)	128	-	128
State capital match - Equipment (PA # 2012-0118/P11)	-	16,351	16,351
State preventative maintenance match (PA # 2012-0118/P3)	36,871	18,762	55,633
Transit operating assistance	527,887	182,925	710,812
Total nonoperating revenue	<u>\$ 1,725,996</u>	<u>\$ 678,965</u>	<u>\$ 2,404,961</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, 2013

	January 1, 2013 to September 30, 2013	October 1, 2013 to December 31, 2013	Total
Operating Revenue			
Demand-response - Passenger fares	\$ 6,584	\$ 2,387	\$ 8,971
U.S. DOT operating grant - JARC - Section 5316 ('13 &'14)	29,124	4,717	33,841 B
State of MI operating grant - JARC - Section 5316 ('13 &'14)	29,124	4,717	33,841 B
	<u>64,832</u>	<u>11,821</u>	<u>76,653</u>
Less insurance proceeds used for transportation	-	-	-
Net other revenue	-	-	-
Total operating revenue	<u>\$ 64,832</u>	<u>\$ 11,821</u>	<u>\$ 76,653</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, 2013

	General				Total
	Operations	Maintenance	Administration	JARC	
Labor	\$ 971,818	\$ 24,388	\$ 65,934	\$ 45,837	\$ 1,107,977
Pension	120,108	2,646	7,788	2,773	133,315
Other fringe benefits	348,838	7,075	21,217	9,123	386,253
Advertising	-	-	210	110	320
Services	2,254	219,885	328,911	8,039	559,089
Materials and supplies consumed:					
Fuel and lubricants	216,441	-	-	5,389	221,830
Tires and tubes	34,595	-	-	885	35,480
Other materials and supplies	-	33,237	3,616	861	37,714
Utilities	-	-	57,604	1,393	58,997
Depreciation	247,401	-	-	10,460	257,861
Casualty and liability costs	1,546	-	-	35	1,581
Miscellaneous	9,132	208	6,189	130	15,659
Operating leases and rentals	14,661	-	70,866	2,080	87,607
Total operating expenses	1,966,794	287,439	562,335	87,115	2,903,683
Ineligible expenses:					
Revenue associated with fuel sold to county departments	5,136	-	-	-	5,136
Revenue associated with building rental	-	-	37,800	-	37,800
Association dues	-	-	281	-	281
Depreciation	247,401	-	-	10,460	257,861
Ineligible farebox revenue	-	-	-	8,971	8,971
Charter revenue	52	-	-	-	52
U.S. DOT capital grant - Preventative maintenance Section 5307 FY '13 (MI-90-X669)	-	155,756	-	-	155,756
U.S. DOT capital grant - Preventative maintenance Section 5307 FY '14 (MI-90-X669)	-	75,790	-	-	75,790
State of MI capital grant - Preventative maintenance Section 5307 (PA # 2012-0118/P3)	-	55,633	-	-	55,633
Total ineligible expenses	252,589	287,179	38,081	19,431	597,280
Total eligible expenses	<u>\$ 1,714,205</u>	<u>\$ 260</u>	<u>\$ 524,254</u>	<u>\$ 67,684</u>	<u>\$ 2,306,403</u>

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Net Eligible Cost Computations of General Operations Year Ended December 31, 2013

	January 1, 2013 to September 30, 2013	October 1, 2013 to December 31, 2013	Total
Labor	\$ 660,277	\$ 401,863	\$ 1,062,140
Pension	84,911	45,631	130,542
Other fringe benefits	251,580	125,550	377,130
Advertising	210	-	210
Services	362,081	188,969	551,050
Materials and supplies consumed:			
Fuel and lubricants	161,068	55,373	216,441
Tires and tubes	27,959	6,636	34,595
Other materials and supplies	26,240	10,613	36,853
Utilities	40,574	17,030	57,604
Casualty and liability costs	1,546	-	1,546
Depreciation	185,552	61,849	247,401
Miscellaneous	5,878	9,651	15,529
Operating leases and rentals	62,159	23,368	85,527
Total operating expenses	1,870,035	946,533	2,816,568
Ineligible operating expenses:			
Revenue associated with fuel sold to other departments	2,964	2,172	5,136
Revenue associated with building rental	37,800	-	37,800
Association dues	-	281	281
U.S. DOT capital grant - Preventative maintenance Section 5307	155,755	75,790	231,545
State of MI capital grant - Preventative maintenance Section 5307	36,871	18,762	55,633
Grant reimbursed operation supplies (MI-90-X652 and 2012-0118/P3)	52	-	52
Depreciation	185,552	61,849	247,401
Total ineligible expenses	418,994	158,854	577,848
Total eligible expenses	\$ 1,451,041	\$ 787,679	\$ 2,238,720

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, 2013

	January 1, 2013 to September 30, 2013	October 1, 2013 to December 31, 2013	Total
Labor	\$ 36,329	\$ 9,508	\$ 45,837
Pension	2,534	239	2,773
Other fringe benefits	8,028	1,095	9,123
Advertising	110	-	110
Services	7,478	561	8,039
Materials and supplies consumed:			
Fuel and lubricants	5,104	285	5,389
Tires and tubes	850	35	885
Other materials and supplies	805	56	861
Utilities	1,308	85	1,393
Casualty and liability costs	35	-	35
Depreciation	7,845	2,615	10,460
Operating leases and rentals	1,959	121	2,080
Miscellaneous	108	22	130
Total operating expenses	72,493	14,622	87,115
Ineligible operating expenses:			
Depreciation	7,845	2,615	10,460
Ineligible farebox revenue	6,584	2,387	8,971
Total ineligible expenses	14,429	5,002	19,431
Total eligible expenses	\$ 58,064	\$ 9,620	\$ 67,684

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

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Annual OPEB Cost and Net OPEB Asset Years Ended December 31

	January 1 through December 31			
	2010	2011	2012	2013
Annual OPEB cost - Annual required contribution	\$ 29,235	\$ 32,689	\$ 17,041	\$ 34,500
Interest on the prior year's net OPEB asset	(1,783)	(3,147)	(2,919)	(2,369)
Adjustment to the annual required contribution	-	149	253	(5,509)
Annual OPEB cost	27,452	29,691	14,375	26,622
Amounts contributed:				
Payments of current premiums	15,631	19,178	14,654	21,472
Contributions	29,235	7,461	-	-
Change in estimate	-	-	-	(13,544)
Total amounts contributed	44,866	26,639	14,654	7,928
Increase (decrease) in net OPEB asset	17,414	(3,052)	279	(18,694)
OPEB asset - Beginning of year	25,472	42,886	39,834	40,113
OPEB asset - End of year	<u>\$ 42,886</u>	<u>\$ 39,834</u>	<u>\$ 40,113</u>	<u>\$ 21,419</u>

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Revenue and Eligible and Ineligible Expenditures Year Ended September 30, 2013

	October 1, 2012 to December 31, 2012	January 1, 2013 to September 30, 2013	Total
Operating Revenue			
Demand-response - Passenger fares	\$ 35,709	\$ 100,572	\$ 136,281
Special transit fares - Contracts	71,052	104,855	175,907
Rent - EMS	15,285	37,800	53,085
Other:			
Sale of fuel to other departments	658	2,964	3,622
Charter service	-	116	116
Sale of vehicles	-	3,800	3,800
	<u> </u>	<u> </u>	<u> </u>
Total operating revenue	\$ 122,704	\$ 250,107	\$ 372,811
Operating Expenses			
Labor	\$ 348,986	\$ 660,277	\$ 1,009,263
Pension	38,169	84,911	123,080
Other fringe benefits	88,739	251,580	340,319
Advertising	-	210	210
Services	137,881	362,081	499,962
Materials and supplies consumed:			
Fuel and lubricants	63,249	161,068	224,317
Tires and tubes	2,523	27,959	30,482
Other materials and supplies	13,292	26,240	39,532
Utilities	22,064	40,574	62,638
Casualty and liability costs	-	1,546	1,546
Depreciation	61,171	185,552	246,723
Operating leases and rentals	10,590	5,878	16,468
Miscellaneous	22,587	62,159	84,746
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	809,251	1,870,035	2,679,286
Less Ineligible Expenses			
Revenue associated with fuel sold to other departments	658	2,964	3,622
Revenue associated with building rental	15,285	37,800	53,085
Association dues	143	-	143
Depreciation	61,171	185,552	246,723
U.S. DOT capital grant - Preventative maintenance Section 5307 (MI-90-X652)	101,207	155,755	256,962
OPEB revaluation (retiree healthcare):	(279)	-	(279)
State of MI capital grant - Preventative maintenance (PA # 2012-0118/P3)	24,407	36,871	61,278
CMAQ Pass-through - People's express	31,055	-	31,055
CMAQ Pass-through - People's express - Prior year	-	-	-
Grant reimbursed operation supplies (MI-90-X652 and 2012-0118/P3)	4,042	52	4,094
	<u> </u>	<u> </u>	<u> </u>
Total ineligible expenses	237,689	418,994	656,683
Total eligible expenses	\$ 571,562	\$ 1,451,041	\$ 2,022,603

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Revenue and Eligible and Ineligible Expenditures - JARC Year Ended September 30, 2013

	October 1, 2012 to December 31, 2012	January 1, 2013 to September 30, 2013	Total
Operating Revenue			
JARC passenger fares	\$ 2,593	\$ 6,584	\$ 9,177
U.S. DOT operating grant - JARC - Section 5316 ('13 &'14)	-	29,124	29,124
State of MI operating grant - JARC - Section 5316 ('13 &'14)	-	29,124	29,124
U.S. DOT operating grant - JARC - Section 5316 ('12)	9,708	-	9,708
State of MI operating grant - JARC - Section 5316 ('12)	9,708	-	9,708
U.S. DOT operating grant - JARC - Section 5316 ('11) payback	(3)	-	(3)
State of MI operating grant - JARC - Section 5316 ('11) payback	(3)	-	(3)
Total operating revenue	<u>\$ 22,003</u>	<u>\$ 64,832</u>	<u>\$ 86,835</u>
Operating Expenses			
Labor	\$ 14,857	\$ 36,329	\$ 51,186
Pension	730	2,534	3,264
Other fringe benefits	2,107	8,028	10,135
Advertising	-	110	110
Services	2,339	7,478	9,817
Materials and supplies consumed:			
Fuel and lubricants	1,549	5,104	6,653
Tires and tubes	62	850	912
Other materials and supplies	226	805	1,031
Utilities	486	1,308	1,794
Casualty and liability costs	-	35	35
Depreciation	2,616	7,845	10,461
Operating leases and rentals	530	1,959	2,489
Miscellaneous	174	108	282
Total operating expenses	25,676	72,493	98,169
Less Ineligible Expenses			
Depreciation	2,616	7,845	10,461
Farebox return	2,594	6,584	9,178
Total ineligible expenses	5,210	14,429	19,639
Total eligible expenses	<u>\$ 20,466</u>	<u>\$ 58,064</u>	<u>\$ 78,530</u>

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Annual OPEB Cost and Net OPEB Asset Years Ended September 30

	October 1 through September 30			
	2010	2011	2012	2013
Annual OPEB cost - Annual required contribution	\$ 29,526	\$ 31,826	\$ 20,953	\$ 30,135
Interest on the prior year's net OPEB asset	(1,429)	(2,806)	(2,976)	(2,507)
Less adjustment to the annual required contribution	-	112	227	(4,069)
Annual OPEB cost	28,097	29,132	18,204	23,559
Amounts contributed:				
Payments of current premiums	15,258	18,292	15,786	19,768
Contributions	29,526	12,905	1,865	-
Change in estimate	-	-	-	(10,158)
Total amounts contributed	44,784	31,197	17,651	19,768
Increase (decrease) in net OPEB asset	16,687	2,065	(553)	(3,791)
OPEB asset - Beginning of year	19,104	35,791	37,856	37,303
OPEB asset - End of year	<u>\$ 35,791</u>	<u>\$ 37,856</u>	<u>\$ 37,303</u>	<u>\$ 33,512</u>

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Property and Equipment Year Ended December 31, 2013

		Cost	Accumulated Depreciation	Total
Buildings and building improvements	Intermodel building	\$ 2,302,676	\$ 625,672	\$ 1,677,004
Vehicles and vehicle equipment:				
Grant MI-03-0189 Fed 5307 and 2002-0060 (state match)	One Eldorado National buses	88,074	88,074	-
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	141,822	-
Grant MI-03-0192 Fed 5309 (2003) and 2002-0060 Z11 (state match)	Two Eldorado National buses	153,048	153,048	-
Grant MI-03-0212 Fed 5309 (2004) and 2002-0060 Z11 (state match)	One Eldorado National bus	79,541	79,541	-
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	235,619	8,725
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	78,540	2,909
Grant MI 90-x453 Fed Sec 5307 and 2002-0060 Z15 (state match)	One Eldorado National bus	80,941	78,050	2,891
Grant MI 90-x453 Fed Sec 5307	One Eldorado National bus	79,161	76,334	2,827
Grant MI-030-0226 Fed Sec 5307 and 2002-0060 Z16 (state match)	One Eldorado National bus	79,161	76,334	2,827
Grant MI 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)	Bus backup cameras	13,585	13,585	-
Grant MI 90-x453 Fed Sec 5307 and 2002-0060 Z15 (state match)	Bus radios	1,855	1,855	-
Grant MI-03-0226 Fed 5309 (2005) and 2002-0060 Z16 (state match)	Bus washing system	19,168	11,022	8,146
Grant MI 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)	Surveillance system	14,250	8,075	6,175
State Match 2002-0060/Z15 \$8,825, 2002-0060-Z/19 \$3,784 LETS Funds \$6,460		68,810	37,682	31,128
Grant MI-96-X019 - ARRA (100% Federal Funds)	Three Eldorado National buses	229,603	120,268	109,335
Grant MI-96-X019 - ARRA (100% Federal Funds)	Three Dodge minivans	95,465	91,488	3,977
Grant MI-96-X019 - ARRA (100% Federal Funds) \$114,000 LETS Funds \$12,034				
Grant MI-37-X037 - JARC Section 5316 (state match 2007-0245/Z6)	One Eldorado National bus	125,910	65,953	59,957
Grant MI-96-X019 - ARRA (100% Fed Funds)	One Eldorado National bus	73,226	38,357	34,869
Grant MI-96-X019 - ARRA (100% Fed Funds)	PCTTRANS map software	31,800	11,483	20,317
Federal Grant #MI-90-X635 (\$18,855) and State Project Authorization 2007-0245/Z12 (\$4,400) balance from fares (\$314)	PCTTRANS map hardware	64,330	13,938	50,392
	2013 Ford 4x4 white	23,569	7,852	15,717
Total vehicles and vehicle equipment		1,789,112	1,428,920	360,192
Office furniture - Purchased with local funds		43,211	43,211	-
Total property and equipment		\$ 4,134,999	\$ 2,097,803	\$ 2,037,196

Livingston County, Michigan

Livingston Essential Transportation System Statistical Data - Public Transportation Mileage Data (Unaudited) Year Ended December 31, 2013

	Total Mileage	Passenger Trips
Demand - Response mileage data (unaudited):		
First quarter	188,560	36,473
Second quarter	188,645	36,645
Third quarter	183,590	34,163
Fourth quarter	178,740	34,754
Total	739,535	142,035

The methodology used for compiling miles has been reviewed and the recording method has been found to be adequate and reliable. LETS does not use the above information in the allocation of costs.

Livingston County, Michigan

Livingston Essential Transportation System Statistical Data - Financial Trends (Unaudited) Years Ended December 31

	2009	2010	2011	2012	2013
<u>Financial Position (Status of Assets, Liabilities, Deferred Inflows, and Equity)</u>					
General Fund:					
Unreserved fund balance compared to expenditures*	49.2%	56.9%	-	-	-
Unrestricted fund balance compared to expenditures*	-	-	61.8%	62.5%	67.3%
Current ratio (assets/liabilities, excluding deferred revenue and deferred inflows of revenues)	15.9	20.7	16.8	17.4	19.0
All governmental activities:					
Unreserved fund balance compared to expenditures	74.9%	78.9%	-	-	-
Unrestricted fund balance compared to expenditures*	-	-	54.7%	54.8%	51.7%
Current ratio (assets/liabilities, excluding deferred revenue and deferred inflows of revenues)	19.0	23.0	19.9	11.1	15.0
<u>Fiscal Capacity (Measures of Ability to Raise Revenue, Incur Debt, and Meet Obligations)</u>					
General Fund:					
Property taxes per capita (operating millage only)	\$ 157	\$ 150	\$ 141	\$ 136	\$ 137
Millage capacity (ability to levy additional taxes without a vote)	None	None	None	None	None
Expenditures per capita	\$ 211	\$ 208	\$ 200	\$ 199	\$ 195
Ratio of revenue compared to expenditures	1.09	1.06	1.05	1.01	1.09
All governmental activities:					
Total property taxes levied per capita (with extra voted mills)	\$ 170	\$ 166	\$ 156	\$ 150	\$ 150
County taxes paid per household	\$ 294	\$ 263	\$ 271	\$ 271	\$ 276
County taxes paid per household as a percentage of household income	0.408%	0.364%	0.376%	0.378%	0.382%
Taxable value (in 000s)	\$ 8,825,751	\$ 8,572,601	\$ 7,953,593	\$ 7,607,449	\$ 7,482,442
Annual change in taxable value	0.4%	-2.9%	-7.2%	-4.4%	-1.6%
State equalized value (SEV)	\$ 9,791,590	\$ 8,195,852	\$ 8,302,402	\$ 7,967,344	\$ 8,102,004
Annual change in SEV	14.7%	-16.3%	1.3%	-4.0%	1.7%
Debt information:					
County-funded debt per capita	\$ 66	\$ 57	\$ 45	\$ 85	\$ 76
Debt saturation (percent of debt limitation utilized)	1.0%	0.8%	0.6%	1.6%	1.5%

* The adoption of GASB Statement No. 54 has made the term "unreserved fund balance" obsolete. The term "unrestricted fund balance" will be used on this schedule beginning in 2011 and will represent committed, assigned, and unassigned fund balance.