
Livingston County, Michigan

**Financial Report
with Supplemental Information
December 31, 2019**

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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, 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, 2019 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 the Road Commission, which represents 68 percent, 75 percent, and 79 percent of the assets, net position, and revenue, respectively, of the aggregate discretely presented component units. 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 the 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. The 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.

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, 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, 2019 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the County Board of Commissioners
Livingston County, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, and the pension and OPEB schedules, as listed in the table of contents, 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 Service schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information and Livingston Essential Transportation Service schedules 1, 2, 3, 4, and 5 are the responsibility of management and were derived from and relate 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 and Livingston Essential Transportation Service schedules 1, 2, 3, 4, and 5 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Livingston Essential Transportation Service schedules 6 through 14 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 4, 2020 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.



June 4, 2020

Management's Discussion and Analysis

Our discussion and analysis of Livingston County, Michigan's (Livingston County or the "County") financial performance provides a narrative overview of the financial activities for the fiscal year ended December 31, 2019. The MD&A presents both current year and prior year financial information for comparative purposes. The information presented here 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, 2019:

- Livingston County's total assets and deferred outflows exceeded its liabilities and deferred inflows at fiscal year-end by \$174.4 million. Of this amount \$69.5 million is unrestricted and will be used to meet the County's ongoing obligations.
- In total, Livingston County's financial net position increased by \$371 thousand during fiscal year 2019. Net position of governmental activities decreased by \$484 thousand while the net position for business-type activities increased by \$855 thousand.
- The County's primary source of General Fund revenue is property taxes, representing 63 percent of total revenue. Property tax revenue increased in 2019 by 4.7 percent over 2018. Tax revenue is expected to continue to increase moderately in 2020 and 2021.
- Livingston County's fiscal year is the calendar year. Property taxes are levied in July which is a challenge since our largest revenue source is collected nine months into the fiscal year. To avoid cash flow concerns or having to borrow money for operations during the first three quarters of the year, \$17 million of fund balance has been assigned to cover operating requirements. This amount is expected to remain the same for fiscal year 2020.
- At the fund level, the balance sheet reports governmental fund balances of \$46.1 million, a 1.1 percent increase from the prior year.
- As of December 31, 2019, the total fund balance for the general fund was \$26,809,901. This represents an increase of \$2.489 million from the prior year. The increase can be attributed to higher than anticipated revenue including interest on investments, Register of Deeds transfer tax and charges for service, and housing revenue from federal inmates as well as lower than budget expenses that include vacancy savings, lower than anticipated costs for equipment, and unused contingency.

Using this Annual Report

This annual report consists of a series of government-wide financial statements designed to provide the reader with a broad overview of the County finances. 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, the Septage Receiving Station Fund, and the Jail Commissary 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.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

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, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 65,587	\$ 62,872	\$ 61,103	\$ 53,626	\$ 126,690	\$ 116,498
Capital assets	77,450	76,292	37,333	36,823	114,783	113,115
Total assets	143,037	139,164	98,436	90,449	241,473	229,613
Deferred Outflows of Resources						
Deferred charge on refunding	148	13	55	61	203	74
Deferred outflows related to pensions	13,682	16,040	1,281	1,321	14,963	17,361
Deferred outflows related to OPEB	1,122	4,066	116	406	1,238	4,472
Total deferred outflows of resources	14,952	20,119	1,452	1,788	16,404	21,907
Liabilities						
Current liabilities	9,824	8,647	1,463	1,117	11,287	9,764
Long-term liabilities	54,144	57,029	11,476	5,135	65,620	62,164
Total liabilities	63,968	65,676	12,939	6,252	76,907	71,928
Deferred Inflows of Resources						
Property taxes levied for the following year	3,747	3,573	-	-	3,747	3,573
Deferred inflows related to pensions	446	1,830	42	151	488	1,981
Deferred inflows related to OPEB	2,108	-	218	-	2,326	-
Total deferred inflows of resources	6,301	5,403	260	151	6,561	5,554
Net Position						
Net investment in capital assets	59,716	57,907	35,140	34,950	94,856	92,857
Restricted	10,032	11,912	36	-	10,068	11,912
Unrestricted	17,972	18,385	51,513	50,884	69,485	69,269
Total net position	<u>\$ 87,720</u>	<u>\$ 88,204</u>	<u>\$ 86,689</u>	<u>\$ 85,834</u>	<u>\$ 174,409</u>	<u>\$ 174,038</u>

The County's combined net position for both governmental and business-type activities totals \$174.4 million for fiscal year 2019 as compared to \$174.0 million for fiscal year 2018. This is an increase of \$371 thousand from 2018 to 2019.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in net position during the years ended December 31, 2019 and 2018 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue						
Program revenue:						
Charges for services	\$ 22,465	\$ 21,934	\$ 7,798	\$ 8,275	\$ 30,263	\$30,209
Operating grants and contributions	10,542	9,362	3,533	1,976	14,075	11,338
Capital grants and contributions	162	195	949	1,360	1,111	1,555
General revenue:						
Property taxes	34,330	32,844	-	-	34,330	32,844
State-shared revenue	5,087	4,526	-	-	5,087	4,526
Unrestricted investment income	1,175	1,032	1,311	850	2,486	1,882
Transfers and other revenue	1,720	1,501	(1,171)	(1,073)	549	428
Total revenue	75,481	71,394	12,420	11,388	87,901	82,782
Program Expenses						
General government	10,084	17,085	-	-	10,084	17,085
Public safety	43,865	37,162	-	-	43,865	37,162
Health and welfare	17,405	15,578	-	-	17,405	15,578
Community and economic development	4,048	3,033	-	-	4,048	3,033
Interest on long-term debt	563	485	-	-	563	485
Building and safety	-	-	3,177	2,647	3,177	2,647
Airport	-	-	1,878	1,923	1,878	1,923
Livingston Essential Transportation Services	-	-	4,561	3,615	4,561	3,615
Septage receiving station	-	-	1,781	1,604	1,781	1,604
Jail commissary	-	-	144	163	144	
Delinquent tax revolving funds	-	-	24	13	24	13
Total program expenses	75,965	73,343	11,565	9,965	87,530	83,145
Change in Net Position	\$ (484)	\$ (1,949)	\$ 855	\$ 1,423	\$ 371	\$ (363)

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, state-shared revenue, and charges for service.

The County's governmental activities resulted in a decrease in net position of \$484 thousand. The cost of providing services for governmental activities was \$76 million for fiscal year 2019. This is a 3.6 percent increase, or \$2.6 million, more than the cost of providing services in 2018. The increase can mainly be attributed a transfer from 911 Central Dispatch for the construction of the new 911 facility.

The County's total revenue generated from governmental activities increased by \$4 million, or a 5.7 percent increase from 2018 to 2019. The increase in governmental activities revenue in 2019 is attributed to an increase in property tax revenue, operating grants, charge for services and State-shared revenue.

Management's Discussion and Analysis (Continued)

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, Livingston Essential Transportation, Septage Receiving Station, Jail Commissary, and Tax Delinquent Revolving funds, the types of operations most similar to private businesses.

Business-type activities resulted in an overall change in net position of \$855 thousand in 2019. The cost of providing services for all business-type activities, with the exception of the Airport and Jail Commissary Fund increased from 2018 to 2019. A comparative analysis between fiscal years 2019 and 2018 shows that the cost of providing service for all business-type activities increased by more than 16 percent, or \$1.6 million

The Funds

Our analysis of the County's major funds begins on page 13, 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 Capital Replacement Fund. The other non-major 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.

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 activity is public safety which includes the sheriff departments, prosecuting attorney, emergency management, and the court system. The General Fund incurred expenditures of \$40.2 million in 2019. This was a 16.1 percent decrease from providing services in 2018. This decrease reflects a large onetime payment of \$9.55 million in 2018 to fund the County's pension liability. General Fund revenue was \$2.8 million more overall than in 2018. This increase can be attributed to property tax increase of \$1.39 million, charges for service increase of over \$308 thousand and federal inmate housing revenue of approximately \$384 thousand.

The EMS Fund is used to provide emergency medical response and is financed by a special tax levy (25 percent of total revenue), charges for services (70 percent of total revenue), and other sources (5 percent of total revenue). The cost of providing medical response services for 2019 was \$9.6 million. Fund balance in the EMS Fund increased by \$503 thousand from 2018. The EMS fund balance and operating costs will continue to be monitored in future years to ensure the County is able to provide services, equipment replacement, and acquiring technology to assist with improving service response time.

The Capital Replacement Fund is used for the acquisition of new equipment, the replacement of obsolete equipment, and building improvements. Capital replacements of approximately \$763 thousand took place in 2019 and included projects such as renovations to the historic courthouse to move register of deeds to the third and fourth floor, needs assessment for both sheriff and judicial center expansions, sheriff vehicle and equipment storage facility, and rooftop heating and cooling units for County buildings.

Budgetary Highlights

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

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

- Projected revenue and expenditures were adjusted to reflect actual receipts and/or spending.
- Increase in revenue to adjust for higher than expected interest revenue and higher allocation of local stabilization funds
- Increase in revenue for higher than anticipated federal prisoner housing and special event contract with Livingston Educational Services Agency.
- Increase in expenditures for Jail inmate medical contract to adjust for an increase based on CPI in line with contract terms
- Increase in revenue for collection in charges for service with the Clerk and Circuit Court Clerk office
- Decrease in expenditures to reduce and over appropriation of General Fund dollars to Child Care Fund

During the year, special revenue funds and enterprise funds budgets were amended as follows:

- Increase in revenue and expenses for Grant funded programs
- Increase in costs for the Veterans Services Department including a new vehicle and increase for legal fees
- Increase for the transfer out of 911 Central Dispatch to the construction fund for the new 911 dispatch facility.

Capital Asset and Debt Administration

At the end of 2019, the County had over \$114.7 million invested in a broad array of capital assets, including buildings, land, emergency response equipment, vehicles, etc. These assets are necessary to carry out the day-to-day operations of the County.

The County continues to sustain its excellent Aaa bond rating with Moody's. This rating allows the County to have lower interest payments and reduced costs for infrastructure improvements. This rating is an accomplishment and achieved through 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

The following are notable factors in the upcoming year for Livingston County:

- The Coronavirus global pandemic is expected to have a negative impact on the County's future operating costs and revenue. The full impact on the County operations cannot be estimated at this time. The County will proceed with extreme caution and prepare a conservative 2021 budget. A freeze on hiring and discretionary spending has already been put into place in anticipation of lost revenue.
- The 2020 general fund operating budget was approved at \$51.5 million, up \$1.5 million from the 2019 original operating budget. The budget has been amended and reduced by more than \$617 thousand due to reduced levels of charges for service and anticipated reduction in state revenue due to the Covid 19 pandemic.

Management's Discussion and Analysis (Continued)

- The County has reaffirmed its Aaa credit rating from Moody's
- Livingston County's millage for the 2019 Fiscal Year was reduced from 3.7125 to 3.6789 mills
- Taxable values have increased to \$9.8 billion
- Property tax revenue accounts for more than 63 percent of the County's general fund revenue. With so much unknown with the current Covid 19 situation the County will be more conservative than usual when estimating property tax revenue in 2020 and 2021.
- Rental income from housing federal prisoners is being monitored closely. The Covid 19 pandemic has resulted in less federal prisoners being housed in our Jail.
- Charges for Service have declined in most areas as the County complies with the Governor's Executive Order to shelter in place and offered a very limited level of service.
- Further, the cost for employee benefits have fluctuated and are continuously monitored. The costs include the following:

Pension

- The County was 72.8% funded as of the measurement date of December 31, 2018
- All defined benefit plans are closed. A hybrid pension plan offering both a defined benefit and a defined contribution plan is offered to new hires in the nonunion, court, and sheriff union employee groups. The paramedics and dispatcher union offer a defined contribution plan.
- An additional payment to reduce the unfunded pension liability in the amount of \$500 thousand was made in 2019

Health care

- Healthcare claims for active employees and retirees decreased by 3.83% in 2019 over the prior year
- All full-time employees are responsible for either 10-20 percent of a PP04 plan premium depending on date of hire. Nonunion employees hired after June 31, 2009 pay 20 percent of the plan premium or now have the option to elect a high deductible plan with no employee monthly contribution required.
- Retiree healthcare defined benefit plans are now closed for all employee groups.
- The County is paying of 50% of the retiree claims after retiree contributions. The remaining 50% is reimbursed to the County from the retiree healthcare trust.
- The retiree healthcare liability was calculated by an actuarial firm and based on the new GASB 75 requirements used a discount rate of 6.25 percent. The assumptions used as well as market returns at the December 31, 2019 date of measurement now show the County to be 102.1% funded.
- Livingston County will continue to proceed with caution when making budgetary and financial decisions to ensure its history of sound financial performance.

Management's Discussion and Analysis (Continued)

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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 2)	\$ 51,549,607	\$ 47,931,149	\$ 99,480,756	\$ 30,803,822
Receivables:				
Taxes	4,707,851	3,953,956	8,661,807	-
Leases receivable from local units	-	-	-	22,740,961
Accounts	3,827,639	221,258	4,048,897	-
Accrued interest receivable	122,817	296,575	419,392	177,074
Other receivables	61,859	-	61,859	-
Due from other governments	3,883,701	994,904	4,878,605	5,042,707
Delinquent taxes interest and fees - Net of allowance	-	1,466,101	1,466,101	-
Special assessments receivables	-	-	-	5,143,624
Internal balances (Note 4)	56,885	(56,885)	-	-
Inventories	13,942	66,170	80,112	1,281,272
Prepaid costs and other assets	1,009,097	3,544	1,012,641	500
Restricted assets	-	5,964,972	5,964,972	333,426
Advances to component units (Note 4)	-	224,340	224,340	-
Net OPEB asset (Note 9)	352,879	36,496	389,375	17,324
Capital assets: (Note 3)				
Assets not subject to depreciation	10,481,205	13,384,629	23,865,834	31,274,093
Assets subject to depreciation - Net	66,969,514	23,948,779	90,918,293	173,373,614
Total assets	143,036,996	98,435,988	241,472,984	270,188,417
Deferred Outflows of Resources				
Deferred charges on bond refunding	147,735	54,934	202,669	450,641
Deferred pension costs (Note 8)	13,681,630	1,281,063	14,962,693	2,964,693
Deferred OPEB costs (Note 9)	1,122,627	116,110	1,238,737	2,366,357
Total deferred outflows of resources	14,951,992	1,452,107	16,404,099	5,781,691
Liabilities				
Accounts payable	2,394,355	707,658	3,102,013	1,416,487
Due to other governmental units	12,065	29,869	41,934	233,884
Accrued liabilities and other	2,828,460	543,731	3,372,191	777,604
Unearned revenue	593,496	3,333	596,829	725,471
Advances from primary government (Note 4)	-	-	-	224,340
Noncurrent liabilities:				
Due within one year: (Note 5)				
Compensated absences (Note 5)	2,220,011	-	2,220,011	420,574
Current portion of bonds and contracts payable (Note 5)	1,775,125	179,170	1,954,295	5,417,925
Due in more than one year:				
Compensated absences (Note 5)	446,501	-	446,501	-
Net pension liability (Note 8)	36,066,839	3,377,075	39,443,914	8,264,802
Net OPEB liability (Note 9)	-	-	-	6,241,110
Long-term debt (Note 5)	17,630,878	8,033,888	25,664,766	22,100,180
Other noncurrent liabilities	-	64,767	64,767	-
Total liabilities	63,967,730	12,939,491	76,907,221	45,822,377
Deferred Inflows of Resources				
Property taxes levied for the following year	3,747,347	-	3,747,347	-
Deferred pension cost reductions (Note 8)	445,796	41,739	487,535	267,082
Deferred OPEB cost reductions (Note 9)	2,107,536	217,973	2,325,509	192,195
Total deferred inflows of resources	6,300,679	259,712	6,560,391	459,277

See notes to financial statements.

Livingston County, Michigan

Statement of Net Position (Continued)

December 31, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 59,715,764	\$ 35,140,256	\$ 94,856,020	\$ 183,263,891
Restricted:				
General government expense	2,174,536	-	2,174,536	-
Court systems expense	2,806,950	-	2,806,950	-
Public safety expense	3,026,165	-	3,026,165	-
Health and welfare expense	1,672,272	-	1,672,272	-
Foundation nonexpendable	-	-	-	293,379
County roads	-	-	-	14,707,377
Retiree Healthcare	352,879	36,496	389,375	17,324
Unrestricted	17,972,013	51,512,140	69,484,153	31,406,483
Total net position	\$ 87,720,579	\$ 86,688,892	\$ 174,409,471	\$ 229,688,454

Livingston County, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,083,842	\$ 762,363	\$ 617,522	\$ -
Public safety	43,864,870	11,339,448	4,652,115	162,485
Health and welfare	17,405,215	8,777,655	3,458,994	-
Economic development	4,047,637	1,585,408	1,813,038	-
Interest on long-term debt	562,570	-	-	-
Total governmental activities	75,964,134	22,464,874	10,541,669	162,485
Business-type activities:				
Airport Fund	1,877,938	1,483,318	-	34,055
Delinquent Tax Revolving Fund	23,814	1,226,609	-	-
Septage Receiving Station Fund	1,781,472	2,343,040	5,647	-
Livingston Essential Transportation Service Fund	4,561,159	364,643	3,525,914	915,427
Building and Safety Fund	3,176,724	2,263,486	-	-
Jail Commissary Fund	144,545	116,948	1,889	-
Total business-type activities	11,565,652	7,798,044	3,533,450	949,482
Total primary government	\$ 87,529,786	\$ 30,262,918	\$ 14,075,119	\$ 1,111,967
Component units:				
Drain Commission	\$ 2,653,899	\$ 1,414,842	\$ 3,951,852	\$ 338,966
Department of Public Works	3,890,943	3,543,901	73,000	394,495
Road Commission	23,669,728	-	-	33,867,102
Livingston County Foundation	6,475	16,419	-	-
Total component units	\$ 30,221,045	\$ 4,975,162	\$ 4,024,852	\$ 34,600,563
General revenue:				
Taxes				
Unrestricted state-shared revenue:				
State-shared revenue				
Local community stabilization authority				
Unrestricted investment income				
(Loss) gain on sale of capital assets				
Unrestricted investment income				
Other miscellaneous income				
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, 2019

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (8,703,957)	\$ -	\$ (8,703,957)	\$ -
(27,710,822)	-	(27,710,822)	-
(5,168,566)	-	(5,168,566)	-
(649,191)	-	(649,191)	-
(562,570)	-	(562,570)	-
(42,795,106)	-	(42,795,106)	-
-	(360,565)	(360,565)	-
-	1,202,795	1,202,795	-
-	567,215	567,215	-
-	244,825	244,825	-
-	(913,238)	(913,238)	-
-	(25,708)	(25,708)	-
-	715,324	715,324	-
(42,795,106)	715,324	(42,079,782)	-
-	-	-	3,051,761
-	-	-	120,453
-	-	-	10,197,374
-	-	-	9,944
-	-	-	13,379,532
34,329,744	-	34,329,744	-
4,128,312	-	4,128,312	-
958,536	-	958,536	-
-	-	-	678,612
-	(277)	(277)	227,977
1,175,041	1,310,817	2,485,858	-
478,882	69,696	548,578	3,338,476
41,070,515	1,380,236	42,450,751	4,245,065
1,240,743	(1,240,743)	-	-
(483,848)	854,817	370,969	17,624,597
88,204,427	85,834,075	174,038,502	212,063,857
\$ 87,720,579	\$ 86,688,892	\$ 174,409,471	\$ 229,688,454

Livingston County, Michigan

Governmental Funds Balance Sheet

December 31, 2019

	General Fund	EMS Fund	Capital Replacement Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 2)	\$ 26,703,379	\$ 256,588	\$ 8,398,205	\$ 9,735,671	\$ 45,093,843
Receivables:					
Taxes	960,503	2,701,716	-	1,045,632	4,707,851
Accounts	280,881	1,318,615	-	1,670,157	3,269,653
Accrued interest receivable	76,928	-	20,711	25,178	122,817
Other receivables	-	-	-	61,859	61,859
Due from other governments	2,591,897	37,466	-	1,254,338	3,883,701
Due from other funds (Note 4)	126,050	-	-	-	126,050
Advances to other funds (Note 4)	36,304	-	-	-	36,304
Prepaid costs and other assets	576,158	-	13,527	27,849	617,534
	\$ 31,352,100	\$ 4,314,385	\$ 8,432,443	\$ 13,820,684	\$ 57,919,612
Total assets					
Liabilities					
Accounts payable	\$ 749,260	\$ 60,639	\$ -	\$ 1,142,141	\$ 1,952,040
Due to other governmental units	10,320	-	-	1,745	12,065
Due to other funds (Note 4)	-	-	-	69,165	69,165
Advances from other funds (Note 4)	-	-	-	36,304	36,304
Accrued liabilities and other	1,195,878	220,532	-	352,298	1,768,708
Unearned revenue	-	-	-	593,496	593,496
	1,955,458	281,171	-	2,195,149	4,431,778
Total liabilities					
Deferred Inflows of Resources					
Unavailable revenue	2,586,741	483,591	-	536,632	3,606,964
Property taxes levied for the following year	-	2,701,715	-	1,045,632	3,747,347
	2,586,741	3,185,306	-	1,582,264	7,354,311
Total deferred inflows of resources					
Fund Balances (Note 6)					
Nonspendable	612,462	-	-	27,849	640,311
Restricted	-	-	-	9,164,706	9,164,706
Committed	-	-	-	1,412	1,412
Assigned	17,000,000	847,908	8,432,443	989,057	27,269,408
Unassigned	9,197,439	-	-	(139,753)	9,057,686
	26,809,901	847,908	8,432,443	10,043,271	46,133,523
Total fund balances					
Total liabilities, deferred inflows of resources, and fund balances	\$ 31,352,100	\$ 4,314,385	\$ 8,432,443	\$ 13,820,684	\$ 57,919,612

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

December 31, 2019

Fund Balances Reported in Governmental Funds	\$ 46,133,523
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	74,337,709
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	3,606,964
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(19,323,366)
Unamortized bond premiums are not reported in the funds	(82,637)
Deferred charges on bond refunding are amortized over the related bond terms and are not reported in the funds	147,735
Accrued interest is not due and payable in the current period and is not reported in the funds	(37,359)
Some employee fringe benefits 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:	
Employee compensated absences	(2,666,512)
Net pension liabilities and related deferred outflows and inflows	(21,406,770)
Net OPEB asset and related deferred outflows and inflows	(590,641)
The amounts on deposit with insurance administrator are also reported only at the government-wide level net of self-insurance reserves	402,347
Internal service funds are included as part of governmental activities	<u>7,199,586</u>
Net Position of Governmental Activities	<u><u>\$ 87,720,579</u></u>

Livingston County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2019

	General Fund	EMS Fund	Capital Replacement Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 30,710,421	\$ 2,593,712	\$ -	\$ 997,778	\$ 34,301,911
Intergovernmental:					
Federal sources	51,501	-	-	3,557,114	3,608,615
State sources	6,084,618	37,466	-	4,116,430	10,238,514
Local grants and contributions	27,578	-	-	91,079	118,657
Charges for services	6,325,968	7,144,982	-	5,362,703	18,833,653
Fines and forfeitures	372,180	-	-	-	372,180
Licenses and permits	474,562	-	-	953,151	1,427,713
Interest and rentals:					
Interest earned	765,636	12,162	227,236	170,007	1,175,041
Rental income	2,194,948	325,477	-	-	2,520,425
Other revenue	1,298,037	78,398	-	383,909	1,760,344
Total revenue	48,305,449	10,192,197	227,236	15,632,171	74,357,053
Expenditures					
Current services:					
General government	6,283,875	-	-	1,612,990	7,896,865
Court systems	9,807,552	-	-	6,712,700	16,520,252
Public safety	19,343,971	-	-	4,929,073	24,273,044
Health and welfare	1,453,635	9,562,082	-	4,746,232	15,761,949
Economic development	3,365,616	-	-	189,988	3,555,604
Capital outlay	-	-	763,124	4,474,856	5,237,980
Debt service:					
Principal	-	-	-	1,395,000	1,395,000
Interest and fiscal charges	-	-	-	575,294	575,294
Total expenditures	40,254,649	9,562,082	763,124	24,636,133	75,215,988
Excess of Revenue Over (Under)					
Expenditures	8,050,800	630,115	(535,888)	(9,003,962)	(858,935)
Other Financing Sources (Uses)					
Transfers in (Note 4)	223,324	400,000	850,000	9,863,132	11,336,456
Transfers out (Note 4)	(5,784,190)	(527,138)	-	(3,784,385)	(10,095,713)
New debt issued	-	-	-	10,750,000	10,750,000
Payment to bond refunding escrow agent	-	-	-	(10,602,098)	(10,602,098)
Total other financing (uses) sources	(5,560,866)	(127,138)	850,000	6,226,649	1,388,645
Net Change in Fund Balances	2,489,934	502,977	314,112	(2,777,313)	529,710
Fund Balances - Beginning of year	24,319,967	344,931	8,118,331	12,820,584	45,603,813
Fund Balances - End of year	<u>\$ 26,809,901</u>	<u>\$ 847,908</u>	<u>\$ 8,432,443</u>	<u>\$ 10,043,271</u>	<u>\$ 46,133,523</u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended December 31, 2019

Net Change in Fund Balances Reported in Governmental Funds	\$	529,710
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		5,513,556
Depreciation expense		(3,443,031)
Net book value of assets disposed of		(715,227)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		(91,934)
Decrease in net self-insurance asset is recorded as an increase of expense on the statement of activities		(332,817)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position		(10,750,000)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		11,590,000
The increase in deferred charges due to bond refundings are recognized in the statement of activities		143,467
Deferred charges on bond refundings are amortized as a component of interest expense in the statement of activities		(8,679)
Bond premiums are amortized as a component of interest expense in the statement of activities		283,185
The change in landfill postclosure and other long term liabilities does not require the use of current resources and is not reported in the governmental funds		(1,121,358)
Change in accrued interest payable and other		1,850
The change in the net pension liability and related deferred outflows/inflows does not require the use of current resources and is not reported in the governmental funds		(2,628,457)
The change in the net OPEB asset and related deferred outflows/inflows does not require the use of current resources and is not reported in the governmental funds		(312,478)
Decrease in accumulated employee sick and vacation pay is recorded when earned in the statement of activities		62,413
Internal service funds are included as part of governmental activities		795,952
Change in Net Position of Governmental Activities	\$	<u>(483,848)</u>

Livingston County, Michigan

	Enterprise Funds			
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station Fund	Livingston Essential Transportation Service Fund
Assets				
Current assets:				
Cash and investments (Note 2)	\$ 542,346	\$ 36,312,177	\$ 3,849,920	\$ -
Receivables:				
Taxes	-	3,953,956	-	-
Accounts	165,948	-	1,500	38,316
Accrued interest receivable	350	244,306	22,021	-
Due from other governments	11,124	240,672	1,808	741,300
Delinquent taxes interest and fees - Net of allowance	-	1,466,101	-	-
Inventories	44,033	-	-	22,137
Prepaid costs and other assets	-	-	-	3,544
Total current assets	763,801	42,217,212	3,875,249	805,297
Noncurrent assets:				
Restricted assets (Note 3)	-	-	5,964,972	-
Advances to other funds (Note 4)	-	1,940,266	-	-
Advances to component units (Note 4)	-	224,340	-	-
Net OPEB asset (Note 9)	1,937	-	542	14,716
Capital assets - Net (Note 3)	29,997,532	-	3,185,679	3,213,362
Total noncurrent assets	29,999,469	2,164,606	9,151,193	3,228,078
Total assets	30,763,270	44,381,818	13,026,442	4,033,375
Deferred Outflows of Resources				
Deferred charges on bond refunding	-	-	54,934	-
Deferred pension costs (Note 8)	74,696	-	21,402	532,870
Deferred OPEB costs (Note 9)	6,160	-	1,725	46,820
Total deferred outflows of resources	80,856	-	78,061	579,690
Liabilities				
Current liabilities:				
Accounts payable	31,634	-	468,363	137,675
Due to other governmental units	12,751	17,118	-	-
Due to other funds (Note 4)	-	-	-	56,885
Accrued liabilities and other liabilities	145,888	-	41,966	176,485
Unearned revenue	-	-	-	-
Current portion of bonds and contracts payable (Note 5)	-	-	179,170	-
Total current liabilities	190,273	17,118	689,499	371,045
Noncurrent liabilities:				
Advances from other funds (Note 4)	1,940,266	-	-	-
Net pension liability (Note 8)	196,910	-	56,419	1,404,725
Long-term debt (Note 5)	-	-	8,033,888	-
Other noncurrent liabilities	64,767	-	-	-
Total noncurrent liabilities	2,201,943	-	8,090,307	1,404,725
Total liabilities	2,392,216	17,118	8,779,806	1,775,770
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 8)	2,433	-	697	17,363
Deferred OPEB cost reductions (Note 9)	11,565	-	3,237	87,896
Total deferred inflows of resources	13,998	-	3,934	105,259
Net Position				
Net investment in capital assets	29,997,532	-	992,527	3,213,362
Restricted - Retiree Healthcare	1,937	-	542	14,716
Unrestricted	(1,561,557)	44,364,700	3,327,694	(496,042)
Total net position	\$ 28,437,912	\$ 44,364,700	\$ 4,320,763	\$ 2,732,036

Proprietary Funds
Statement of Net Position

December 31, 2019

Enterprise Funds			Governmental Activities
Building and Safety Fund	Nonmajor Enterprise Fund - Jail Commissary	Total Enterprise Funds	Internal Service Funds
\$ 6,898,826	\$ 327,880	\$ 47,931,149	\$ 5,720,198
-	-	3,953,956	-
-	15,494	221,258	557,986
29,569	329	296,575	-
-	-	994,904	-
-	-	1,466,101	-
-	-	66,170	13,942
-	-	3,544	391,563
<u>6,928,395</u>	<u>343,703</u>	<u>54,933,657</u>	<u>6,683,689</u>
-	-	5,964,972	-
-	-	1,940,266	-
-	-	224,340	-
18,811	490	36,496	23,110
<u>936,835</u>	<u>-</u>	<u>37,333,408</u>	<u>3,113,010</u>
<u>955,646</u>	<u>490</u>	<u>45,499,482</u>	<u>3,136,120</u>
7,884,041	344,193	100,433,139	9,819,809
-	-	54,934	-
652,095	-	1,281,063	853,484
<u>59,847</u>	<u>1,558</u>	<u>116,110</u>	<u>73,518</u>
711,942	1,558	1,452,107	927,002
48,659	21,327	707,658	442,315
-	-	29,869	-
-	-	56,885	-
175,402	3,990	543,731	689,174
3,333	-	3,333	-
-	-	179,170	-
<u>227,394</u>	<u>25,317</u>	<u>1,520,646</u>	<u>1,131,489</u>
-	-	1,940,266	-
1,719,021	-	3,377,075	2,249,912
-	-	8,033,888	-
-	-	64,767	-
<u>1,719,021</u>	<u>-</u>	<u>13,415,996</u>	<u>2,249,912</u>
1,946,415	25,317	14,936,642	3,381,401
21,246	-	41,739	27,807
<u>112,351</u>	<u>2,924</u>	<u>217,973</u>	<u>138,017</u>
<u>133,597</u>	<u>2,924</u>	<u>259,712</u>	<u>165,824</u>
936,835	-	35,140,256	3,113,010
18,811	490	36,496	23,110
<u>5,560,325</u>	<u>317,020</u>	<u>51,512,140</u>	<u>4,063,466</u>
<u>\$ 6,515,971</u>	<u>\$ 317,510</u>	<u>\$ 86,688,892</u>	<u>\$ 7,199,586</u>

Livingston County, Michigan

	Enterprise Funds			
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station Fund	Livingston Essential Transportation Service Fund
Operating Revenue				
Charges for services	\$ 1,483,318	\$ 328,940	\$ 2,336,800	\$ 364,643
Interest and penalty charges	-	873,849	-	-
Other revenue	-	23,820	6,240	-
Operating grants	-	-	5,647	-
Total operating revenue	1,483,318	1,226,609	2,348,687	364,643
Operating Expenses				
Personnel	293,698	-	73,962	2,782,793
Operating	932,461	-	-	941,119
Other expenses	-	23,814	1,410,263	401,203
Depreciation	586,571	-	132,147	436,044
Total operating expenses	1,812,730	23,814	1,616,372	4,561,159
Operating (Loss) Income	(329,412)	1,202,795	732,315	(4,196,516)
Nonoperating Revenue (Expense)				
Interest earnings	4,514	1,044,421	91,854	-
Interest expense	(65,208)	-	(165,100)	-
Gain on sale of assets	-	-	-	(277)
Federal and state operating subsidies	-	-	-	3,525,914
Other nonoperating general revenue	12,176	-	-	57,520
Total nonoperating (expense) revenue	(48,518)	1,044,421	(73,246)	3,583,157
(Loss) Income - Before contributions and transfers	(377,930)	2,247,216	659,069	(613,359)
Capital Contributions - Capital grants	34,055	-	-	915,427
Transfers In	-	-	-	50,000
Transfers Out (Note 4)	-	(1,290,743)	-	-
Change in Net Position	(343,875)	956,473	659,069	352,068
Net Position - Beginning of year	28,781,787	43,408,227	3,661,694	2,379,968
Net Position - End of year	\$ 28,437,912	\$ 44,364,700	\$ 4,320,763	\$ 2,732,036

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2019

Enterprise Funds			Governmental Activities
Building and Safety Fund	Nonmajor Enterprise Fund - Jail Commissary	Total Enterprise Funds	Internal Service Funds
\$ 2,263,486	\$ 116,948	\$ 6,894,135	\$ 19,221,613
-	-	873,849	-
-	-	30,060	-
-	-	5,647	-
2,263,486	116,948	7,803,691	19,221,613
2,506,947	54,157	5,711,557	13,709,074
609,805	90,388	2,573,773	4,077,830
-	-	1,835,280	-
59,972	-	1,214,734	682,648
3,176,724	144,545	11,335,344	18,469,552
(913,238)	(27,597)	(3,531,653)	752,061
164,063	5,965	1,310,817	-
-	-	(230,308)	-
-	-	(277)	43,891
-	1,889	3,527,803	-
-	-	69,696	-
164,063	7,854	4,677,731	43,891
(749,175)	(19,743)	1,146,078	795,952
-	-	949,482	-
-	-	50,000	-
-	-	(1,290,743)	-
(749,175)	(19,743)	854,817	795,952
7,265,146	337,253	85,834,075	6,403,634
\$ 6,515,971	\$ 317,510	\$ 86,688,892	\$ 7,199,586

Livingston County, Michigan

	Enterprise Funds			
	Airport Fund	Delinquent Tax Revolving Fund	Septage Receiving Station Fund	Livingston Essential Transportation Service Fund
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,423,274	\$ 9,524,631	\$ 2,341,540	\$ 327,727
Receipts from interfund services and reimbursements	-	-	-	-
Payments to suppliers	(941,975)	(27,362)	(1,226,427)	(1,260,018)
Payments to employees and fringes	(278,406)	-	(65,434)	(2,530,779)
Settlement of delinquent taxes	-	(8,306,552)	-	-
Receipt from state operating grant	-	-	76,223	-
Net cash and cash equivalents provided by (used in) operating activities	202,893	1,190,717	1,125,902	(3,463,070)
Cash Flows from Noncapital Financing Activities				
Federal and state operating subsidies	-	-	-	3,525,914
Transfers from other funds	-	-	-	50,000
Repayments of loans made to other funds	-	427,571	-	-
Transfers to other funds	-	(1,290,743)	-	-
Repayments of loans from other funds	(100,882)	-	(331,742)	(268,071)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(100,882)	(863,172)	(331,742)	3,307,843
Cash Flows from Capital and Related Financing Activities				
Issuance of bonds	-	-	6,447,477	-
Receipt of capital grants and other contributions	34,055	-	-	1,064,935
Easement proceeds	12,176	-	-	-
Proceeds from sale of capital assets	-	-	-	5,719
Purchase of capital assets	(35,848)	-	(674,374)	(915,427)
Principal and interest paid on capital debt	(68,953)	-	(296,230)	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(58,570)	-	5,476,873	155,227
Cash Flows from Investing Activities				
Interest received on investments	4,218	1,008,543	83,659	-
Purchases of investment securities	-	(534,992)	(6,110,984)	-
Net cash and cash equivalents provided by (used in) investing activities	4,218	473,551	(6,027,325)	-
Net Increase in Cash and Cash Equivalents	47,659	801,096	243,708	-
Cash and Cash Equivalents - Beginning of year	294,687	174,789	616,700	-
Cash and Cash Equivalents - End of year	\$ 342,346	\$ 975,885	\$ 860,408	\$ -
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 542,346	\$ 36,312,177	\$ 3,849,920	\$ -
Less amounts classified as investments	(200,000)	(35,336,292)	(2,989,512)	-
Total cash and cash equivalents	\$ 342,346	\$ 975,885	\$ 860,408	\$ -
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (329,412)	\$ 1,202,795	\$ 732,315	\$ (4,196,516)
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	586,571	-	132,147	436,044
Changes in assets and liabilities:				
Receivables	(60,044)	(8,530)	(1,500)	(36,916)
Due to and from other funds	-	-	-	-
Inventories	(9,827)	-	-	(4,105)
Prepaid and other assets	-	-	-	(1,457)
Accounts payable	313	(3,548)	183,836	87,866
Net pension or OPEB liability	(12,111)	-	1,393	89,923
Deferrals related to pension or OPEB	32,197	-	7,258	159,936
Accrued and other liabilities	(4,794)	-	(123)	2,155
Operating grant receivables	-	-	70,576	-
Net cash and cash equivalents provided by (used in) operating activities	\$ 202,893	\$ 1,190,717	\$ 1,125,902	\$ (3,463,070)
Significant Noncash Transactions - Increase in capital assets from an increase in contract retainage	\$ -	\$ -	\$ 31,174	\$ -

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2019

Enterprise Funds			Governmental Activities	
Building and Safety Fund	Nonmajor Enterprise Fund - Jail Commissary	Total Enterprise Funds	Internal Service Funds	
\$ 2,263,486	\$ 112,917	\$ 15,993,575	\$ 170,858	
-	-	-	19,259,216	
(652,420)	(87,907)	(4,196,109)	(3,767,332)	
(2,263,766)	(50,366)	(5,188,751)	(13,220,396)	
-	-	(8,306,552)	-	
-	-	76,223	-	
(652,700)	(25,356)	(1,621,614)	2,442,346	
-	1,889	3,527,803	-	
-	-	50,000	-	
-	-	427,571	-	
-	-	(1,290,743)	-	
-	-	(700,695)	-	
-	1,889	2,013,936	-	
-	-	6,447,477	-	
-	-	1,098,990	-	
-	-	12,176	-	
-	-	5,719	43,891	
(74,002)	-	(1,699,651)	(484,780)	
-	-	(365,183)	-	
(74,002)	-	5,499,528	(440,889)	
198,191	6,297	1,300,908	-	
679,220	153,000	(5,813,756)	-	
877,411	159,297	(4,512,848)	-	
150,709	135,830	1,379,002	2,001,457	
87,877	34,550	1,208,603	3,718,741	
\$ 238,586	\$ 170,380	\$ 2,587,605	\$ 5,720,198	
6,898,826	327,880	47,931,149	5,720,198	
(6,660,240)	(157,500)	(45,343,544)	-	
\$ 238,586	\$ 170,380	\$ 2,587,605	\$ 5,720,198	
\$ (913,238)	\$ (27,597)	\$ (3,531,653)	\$ 752,061	
59,972	-	1,214,734	682,648	
-	(4,031)	(111,021)	41,565	
-	-	-	166,896	
-	-	(13,932)	119,629	
-	-	(1,457)	196,859	
(42,615)	2,481	228,333	(5,990)	
7,713	(490)	86,428	(172,473)	
237,934	1,366	438,691	386,169	
(2,466)	2,915	(2,313)	274,982	
-	-	70,576	-	
\$ (652,700)	\$ (25,356)	\$ (1,621,614)	\$ 2,442,346	
\$ -	\$ -	\$ 31,174	\$ -	

Livingston County, Michigan

Fiduciary Funds Statement of Fiduciary Net Position

December 31, 2019

	Other Employee Benefits Trust Fund	Agency Funds
Assets		
Cash and cash equivalents (Note 2)	\$ 371,688	\$ 5,014,577
Investments: (Note 2)		
Mutual funds	516,927	-
U.S. government securities	3,395,261	-
Corporate bonds	2,260,680	-
Equities	13,059,124	-
Accrued interest and other receivables	-	14,094
	<u>19,603,680</u>	<u>\$ 5,028,671</u>
Total assets		
Liabilities		
Accounts payable	86,997	\$ -
Due to other governmental units	-	1,824,630
Accrued liabilities and other	-	3,204,041
	<u>86,997</u>	<u>\$ 5,028,671</u>
Total liabilities		
Net Position Held in Trust for Other Employee Benefits	<u>\$ 19,516,683</u>	

Livingston County, Michigan

Fiduciary Funds
Statement of Changes in Fiduciary Net Position - Other Employee Benefits
Trust Fund

Year Ended December 31, 2019

Additions

Investment income (loss):	
Interest and dividends	\$ 431,757
Net increase in fair value of investments	2,988,807
Investment-related expenses	<u>(190,486)</u>

Total investment income 3,230,078

Contributions 431,480

Deductions - Benefit payments 862,960

Net Increase in Net Position Held in Trust 2,798,598

Net Position Held in Trust for Other Employee Benefits - Beginning of year 16,718,085

Net Position Held in Trust for Other Employee Benefits - End of year \$ 19,516,683

Livingston County, Michigan

Component Units Statement of Net Position

December 31, 2019

	Drain Commission	Department of Public Works	Road Commission	Livingston County Foundation	Total
Assets					
Cash and investments (Note 2)	\$ 6,435,372	\$ 4,830,741	\$ 19,218,048	\$ 319,661	\$ 30,803,822
Receivables:					
Leases receivable from local units	1,705,000	21,035,961	-	-	22,740,961
Accrued interest receivable	65,881	111,193	-	-	177,074
Due from other governments	32,809	281,651	4,728,247	-	5,042,707
Special assessments receivables	5,143,624	-	-	-	5,143,624
Inventories	-	-	1,281,272	-	1,281,272
Prepaid costs and other assets	500	-	-	-	500
Restricted assets (Note 12)	-	40,047	-	293,379	333,426
Net OPEB asset (Note 9)	16,445	879	-	-	17,324
Capital assets - Net (Note 3)	5,695,342	40,400,195	158,552,170	-	204,647,707
Total assets	19,094,973	66,700,667	183,779,737	613,040	270,188,417
Deferred Outflows of Resources					
Deferred charges on bond refunding	-	450,641	-	-	450,641
Deferred pension costs (Note 8)	586,068	31,655	2,346,970	-	2,964,693
Deferred OPEB costs (Note 9)	52,319	2,797	2,311,241	-	2,366,357
Total deferred outflows of resources	638,387	485,093	4,658,211	-	5,781,691
Liabilities					
Accounts payable	267,696	194,189	954,602	-	1,416,487
Due to other governmental units	233,884	-	-	-	233,884
Accrued liabilities and other	56,025	131,535	590,044	-	777,604
Unearned revenue	725,471	-	-	-	725,471
Advances from primary government (Note 4)	224,340	-	-	-	224,340
Noncurrent liabilities:					
Due within one year:					
Compensated absences (Note 5)	-	-	420,574	-	420,574
Current portion of bonds and contracts payable (Note 5)	2,308,620	3,109,305	-	-	5,417,925
Due in more than one year:					
Net pension liability (Note 8)	1,544,963	83,448	6,636,391	-	8,264,802
Net OPEB liability (Note 9)	-	-	6,241,110	-	6,241,110
Long-term debt (Note 5)	3,375,028	18,725,152	-	-	22,100,180
Total liabilities	8,736,027	22,243,629	14,842,721	-	45,822,377
Deferred Inflows of Resources					
Deferred pension cost reductions (Note 8)	19,096	1,031	246,955	-	267,082
Deferred OPEB cost reductions (Note 9)	98,220	5,250	88,725	-	192,195
Total deferred inflows of resources	117,316	6,281	335,680	-	459,277
Net Position					
Net investment in capital assets	5,695,342	19,016,379	158,552,170	-	183,263,891
Restricted:					
Foundation nonexpendable County roads	-	-	-	293,379	293,379
County roads	-	-	14,707,377	-	14,707,377
Retiree Healthcare	16,445	879	-	-	17,324
Unrestricted	5,168,230	25,918,592	-	319,661	31,406,483
Total net position	\$ 10,880,017	\$ 44,935,850	\$ 173,259,547	\$ 613,040	\$ 229,688,454

Livingston County, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Drain Commission	\$ 2,653,899	\$ 1,414,842	\$ 3,951,852	\$ 338,966
Department of Public Works	3,890,943	3,543,901	73,000	394,495
Road Commission	23,669,728	-	-	33,867,102
Livingston County Foundation	6,475	16,419	-	-
Total	\$ 30,221,045	\$ 4,975,162	\$ 4,024,852	\$ 34,600,563

General revenue:

- Unrestricted investment income
- Gain on sale of capital assets
- Other miscellaneous income

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, 2019

Net Revenue (Expense) and Changes in Net Position				
Drain Commission	Department of Public Works	Road Commission	Livingston County Foundation	Total
\$ 3,051,761	\$ -	\$ -	\$ -	\$ 3,051,761
-	120,453	-	-	120,453
-	-	10,197,374	-	10,197,374
-	-	-	9,944	9,944
<u>3,051,761</u>	<u>120,453</u>	<u>10,197,374</u>	<u>9,944</u>	<u>13,379,532</u>
85,047	90,601	404,510	98,454	678,612
-	-	227,977	-	227,977
<u>9,167</u>	<u>3,630</u>	<u>3,324,179</u>	<u>1,500</u>	<u>3,338,476</u>
<u>94,214</u>	<u>94,231</u>	<u>3,956,666</u>	<u>99,954</u>	<u>4,245,065</u>
3,145,975	214,684	14,154,040	109,898	17,624,597
<u>7,734,042</u>	<u>44,721,166</u>	<u>159,105,507</u>	<u>503,142</u>	<u>212,063,857</u>
<u>\$ 10,880,017</u>	<u>\$ 44,935,850</u>	<u>\$ 173,259,547</u>	<u>\$ 613,040</u>	<u>\$ 229,688,454</u>

Note 1 - Significant Accounting Policies

Reporting Entity

Livingston County, Michigan (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 County Building Authority is governed by a five-member board appointed by the County's governing body. Although it is legally separate from the County, the County Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings.

Discretely Presented Component Units

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.

Road Commission

The 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. Separately issued financial statements of the Road Commission can be obtained from its administrative offices as follows: Livingston County Road Commission, 3535 Grand Oaks Drive, Howell, MI 48843.

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 the County; one member being appointed by those two county personnel; one member being a current member of the Livingston County, Michigan board of commissioners; and the remaining three members being appointed by the Livingston County, Michigan board of commissioners. The Foundation is to be used for the enhancements of the Lutz County Park; for the development and maintenance of the Fillmore Estate and the Owen J. Lutz and Florence B. Lutz Conference Center; and for any other designation by the contributor.

Note 1 - Significant Accounting Policies (Continued)

Accounting and Reporting Principles

Livingston County, Michigan follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the County:

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 revenue 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (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 revenue are reported instead as general revenue.

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 water and sewer function and various other functions of the County. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is 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, state gas and weight tax 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."

Note 1 - Significant Accounting Policies (Continued)

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.

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 revenue was used. The various funds are aggregated into three broad fund types:

Governmental Funds

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 primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- *EMS Fund* - The EMS Fund (a special revenue fund) accounts for all of the activities of the County's EMS department.
- *Capital Replacement Fund* - The Capital Replacement Fund accounts for projects and equipment acquisitions in excess of \$25,000 financed by transfers from other county funds.

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

- *Special Revenue Funds* - Special revenue funds account for the revenue and expenditures related to health services, job training services, childcare services, family counseling, friend of the court, 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, veteran services, register of deeds, federal equitable sharing activities, 911 services, homestead property exemption fund, correction officers' training, concealed pistol fund, victim service fund, 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, Jail Expansion Debt Service Fund, EMS Debt Fund, and 2015 Refunding of Mental Health Bonds Fund.
- *Capital Project Funds* - Capital project 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, jail expansion, dental clinic, and 911 central dispatch construction.
- *Permanent Fund* - The permanent fund accounts for the maintenance and care of the cemetery.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds

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 County). 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 Fund* - The Septage Receiving Station 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.
- *Building and Safety Fund* - The Building and Safety Fund is used to account for the operations related to the revenue from residential and commercial property permits. The primary revenue source is permits issued for residential and commercial projects.
- *Livingston Essential Transportation Service Fund* - The Livingston Essential Transportation Service Fund is used to account for the operations of the county-wide public transportation system. The primary revenue source is fares charged to customers and federal or state grants.

Additionally, the County reports the following "nonmajor" proprietary fund: the Jail Commissary Fund.

Internal Service Funds

The County's internal service funds are used to allocate facility services, information technology, car pool, 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

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

- *Trust Fund* - 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.

Fund Equities

As of December 31, 2019, a deficit existed in the following two capital project funds: the Jail Expansion Fund and the 911 Central Dispatch Construction Fund. The negative unassigned fund balance in the Jail Expansion Fund of \$53 and 911 Central Dispatch Construction Fund of \$139,700 reflects a timing issue. The County transfers monies into these funds when payables are paid. At year end, both capital project funds had accruals for expenditures that had not been paid as of December 31, 2019. Since the expenditures were not paid, transfers into the funds did not occur. Subsequent to year end, transfers were made to both funds to pay for the accrued expenditures, which eliminated the deficits

Note 1 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the County 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 and Cash Equivalents

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 \$1,958,587 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 \$0 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 acquisition value at the date of donation.

Note 1 - Significant Accounting Policies (Continued)

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings	33-50
Improvements other than buildings	5-40
Equipment and furniture	3-10
Machinery and equipment	5-10
Vehicles	3-10
Drainage flow rights	99

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. The debt service funds are generally used to liquidate governmental long-term debt.

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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has five items that qualify for reporting in this category. The government-wide statements report a deferred outflow from the deferred charge on a refunding. 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. The government-wide statements, proprietary funds, and component units report deferred outflows from the difference between projected and actual investment earnings of the pension plan. This amount is deferred and amortized over five years. The government-wide statements, proprietary funds, and component units report deferred outflows from the difference between expected and actual census experience and deferred outflows due to changes in actuarial assumptions from the pension and OPEB plans. This amount is deferred and amortized over the average remaining service lives for the pension and OPEB plans. In addition, the County reports a deferred outflow generated from the County's contribution made after the measurement date of the net pension liability.

Note 1 - 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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has five items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three 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 and the statement of net position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations. The government-wide statements, proprietary funds, and component units report deferred inflows from the difference between projected and actual investment earnings of the OPEB plan. This amount is deferred and amortized over five years. The government-wide statements, proprietary funds, and component units report deferred inflows from the difference between expected and actual census experience from the pension and OPEB plans and deferred inflows due to changes in actuarial assumptions from the OPEB plans. These amounts are deferred and amortized over the average remaining service lives for the pension and OPEB plans.

Net Position

Net position of the County is classified in three components. Net investment in capital assets - net of related debt consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and is held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The County will sometimes 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 Assumptions

The County will sometimes 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 1 - 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 and become a lien 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 County's 2019 property tax revenue was levied and collectible on December 1, 2018 and July 1, 2019 and is recognized as revenue in the year ended December 31, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2018 taxable valuation of the County totaled \$8.88 billion, on which ad valorem taxes levied on December 1, 2018 consisted of 0.2944 mills for EMS operating purposes and 0.1127 mills for assistance to indigent veterans, as authorized by PA 214 of 1899. On July 1, 2019, the general operating millage for the 2019 fiscal year, or 3.3073 mills, was levied on the 2019 taxable valuation of \$9.36 billion for general operating purposes. The ad valorem taxes raised were approximately \$30,550,000 for general operations, \$2,590,000 for ambulance operations, and \$1,000,000 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

The County offers a defined benefit pension plan to its employees. The County records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefits

The County offers retiree healthcare benefits to retirees. The County records a net OPEB liability (asset) for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The contributions made to the pensions to fund the liability will be made by the fund from which the employee's salary and wage was earned. Investments are reported at fair value.

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). Compensated absences attributable to the governmental activities will be liquidated by the fund from which the employee's salary and wage was earned.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the enterprise funds and internal service funds is 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 revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. 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 the County's financial statements for the year ending December 31, 2020.

Note 1 - Significant Accounting Policies (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. 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 the County's financial statements for the year ending December 31, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the County's financial statements for the fiscal year ending December 31, 2021.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt; provides a single method of reporting conduit debt obligations by issuers; and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the County's financial statements for the fiscal year ending December 31, 2022.

Subsequent Events

Subsequent to year end, the County's investment portfolio - particularly the investments of the other employee benefit trust funds - has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

The United States and Michigan declared a state of emergency in early March due to the global coronavirus disease 2019 (COVID-19) pandemic. COVID-19 will have a financial impact on subsequent periods of the County. The impact on the County's future operating costs, revenue, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 2 - 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 law also allows investments outside the state of Michigan when fully insured. 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 that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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, a 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 (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The County's investments comply with all required laws and regulations. The County has designated numerous banks for the deposits of its fund 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.

The County's cash and investments 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 \$88,968,004 of bank deposits, of which \$2,750,000 was covered by federal depository insurance and \$86,218,004 was uninsured and uncollateralized. The County believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (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 County had the following investments and maturities:

Government-wide	Fair Value	Less Than 1 Year	1-5 Years
Federal Home Loan Mortgage Corp	\$ 3,200,842	\$ 2,600,800	\$ 600,042
Federal National Mortgage Association	649,662	649,662	-
Municipal bonds	7,336,877	3,156,409	4,180,468
Commercial paper	20,812,554	20,812,554	-

December 31, 2019

Note 2 - Deposits and Investments (Continued)

Fiduciary Funds	Fair Value	Less Than 1 Year	1-5 Years	5-10 Years
Corporate bonds	\$ 2,260,680	\$ 50,426	\$ 1,504,652	\$ 705,602
U.S. Treasury note	2,597,012	-	2,289,984	307,028
Federal Home Loan Mortgage Corp	253,203	-	-	253,203
Federal National Mortgage Association	545,046	192,937	171,552	180,587

Credit Risk

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

Government-wide	Fair Value	Rating	Rating Organization
Federal Home Loan Mortgage Corp	\$ 3,200,842	AAA	Moody's
Federal National Mortgage Association	649,662	AAA	Moody's
Municipal bonds	3,042,855	AA1	Moody's
Municipal bonds	4,294,022	AA	S&P
Commercial paper	20,812,554	P-1	Moody's

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

Fiduciary Funds	Fair Value	Rating	Rating Organization
Other Employee Benefits Trust Fund			
Equities	\$ 13,059,124	NR	N/A
Federal Home Loan Mortgage Corp	253,203	AAA	Moody's
Federal National Mortgage Association	545,046	AAA	Moody's
Corporate bonds	70,416	A1	Moody's
Corporate bonds	508,848	A2	Moody's
Corporate bonds	539,141	A3	Moody's
Corporate bonds	57,072	AA3	Moody's
Corporate bonds	454,779	BAA1	Moody's
Corporate bonds	380,816	BAA2	Moody's
Corporate bonds	249,608	BAA3	Moody's
U.S. Treasury note	2,597,012	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. There were no issuers, other than the U.S. government, holding 5 percent or more of the County's total investments.

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

December 31, 2019

Note 2 - Deposits and Investments (Continued)

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The County has the following recurring fair value measurements as of December 31, 2019:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Debt securities:				
U.S. Treasury securities	\$ -	\$ 2,597,012	\$ -	\$ 2,597,012
Federal agencies bonds	-	4,648,753	-	4,648,753
Municipal bonds	-	7,336,877	-	7,336,877
Mutual funds - Fixed income	37,182	516,927	-	554,109
Corporate bonds	-	2,260,680	-	2,260,680
Total debt securities	37,182	17,360,249	-	17,397,431
Equity securities:				
Stocks	13,059,124	-	-	13,059,124
Mutual funds - Equity	133,010	-	-	133,010
Total equity securities	13,192,134	-	-	13,192,134
Total assets	\$ 13,229,316	\$ 17,360,249	\$ -	\$ 30,589,565

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. Treasury securities, federal agencies bonds, municipal bonds, and corporate bonds at December 31, 2019 was determined primarily based on Level 2 inputs. The County estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the table below:

Investments in Entities that Calculate Net Asset Value per Share

The County holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
External investment pools - Michigan CLASS	\$ 13,629,903	\$ -	None	N/A

December 31, 2019

Note 2 - Deposits and Investments (Continued)

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Note 3 - Capital Assets

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

Governmental Activities

	Balance January 1, 2019	Reclassifications	Additions	Disposals	Balance December 31, 2019
Capital assets not being depreciated:					
Land	\$ 10,480,655	\$ -	\$ -	\$ -	\$ 10,480,655
Construction in progress	2,785,097	(2,784,547)	-	-	550
Subtotal	13,265,752	(2,784,547)	-	-	10,481,205
Capital assets being depreciated:					
Buildings and improvements	84,363,326	2,784,547	3,244,386	(1,211,169)	89,181,090
Equipment and furniture	31,321,151	-	1,175,188	(40,800)	32,455,539
Vehicles	7,693,270	-	711,220	(583,447)	7,821,043
Improvements other than building	3,838,159	-	920,634	-	4,758,793
Subtotal	127,215,906	2,784,547	6,051,428	(1,835,416)	134,216,465
Accumulated depreciation:					
Buildings and improvements	28,842,513	-	1,943,364	(495,942)	30,289,935
Equipment and furniture	27,385,089	-	1,094,112	(40,800)	28,438,401
Vehicles	5,829,545	-	1,016,624	(530,355)	6,315,814
Improvements other than building	2,131,222	-	71,579	-	2,202,801
Subtotal	64,188,369	-	4,125,679	(1,067,097)	67,246,951
Net capital assets being depreciated	63,027,537	2,784,547	1,925,749	(768,319)	66,969,514
Net governmental activities capital assets	<u>\$ 76,293,289</u>	<u>\$ -</u>	<u>\$ 1,925,749</u>	<u>\$ (768,319)</u>	<u>\$ 77,450,719</u>

December 31, 2019

Note 3 - Capital Assets (Continued)

Business-type Activities

	Balance January 1, 2019	Reclassifications	Additions	Disposals	Balance December 31, 2019
Capital assets not being depreciated:					
Land	\$ 12,546,959	\$ -	\$ -	\$ -	\$ 12,546,959
Construction in progress	237,409	(126,541)	726,802	-	837,670
Subtotal	12,784,368	(126,541)	726,802	-	13,384,629
Capital assets being depreciated:					
Buildings	7,411,529	126,541	207,532	(32,705)	7,712,897
Improvements other than buildings	22,766,323	-	35,848	-	22,802,171
Vehicles	2,212,503	-	760,643	(408,124)	2,565,022
Machinery and equipment	2,552,600	-	-	(19,168)	2,533,432
Subtotal	34,942,955	126,541	1,004,023	(459,997)	35,613,522
Accumulated depreciation:					
Buildings	2,801,776	-	203,853	(26,709)	2,978,920
Improvement other than buildings	5,232,185	-	518,499	-	5,750,684
Vehicles	1,133,857	-	351,656	(408,124)	1,077,389
Machinery and equipment	1,736,192	-	140,726	(19,168)	1,857,750
Subtotal	10,904,010	-	1,214,734	(454,001)	11,664,743
Net capital assets being depreciated	24,038,945	126,541	(210,711)	(5,996)	23,948,779
Net business-type activities capital assets	<u>\$ 36,823,313</u>	<u>\$ -</u>	<u>\$ 516,091</u>	<u>\$ (5,996)</u>	<u>\$ 37,333,408</u>

December 31, 2019

Note 3 - Capital Assets (Continued)

Component Units

	Balance January 1, 2019	Reclassifications	Additions	Disposals	Balance December 31, 2019
Capital assets not being depreciated:					
Land	\$ 28,825,312	\$ -	\$ 1,934,096	\$ -	\$ 30,759,408
Construction in progress	437,039	-	77,646	-	514,685
Subtotal	29,262,351	-	2,011,742	-	31,274,093
Capital assets being depreciated:					
Land improvements	159,393	-	-	-	159,393
Building and improvements	14,346,481	-	1,613,341	-	15,959,822
Drains and septic systems	36,174,162	-	-	-	36,174,162
Machinery, equipment, and vehicles	14,953,993	-	223,770	(21,086)	15,156,677
Infrastructure - Roads and bridges	281,722,605	-	16,623,991	(681,091)	297,665,505
Drain flow rights	16,477,420	-	-	-	16,477,420
Depletable assets	488,543	-	-	-	488,543
Subtotal	364,322,597	-	18,461,102	(702,177)	382,081,522
Accumulated depreciation:					
Land improvements	133,072	-	-	-	133,072
Building and improvements	7,732,164	-	1,217,938	-	8,950,102
Drains and septic systems	9,618,385	-	288,350	-	9,906,735
Machinery, equipment, and vehicles	10,875,324	-	1,341,870	(21,086)	12,196,108
Infrastructure - Roads and bridges	165,325,975	-	10,356,433	(680,068)	175,002,340
Drain flow rights	2,236,147	-	164,419	-	2,400,566
Depletable assets	118,985	-	-	-	118,985
Subtotal	196,040,052	-	13,369,010	(701,154)	208,707,908
Net capital assets being depreciated	168,282,545	-	5,092,092	(1,023)	173,373,614
Net capital assets	\$ 197,544,896	\$ -	\$ 7,103,834	\$ (1,023)	\$ 204,647,707

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

Governmental activities:	
General government	\$ 1,545,838
Public safety	702,430
Public works	136,328
Community and economic development	4,111
Health and welfare	1,054,324
Internal service funds	682,648
Total governmental activities	<u>\$ 4,125,679</u>

December 31, 2019

Note 3 - Capital Assets (Continued)

Business-type activities:	
Airport	\$ 586,571
Septage receiving station	132,147
L.E.T.S.	436,044
Building and safety	<u>59,972</u>
Total business-type activities	<u>\$ 1,214,734</u>
Component unit activities:	
Drain commission districts	\$ 461,887
Department of public works	1,242,588
Road commission	<u>11,664,535</u>
Total component unit activities	<u>\$ 13,369,010</u>

During the fiscal years ended December 31, 2006 and 2005, the 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.

The County has 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>
Red Cedar Drain	\$ 282,526	\$ 2,474
911 Central Dispatch Building	6,244,616	68,384
SelectTXT IVR upgrade	17,800	20,200
Jail Storage Facility	741,302	7,796
Conway 23 Drain	55,200	144,800
Orchard Park Drain	81,102	218,898
Livingston #29 Drain	755,483	14,517
Huff Drain	235,420	59,580
Conway #11 Drain	55,200	764,800
SRS Expansion	793,415	6,006,585
Howell #3 Drain	142,964	1,282,036
Fillmore Phase I Construction	<u>2,542</u>	<u>178,160</u>
Total	<u>\$ 9,407,570</u>	<u>\$ 8,768,230</u>

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 69,165
	Livingston Essential Transportation Service	<u>56,885</u>
	Total	<u>\$ 126,050</u>

December 31, 2019

Note 4 - Interfund Receivables, Payables, and Transfers (Continued)

The County has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Nonmajor governmental funds	\$ 36,304
Delinquent Tax Revolving Fund	Airport Fund	1,940,266
	Total	<u>\$ 1,976,570</u>

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
Delinquent Tax Revolving Fund	Department of Public Works	\$ 224,340

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Replacement Fund	\$ 850,000
	EMS Fund	400,000
	Nonmajor governmental funds	4,484,190
	Livingston Essential Transportation Service	50,000
	Total General Fund	5,784,190
EMS Fund	Nonmajor governmental funds	527,138
Nonmajor governmental funds	General Fund	38,119
	Nonmajor governmental funds	3,746,266
	Total nonmajor governmental funds	3,784,385
Delinquent Tax Revolving Fund	General Fund	185,205
	Nonmajor governmental funds	1,105,538
	Total Delinquent Tax Revolving Fund	1,290,743
	Total	<u>\$ 11,386,456</u>

The transfer from the General Fund to the Capital Replacement Fund represents the transfer of funds for capital projects and capital acquisition. The transfers from the General Fund to Livingston Essential Transportation Service, EMS Fund, and nonmajor governmental funds represent the transfer of funds to finance operations. The transfer from the EMS Fund to the nonmajor governmental funds represents the transfer of funds for debt payments on the EMS building. The transfer of nonmajor governmental funds to the General Fund represents the movement of interest income from excess program income to the General Fund. The transfer of nonmajor governmental funds to other nonmajor governmental funds represents transfers of funds for debt payments. The transfer from the Delinquent Tax Revolving Fund to the General Fund represents a transfer of funds to finance operations. The transfers from the Delinquent Tax Revolving Fund to nonmajor governmental funds represent transfers of funds for debt payments.

December 31, 2019

Note 5 - 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.

Long-term debt activity for the year ended December 31, 2019 can be summarized as follows:

Governmental Activities

	Matures	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
2012 Capital							
Improvement Bonds	2032	2.00%-3.00%	\$ 6,535,000	\$ -	\$ (370,000)	\$ 6,165,000	\$ 380,000
2015 Mental Health							
Refunding Bonds	2024	2.05%	1,055,000	-	(170,000)	885,000	170,000
Jail Expansion Bonds	2029	2.00%-3.00%	11,050,000	-	(11,050,000)	-	-
Jail Expansion Refunding Bonds	2029	2.05%-2.70%	-	10,750,000	-	10,750,000	1,045,000
Total other debt principal outstanding			18,640,000	10,750,000	(11,590,000)	17,800,000	1,595,000
Unamortized bond premiums			365,822	-	(283,185)	82,637	6,481
Total bonds and contracts payable			19,005,822	10,750,000	(11,873,185)	17,882,637	1,601,481
Drain at large assessments			242,008	387,055	(57,451)	571,612	78,471
Compensated absences			2,728,925	2,157,598	(2,220,011)	2,666,512	2,220,011
Landfill postclosure			160,000	871,754	(80,000)	951,754	95,173
Total governmental activities long-term debt			<u>\$ 22,136,755</u>	<u>\$ 14,166,407</u>	<u>\$(14,230,647)</u>	<u>\$ 22,072,515</u>	<u>\$ 3,995,136</u>

Business-type Activities

	Matures	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Other debt:							
Regional Wastewater System Bonds							
	2028	4.00%-4.25%	\$ 1,855,000	\$ -	\$ (160,000)	\$ 1,695,000	\$ 165,000
Sewage Disposal Bonds, Series 2019							
	2044	2.00%-4.00%	-	6,300,000	-	6,300,000	-
Unamortized bond premiums			80,024	187,500	(9,699)	257,825	15,710
Unamortized bond discounts			-	(40,023)	256	(39,767)	(1,540)
Total bonds and contracts payable			1,935,024	6,447,477	(169,443)	8,213,058	179,170
Total business-type activities long-term debt			<u>\$ 1,935,024</u>	<u>\$ 6,447,477</u>	<u>\$ (169,443)</u>	<u>\$ 8,213,058</u>	<u>\$ 179,170</u>

December 31, 2019

Note 5 - Long-term Debt (Continued)

Component Unit

	Matures	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Drain Commission districts	Various	Various	\$ 1,226,450	\$ 2,472,030	\$ (244,145)	\$ 3,454,335	\$ 586,202
Department of Public Works	2035	2.50%	1,915,961	-	(90,000)	1,825,961	95,000
Road Commission	2019	2.49%-2.51%	334,378	-	(334,378)	-	-
Total direct borrowings and direct placements principal outstanding			3,476,789	2,472,030	(668,523)	5,280,296	681,202
Other debt:							
Drain Commission districts	Various	Various	3,835,000	-	(1,675,000)	2,160,000	1,630,000
Department of Public Works	Various	Various	22,095,000	-	(2,885,000)	19,210,000	2,920,000
Total other debt principal outstanding			25,930,000	-	(4,560,000)	21,370,000	4,550,000
Unamortized bond premiums - Drain Commissions			161,731	-	(92,418)	69,313	92,418
Unamortized bond premiums - Department of Public Works			892,802	-	(94,306)	798,496	94,305
Total bonds and contracts payable			30,461,322	2,472,030	(5,415,247)	27,518,105	5,417,925
Road Commission - Compensated absences			445,380	-	(24,806)	420,574	420,574
Total component unit long-term debt			<u>\$ 30,906,702</u>	<u>\$ 2,472,030</u>	<u>\$ (5,440,053)</u>	<u>\$ 27,938,679</u>	<u>\$ 5,838,499</u>

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the fund that reports each employee's compensation. The drain at large assessments liability will generally be liquidated through the County's General Fund

December 31, 2019

Note 5 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities			Component Unit Activities				
	Other Debt			Other Debt			Direct Borrowings and Direct Placements		Other Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Principal	Interest	Total
2020	\$ 1,595,000	\$ 405,626	\$ 2,000,626	\$ 165,000	\$ 231,897	\$ 396,897	\$ 681,202	\$ 128,377	\$ 4,550,000	\$ 639,693	\$ 5,999,272
2021	1,615,000	372,074	1,987,074	355,000	216,883	571,883	344,510	145,430	2,790,000	474,440	3,754,380
2022	1,655,000	338,959	1,993,959	370,000	204,908	574,908	309,510	133,267	2,765,000	392,516	3,600,293
2023	1,620,000	305,548	1,925,548	385,000	191,608	576,608	309,510	122,962	2,240,000	311,940	2,984,412
2024	1,645,000	271,500	1,916,500	390,000	177,958	567,958	309,510	112,719	2,225,000	251,499	2,898,728
2025-2029	7,990,000	802,408	8,792,408	1,930,000	676,763	2,606,763	1,298,411	436,089	5,820,000	557,319	8,111,819
Thereafter	1,680,000	102,000	1,782,000	4,400,000	893,201	5,293,201	2,027,643	314,847	980,000	17,900	3,340,390
Total	\$ 17,800,000	\$ 2,598,115	\$ 20,398,115	\$ 7,995,000	\$ 2,593,218	\$ 10,588,218	\$ 5,280,296	\$ 1,393,691	\$ 21,370,000	\$ 2,645,307	\$ 30,689,294

Debt Issuances

The Drain Commission issued the Conway No. 11 Drain Note with a par amount of \$820,000 with an interest rate of 3.64 percent. The note will mature on June 1, 2039. The proceeds of this bond were used to provide funds for constructing the Conway No. 11 Drain.

The Drain Commission issued the Huff Drain Note with a par amount of \$285,870 with an interest rate of 3.29 percent. The note will mature on June 1, 2034. The proceeds of this bond were used to provide funds for constructing the Huff Drain.

The Drain Commission issued the Howell No. 3 Drain Note with a par amount of \$1,366,160 with an interest rate of 3.64 percent. The note will mature on June 1, 2040. The proceeds of this bond were used to provide funds for constructing the Howell No. 3 Drain.

The Septage Receiving Station Fund issued the Sewer Disposal Bonds, Series 2019, with a par amount of \$6,300,000 with an interest rate range between 2.75 and 4.00 percent. The note will mature on May 1, 2044. The proceeds of this bond were used for construction at the septage receiving station.

Advance Bond Refunding

During the year, the County issued \$10,750,000 million in Jail Expansion Refunding Bonds with an average interest rate of 2.43 percent. The proceeds of these bonds were used to advance refund \$10,195,000 of outstanding Jail Expansion Bonds with an average interest rate of 2.98 percent. The net proceeds of \$10,576,462 (after payment of \$147,902 in underwriting fees, insurance, and other issuance costs) plus an additional \$25,636 of the County's monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding increased total debt service payments over the next 10 years by approximately \$234,134, which represents an economic loss of approximately \$224,154. The original Jail Expansion Bonds were nontaxable bonds. The Jail Expansion Refundings Bonds are taxable bonds. The County refunded at an economic loss to allow the County's jail to hold a higher percentage of U.S. marshal inmates, which generates revenue for the County.

Note 5 - Long-term Debt (Continued)

Revenue Pledged in Connection with Local Unit Debt

The County has pledged, as security for bonds issued by the various local units within the County, the County's collections of debt service payments from local units. The bonds, issued by the County, are to provide funding for various drain and department of public works projects and are payable through 2035. The County has committed to appropriate each year, from the amounts contributed by local units, amounts sufficient to cover the principal and interest requirements of the debt. 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 is \$25,688,396, with annual requirements ranging from \$5,230,338 in 2019 to \$137,661 in the final year. The local unit contributions, from which the appropriations will be made, have averaged \$5,444,200 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 contribution recognized by the County were \$4,575,000 and \$774,201, respectively.

Landfill Postclosure Liability

In February 1988, the State of Michigan Department of Natural Resources (MDNR) ordered the Livingston County, Michigan 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, Michigan 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, Michigan 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, Michigan to perform certain maintenance and monitoring functions at the site for at least 30 years after closure. Livingston County will be required to continue these maintenance and monitoring functions if levels of leachate and methane are above state and federal thresholds. The estimated costs of these functions over this time frame were established as a postclosure landfill liability and reported in the government-wide financial statements.

Note 6 - Fund Balance Constraints

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

	General Fund	EMS Fund	Capital Replacement	Nonmajor Funds	Total
Nonspendable:					
Prepays and other assets	\$ 576,158	\$ -	\$ -	\$ 27,849	\$ 604,007
Long-term receivable	36,304	-	-	-	36,304
Total nonspendable	612,462	-	-	27,849	640,311

December 31, 2019

Note 6 - Fund Balance Constraints (Continued)

	General Fund	EMS Fund	Capital Replacement	Nonmajor Funds	Total
Restricted:					
General government expense	\$ -	\$ -	\$ -	\$ 2,133,160	\$ 2,133,160
Court systems expense	-	-	-	2,373,823	2,373,823
Public safety expense	-	-	-	2,998,316	2,998,316
Health and welfare expense	-	-	-	1,659,407	1,659,407
Total restricted	-	-	-	9,164,706	9,164,706
Committed - Debt service	-	-	-	1,412	1,412
Assigned:					
Future operating requirements	17,000,000	-	-	-	17,000,000
Health and welfare	-	847,908	-	989,057	1,836,965
Capital replacement	-	-	8,432,443	-	8,432,443
Total assigned	17,000,000	847,908	8,432,443	989,057	27,269,408
Unassigned	9,197,439	-	-	(139,753)	9,057,686
Total fund balance	\$ 26,809,901	\$ 847,908	\$ 8,432,443	\$ 10,043,271	\$ 46,133,523

Note 7 - 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. The County 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 it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

At December 31, 2019, the County's Member Retention Fund with the Authority includes approximately \$736,000 for claims and claim 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 and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability	
	2019	2018
Unpaid claims - Beginning of year	\$ 249,581	\$ 180,507
Incurred claims	311,496	327,566
Estimated claims incurred, including changes in estimates	47,687	51,805
Claim payments	(275,545)	(310,297)
Unpaid claims - End of year	\$ 333,219	\$ 249,581

December 31, 2019

Note 7 - Risk Management (Continued)

In addition to the claims paid, the County incurred an additional \$823,251 for insurance expense for the year ended December 31, 2019.

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. The liability for unpaid claims at December 31, 2019 is \$304,404.

Note 8 - Pension Plans

Plan Description

The County and the Road Commission participate in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all eligible employees of the County and eligible employees of the Road Commission. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers eligible full-time employees.

Benefit Details for the Livingston County Plan

01 - General Nonunion	Closed to New Hires, Linked to Division HA
Benefit multiplier	2.00% multiplier (no max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	-
Early retirement (reduced)	50/25 or 55/15
Final average compensation	5 years
COLA for future retirees	2.50% (noncompound)
COLA for current retirees	2.50% (noncompound)
Employee contributions	5.00%
02 - Police - Union Sergeant	Open Division
Benefit multiplier	2.25% multiplier (80% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	50/25
Early retirement (reduced)	55/15
Final average compensation	3 years
COLA for future retirees	2.50% (noncompound)
Employee contributions	5.00%

December 31, 2019

Note 8 - Pension Plans (Continued)

10 - Court Employees	Closed to New Hires, Linked to Division HB
Benefit multiplier	2.00% multiplier (no max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	-
Early retirement (reduced)	50/25 or 55/15
Final average compensation	5 years
COLA for future retirees	2.50% (noncompound)
Employee contributions	5.00%
11 - Ambulance Employees	Closed to New Hires, Linked to Division 23
Benefit multiplier	2.00% multiplier (no max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	-
Early retirement (reduced)	50/25 or 55/15
Final average compensation	5 years
COLA for future retirees	2.50% (noncompound)
DC plan for new hires	6/17/2002
Employee contributions	5.00%
12 - Building Inspection	Closed to New Hires
Benefit multiplier	2.00% multiplier (no max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	-
Early retirement (reduced)	50/25 or 55/15
Final average compensation	5 years
DC plan for new hires	8/1/2004
Employee contributions	0.00%
13 - 911 Dispatch	Closed to New Hires
Benefit multiplier	2.00% multiplier (no max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	-
Early retirement (reduced)	50/25 or 55/15
Final average compensation	5 years
DC plan for new hires	8/1/2004
Employee contributions	5.00%
20 - Sheriff Union	Closed to New Hires, Linked to Division HC
Benefit multiplier	2.25% multiplier (80% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	50/25 or 55/15
Early retirement (reduced)	-
Final average compensation	5 years
COLA for future retirees	2.50% (noncompound)
Employee contributions	5.00%

December 31, 2019

Note 8 - Pension Plans (Continued)

21 - Union Lieutenants	Closed to New Hires, Linked to Division 23
Benefit multiplier	2.25% multiplier (80% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	50/25
Early retirement (reduced)	55/15
Final average compensation	3 years
COLA for future retirees	2.50% (noncompound)
Employee contributions	5.00%
22 - Sheriff Union after 6/20/2011	Closed to New Hires, Linked to Division HC
Benefit multiplier	2.00% multiplier (no max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	50/25 or 55/15
Early retirement (reduced)	-
Final average compensation	5 years
COLA for future retirees	2.50% (noncompound)
Employee contributions	5.00%
HA - Nonunion Employees	Open Division, Linked to Division 01
Benefit multiplier	1.25% multiplier (no max)
Normal retirement age	60
Vesting	6 years
Early retirement (unreduced)	-
Early retirement (reduced)	-
Final average compensation	3 years
Employee contributions	0.00%
HB - Court New Hires as of 1/1/2011	Open Division, Linked to Division 10
Benefit multiplier	1.25% multiplier (no max)
Normal retirement age	60
Vesting	6 years
Early retirement (unreduced)	-
Early retirement (reduced)	-
Final average compensation	3 years
Employee contributions	0.00%
HC - Sheriff Union After 1/1/2014	Open Division, Linked to Divisions 20, 22
Benefit multiplier	1.25% multiplier (no max)
Normal retirement age	60
Vesting	6 years
Early retirement (unreduced)	55/25
Early retirement (reduced)	-
Final average compensation	3 years
Employee contributions	0.00%

December 31, 2019

Note 8 - Pension Plans (Continued)

Benefit Details for the Road Commission Plan

Road Commission - 01 - Nonunion	Closed to New Hires
Benefit multiplier	2.25% multiplier (80% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	-
Early retirement (reduced)	50/25 or 55/15
Final average compensation	3 years
Employee contributions	0.00%
Road Commission - 10 - Union	Closed to New Hires
Benefit multiplier	2.25% multiplier (80% max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	55/25
Early retirement (reduced)	50/25 or 55/15
Final average compensation	3 years
Employee contributions	0.00%
Road Commission - 12 - Union After 10/1/12	Open to New Hires
Benefit multiplier	1.70% multiplier (no max)
Normal retirement age	60
Vesting	10 years
Early retirement (unreduced)	-
Early retirement (reduced)	50/25 or 55/15
Final average compensation	3 years
Employee contributions	0.00%

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the board of commissioners, generally after negotiations of these terms with the affected unions. Police employees' benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms

At the December 31, 2018 measurement date, the following members were covered by the benefit terms:

	Livingston County Plan	Road Commission Plan
Inactive plan members or beneficiaries currently receiving benefits	393	64
Inactive plan members entitled to but not yet receiving benefits	146	6
Active plan members	508	62
Total employees covered by MERS	<u>1,047</u>	<u>132</u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Note 8 - Pension Plans (Continued)

For the year ended December 31, 2019, the average employee contribution rate was 2.27 percent of annual pay, and the County's average contribution rate was 17.64 percent of annual payroll for the County's plan. For the year ended December 31, 2019, the Road Commission's average employee contribution rate was 0.00 percent of annual pay, and the Road Commission's average contribution rate was 25.50 percent of annual payroll.

Net Pension Liability

The County chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	<u>Livingston County Plan</u>	<u>Road Commission Plan</u>
Measurement date used for the County net pension liability	December 31, 2018	December 31, 2018
Based on a comprehensive actuarial valuation as of	December 31, 2018	December 31, 2018

Changes in the net pension liability during the measurement year were as follows:

Livingston County Plan

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at January 1, 2018	\$ 145,263,754	\$ 106,694,589	\$ 38,569,165
Changes for the year:			
Service cost	2,489,588	-	2,489,588
Interest	11,431,421	-	11,431,421
Differences between expected and actual experience	(634,577)	-	(634,577)
Contributions - Employer	-	14,700,888	(14,700,888)
Contributions - Employee	-	730,048	(730,048)
Net investment loss	-	(4,436,479)	4,436,479
Benefit payments, including refunds	(7,231,619)	(7,231,619)	-
Administrative expenses	-	(211,185)	211,185
Net changes	<u>6,054,813</u>	<u>3,551,653</u>	<u>2,503,160</u>
Balance at December 31, 2018	<u>\$ 151,318,567</u>	<u>\$ 110,246,242</u>	<u>\$ 41,072,325</u>

The plan's fiduciary net position represents 72.86 percent of the total pension liability.

December 31, 2019

Note 8 - Pension Plans (Continued)

Road Commission Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2018	\$ 23,487,699	\$ 18,823,007	\$ 4,664,692
Changes for the year:			
Service cost	323,442	-	323,442
Interest	1,836,158	-	1,836,158
Differences between expected and actual experience	65,595	-	65,595
Contributions - Employer	-	1,024,138	(1,024,138)
Net investment loss	-	(734,233)	734,233
Benefit payments, including refunds	(1,394,894)	(1,394,894)	-
Administrative expenses	-	(36,409)	36,409
Net changes	830,301	(1,141,398)	1,971,699
Balance at December 31, 2018	<u>\$ 24,318,000</u>	<u>\$ 17,681,609</u>	<u>\$ 6,636,391</u>

The plan's fiduciary net position represents 72.71 percent of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the County recognized pension expense of \$9,108,819, and the Road Commission recognized pension expense of \$345,384.

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Livingston County Plan		Road Commission Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 419,102	\$ 507,662	\$ -	\$ -
Changes in assumptions	1,319,533	-	-	246,955
Net difference between projected and actual earnings on pension plan investments	8,179,129	-	1,345,122	-
Employer contributions to the plan subsequent to the measurement date	5,662,652	-	1,001,848	-
Total	<u>\$ 15,580,416</u>	<u>\$ 507,662</u>	<u>\$ 2,346,970</u>	<u>\$ 246,955</u>

Note 8 - Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending December 31	Livingston County Plan	Road Commission Plan
2020	\$ 4,269,027	\$ 346,326
2021	1,027,367	25,048
2022	1,582,310	282,034
2023	2,531,398	444,759
Total	<u>\$ 9,410,102</u>	<u>\$ 1,098,167</u>

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Livingston County Plan	Road Commission Plan
Inflation	2.50%	2.50%
Salary increases (including inflation)	3.75%	3.75%
Investment rate of return (net of investment expenses)	7.75%	7.75%
Mortality rates	RP-2014 Mortality Table 50% male/50% female	RP-2014 Mortality Table blended 50% male/50% female

The actuarial assumptions used in the December 31, 2018 actuarial valuation date valuation were based on the results of an actuarial experience study for the period from 2009-2013.

Discount Rate

The discount rate used to measure the total pension liability for both the Livingston County Plan and the Road Commission Plan was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that county and road commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan's fiduciary net position for the Livingston County Plan and Road Commission Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - Pension Plans (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2018 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Livingston County Plan and Road Commission Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	8.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 8.00 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percentage Point Increase (9.00%)
Net pension liability of the Livingston County Plan	\$ 59,264,517	\$ 41,072,325	\$ 25,712,798
Net pension liability of the Road Commission Plan	9,099,850	6,636,391	4,518,737

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Payable to the Pension Plan

At December 31, 2019, the County reported a payable of \$944,257 for the outstanding amount of contributions to the Livingston County Plan required for the year ended December 31, 2019.

Note 9 - Other Postemployment Benefit Plan

Plan Description

The County provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the Livingston County Retiree Health Care Plan, a single-employer plan administered by the Livingston County Retiree Health Care Plan Board, and Road Commission Retiree Health Care Plan, a single-employer plan.

The financial statements of the Livingston County Retiree Health Care Plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund). During 2019, the Road Commission established a trust to fund its retiree benefits. The Road Commission's financial statements of the Road Commission Retiree Health Care Plan are not included in these financial statements. For additional information, refer to the Livingston County Road Commission's separately issued financial statements.

Note 9 - Other Postemployment Benefit Plan (Continued)

Management of the Livingston County Retiree Health Care Plan is vested with the board of trustees, which consists of five members - the county administrator, county treasurer, county financial officer, county clerk, and one representative of the board of commissioners.

Benefits Provided

The Livingston County Retiree Health Care Plan provides healthcare and dental benefits for retirees and their dependents who are 60 years of age with 10 years of service for nonsheriff and nonpolice employees. Sheriff and police employees are eligible for benefits if they also have 55 years of age with 15 years of service or 50 years of age with 25 years of service. Benefits are provided through the County's self-insurance program. Retirees are required to contribute a percentage of the base plan premium. The retiree contribution percentage is based on the years of service each employee has. As of March 17, 2013, the plan was closed to new entrants.

The Road Commission Retiree Health Care Plan provides healthcare and dental benefits for retirees and their dependents, 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. Employees who retire after September 30, 2008 and are over 65 years of age will receive coverage up to \$300 a month for premiums. All retirees are responsible for 100 percent the cost of insurance premiums for spousal coverage, if it was elected.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	Livingston County Retiree Health Care Plan	Road Commission Retiree Health Care Plan
Inactive plan members or beneficiaries currently receiving benefits	80	46
Active plan members	37	68
Total plan members	<u>117</u>	<u>114</u>

Contributions

Since the Retiree Health Care Trust Plan net position was advance funded in previous years, the County determined to pay 50 percent of retiree healthcare costs on a "pay-as-you-go" basis, while the Livingston Retiree Health Care Trust pays the other 50 percent of retiree healthcare costs. For the Road Commission, the retiree healthcare costs are paid by the Road Commission on a "pay-as-you-go" basis. The County and the Road Commission have no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2019, the County made payments totaling \$431,480 for postemployment health benefit premiums for its plan. For the fiscal year ended December 31, 2019, the Road Commission made a contribution of \$1,585,698 to the Road Commission Retiree Healthcare Plan Trust.

December 31, 2019

Note 9 - Other Postemployment Benefit Plan (Continued)

Net OPEB Liability

The County and the Road Commission choose a date for each OPEB plan to measure their net OPEB (asset) liability. This is based on the measurement date of each OPEB plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Livingston County Retiree Health Care Plan	Road Commission Retiree Health Care Plan
Measurement date used for the County net OPEB liability	December 31, 2019	December 31, 2018
Based on a comprehensive actuarial valuation as of	December 31, 2018	December 31, 2017

Changes in the net OPEB (asset) liability during the measurement year were as follows:

Livingston County Retiree Health Care Plan

Changes in Net OPEB (Asset) Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at January 1, 2019	\$ 21,723,241	\$ 16,718,085	\$ 5,005,156
Changes for the year:			
Service cost	243,320	-	243,320
Interest	1,346,352	-	1,346,352
Differences between expected and actual experience	(1,417,088)	-	(1,417,088)
Changes in assumptions	(1,922,881)	-	(1,922,881)
Contributions - Employer	-	431,480	(431,480)
Net investment income	-	3,230,078	(3,230,078)
Benefit payments, including refunds	(862,960)	(862,960)	-
Net changes	(2,613,257)	2,798,598	(5,411,855)
Balance at December 31, 2019	\$ 19,109,984	\$ 19,516,683	\$ (406,699)

The plan's fiduciary net position represents 102.1 percent of the total OPEB liability.

December 31, 2019

Note 9 - Other Postemployment Benefit Plan (Continued)

Road Commission Retiree Health Care Plan

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance at January 1, 2018	\$ 6,341,699
Changes for the year:	
Service cost	91,433
Interest	220,354
Differences between expected and actual experience	(101,869)
Benefit payments, including refunds	(310,507)
Net changes	(100,589)
Balance at December 31, 2018	\$ 6,241,110

As of the December 31, 2018 measurement date, the Road Commission did not have a trust established for its retiree healthcare plan. The trust was established during the year ended December 31, 2019.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of \$817,940 for the Livingston County Retiree Healthcare Plan, and the Road Commission recognized OPEB recovery of \$1,597,562.

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Livingston County Retiree Health Care Plan		Road Commission Retiree Health Care Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 673,170	\$ (1,281,921)	\$ 661,624	\$ 88,725
Changes in assumptions	620,683	(944,725)	63,919	-
Net difference between projected and actual earnings on OPEB plan investments	-	(202,333)	-	-
Employer contributions to the plan subsequent to the measurement date	-	-	1,585,698	-
Total	\$ 1,293,853	\$ (2,428,979)	\$ 2,311,241	\$ 88,725

December 31, 2019

Note 9 - Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability or increase the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending December 31	Livingston County Retiree Health Care Plan	Road Commission Retiree Health Care Plan
2020	\$ 259,664	\$ 122,928
2021	(1,034,188)	122,928
2022	79,135	122,928
2023	(439,737)	122,927
2024	-	145,107
Total	\$ (1,135,126)	\$ 636,818

Actuarial Assumptions

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Livingston County Retiree Health Care Plan	Road Commission Retiree Health Care Plan
Inflation	3.75%	3.50%
Salary increases (including inflation)	3.75%	3.50%
Investment rate of return (net of investment expenses)	6.25% as of January 1, 2019 6.25% as of December 31, 2019	N/A - No Investments for the December 31, 2018 Measurement Date
Healthcare cost trend rate	8.00% reducing to 4.50% over 7 years	7.00% reducing to 5.00% over 7 years
Mortality rates	SOA Pub-2010 Morality Table using a Scale MP-2019	RP-2014 Mortality Table

During the year, Livingston County Retiree Health Care Plan's healthcare cost trend rate was decreased from a starting point of 8.50 percent to 8.00 percent. In addition, an updated mortality table was used. As a result, the total OPEB for Livingston County decreased by \$1,922,881, as displayed in a previous table.

Discount Rate

As shown below, the discount rate used to measure the total OPEB liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the OPEB plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees:

	Livingston County Retiree Health Care Plan	Road Commission Retiree Health Care Plan
Assumed investment rate of return	6.25%	0.00%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	No
Discount rate used to measure total OPEB liability	6.25%	3.51%

December 31, 2019

Note 9 - Other Postemployment Benefit Plan (Continued)

As of the measurement date of the total OPEB liability, the Road Commission Retiree Health Care Plan has no assets and was unable to make projected future benefit payments of current active and inactive employees. Therefore, the discount rate is the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, which currently stands at 3.51 percent.

Investment Rate of Return

The long-term expected rate of return on the Livingston County Retiree Health Care Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2019 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Livingston County Retiree Health Care Plan

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50.00 %	7.50 %
Foreign equity	20.00	6.70
Domestic fixed income	30.00	3.50

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the County, calculated using the discount rate of 6.25 percent for the County, as well as what the County's net OPEB liability (asset) would be if they were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net OPEB liability (asset) of the Livingston County Retiree Health Care Plan	\$ 2,235,194	\$ (406,699)	\$ (2,570,889)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB (asset) liability of the County, calculated using the healthcare cost trend rate of 8.00 percent for the County, as well as what the County's net OPEB (asset) liability would be if they were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Healthcare Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Livingston County Retiree Health Care Plan	\$ (2,637,384)	\$ (406,699)	\$ 2,321,049

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on Livingston County Retiree Health Care Plan investments, net of OPEB plan investment expense, was 19.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 10 - Defined Contribution Retiree Health 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 Livingston County Retiree Health Care Plan who made a voluntary irrevocable “opt-out” of the Livingston County Retiree Health Care Plan and elected participation in this new program. In consideration for such a nonrevocable decision to opt out of the Livingston County 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 health care 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 - up to \$1,884 per year (prorated); for union court employees - first five years of service with the County - up to \$350 per year (prorated); and 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 Livingston County 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 \$489,555 during the year ended December 31, 2019.

Note 11 - Tax Abatements

The County receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) granted by cities, villages, and townships within the boundaries of the County. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. For the fiscal year ended December 31, 2019, the County’s property tax revenue for the General Fund, EMS Fund, and Veteran Service was reduced by a total of approximately \$84,000 under this program.

The County receives reduced property tax revenue as a result of the New Personal Property Tax (Act 328 of 1998, as amended by PA 20 of 1999) granted by cities, villages, and townships within the County. New Personal Property Tax exemptions are intended to promote purchase of new equipment. For the fiscal year ended December 31, 2019, the County’s property tax revenue for the General Fund, EMS Fund, and Veteran Service was reduced by a total of approximately \$576,000 under this program.

Note 12 - Restricted Assets

At December 31, 2019, restricted assets are composed of the following:

Description	Septage Receiving Station	Department of Public Works
Unspent bond proceeds	\$ 5,964,972	\$ -
Construction deposits	-	40,047

December 31, 2019

Note 12 - Restricted Assets (Continued)

Septage Receiving Station

The County has \$5,964,972 of unspent bond proceeds remaining from the Sewer Disposal Bonds, Series 2019, issued in the current year. Use of the bond proceeds is restricted to construction at the septage receiving station.

Department of Public Works

The County is holding \$40,047 of contractor's funds to make any necessary repairs that resulted from the contractor's road work. The County is restricted to use these funds for repairs to sewer lines that were impacted by the construction.

Required Supplemental Information

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 30,662,629	\$ 30,632,629	\$ 30,710,421	\$ 77,792
Intergovernmental:				
Federal sources	50,500	50,500	51,501	1,001
State sources	5,794,654	6,113,484	6,084,618	(28,866)
Local grants and contributions	35,000	36,104	27,578	(8,526)
Charges for services	6,095,089	5,939,601	6,325,968	386,367
Fines and forfeitures	341,000	357,400	372,180	14,780
Licenses and permits	443,850	443,850	474,562	30,712
Interest and rentals:				
Interest earned	593,300	693,300	765,636	72,336
Rental income	1,850,815	2,125,815	2,194,948	69,133
Other revenue	2,725,798	3,176,354	3,465,662	289,308
Total revenue	48,592,635	49,569,037	50,473,074	904,037
Expenditures				
Current services:				
General government:				
Board of commissioners	582,741	588,241	579,531	8,710
County administration	345,151	371,801	348,804	22,997
Finance/Accounting/Budget dept.	466,176	468,276	454,267	14,009
Internal/External audit	112,970	113,070	111,569	1,501
Treasurer	1,038,779	1,047,069	1,003,123	43,946
Equalization	529,658	514,602	501,284	13,318
Clerk	1,266,349	1,303,026	1,242,839	60,187
Attorney	186,012	186,012	166,534	19,478
Elections	183,719	187,968	171,337	16,631
Human resources	688,243	697,343	690,798	6,545
Animal services	598,105	587,064	514,921	72,143
Insurance and other functions	1,508,847	1,386,775	1,027,452	359,323
Register of Deeds	751,402	804,857	783,393	21,464
Court systems	10,927,584	10,259,981	9,875,965	384,016
Public safety	19,619,204	19,747,362	19,550,596	196,766
Health and welfare	1,437,218	1,464,934	1,453,635	11,299
Economic development	3,992,091	4,457,767	4,210,659	247,108
Total expenditures	44,234,249	44,186,148	42,686,707	1,499,441
Excess of Revenue Over Expenditures	4,358,386	5,382,889	7,786,367	2,403,478
Other Financing Sources (Uses)				
Transfers in	1,414,232	496,395	560,757	64,362
Transfers out	(5,772,618)	(5,879,284)	(5,857,190)	22,094
Total other financing uses	(4,358,386)	(5,382,889)	(5,296,433)	86,456
Net Change in Fund Balance	-	-	2,489,934	2,489,934
Fund Balance - Beginning of year	24,319,967	24,319,967	24,319,967	-
Fund Balance - End of year	\$ 24,319,967	\$ 24,319,967	\$ 26,809,901	\$ 2,489,934

Livingston County, Michigan

Required Supplemental Information
 Budgetary Comparison Schedule - Major Special Revenue Fund
 EMS Fund

Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,613,828	\$ 2,613,828	\$ 2,593,712	\$ (20,116)
Intergovernmental - State Sources	-	-	37,466	37,466
Charges for services	7,404,800	7,404,800	7,144,982	(259,818)
Interest and rentals:				
Interest earned	20,000	20,000	12,162	(7,838)
Rental income	324,342	324,342	325,477	1,135
Other revenue	39,500	39,500	78,398	38,898
Total revenue	10,402,470	10,402,470	10,192,197	(210,273)
Expenditures - Current - Health and welfare	9,775,053	9,852,472	9,562,082	290,390
Excess of Revenue Over Expenditures	627,417	549,998	630,115	80,117
Other Financing Sources (Uses)				
Transfers in	-	400,000	400,000	-
Transfers out	(763,022)	(763,022)	(527,138)	235,884
Total other financing uses	(763,022)	(363,022)	(127,138)	235,884
Net Change in Fund Balance	(135,605)	186,976	502,977	316,001
Fund Balance - Beginning of year	344,931	344,931	344,931	-
Fund Balance - End of year	\$ 209,326	\$ 531,907	\$ 847,908	\$ 316,001

Livingston County, Michigan

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Five Fiscal Years				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 2,489,588	\$ 2,470,916	\$ 2,408,886	\$ 2,409,613	\$ 2,255,182
Interest	11,431,421	10,908,909	10,407,123	9,587,842	9,109,342
Differences between expected and actual experience	(634,577)	224,124	51,348	1,320,440	-
Changes in assumptions	-	-	-	6,597,663	-
Benefit payments, including refunds	(7,231,619)	(6,932,137)	(6,319,962)	(5,764,978)	(5,518,497)
Net Change in Total Pension Liability	6,054,813	6,671,812	6,547,395	14,150,580	5,846,027
Total Pension Liability - Beginning of year	145,263,754	138,591,942	132,044,547	117,893,967	112,047,940
Total Pension Liability - End of year	\$ 151,318,567	\$ 145,263,754	\$ 138,591,942	\$ 132,044,547	\$ 117,893,967
Plan Fiduciary Net Position					
Contributions - Employer	\$ 14,700,888	\$ 6,213,120	\$ 6,938,695	\$ 4,497,862	\$ 5,349,726
Contributions - Member	730,048	749,701	800,031	840,351	842,665
Net investment (loss) income	(4,436,479)	12,510,949	9,558,552	(1,270,894)	5,135,943
Administrative expenses	(211,185)	(197,900)	(188,884)	(187,841)	(188,894)
Benefit payments, including refunds	(7,231,619)	(6,932,137)	(6,319,962)	(5,764,978)	(5,518,497)
Other	-	-	42,464	31,412	-
Net Change in Plan Fiduciary Net Position	3,551,653	12,343,733	10,830,896	(1,854,088)	5,620,943
Plan Fiduciary Net Position - Beginning of year	106,694,589	94,350,856	83,519,960	85,374,048	79,753,105
Plan Fiduciary Net Position - End of year	\$ 110,246,242	\$ 106,694,589	\$ 94,350,856	\$ 83,519,960	\$ 85,374,048
County's Net Pension Liability - Ending	\$ 41,072,325	\$ 38,569,165	\$ 44,241,086	\$ 48,524,587	\$ 32,519,919
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.86 %	73.45 %	68.08 %	63.25 %	72.42 %
Covered Payroll	\$ 29,108,406	\$ 28,223,435	\$ 26,787,770	\$ 27,081,598	\$ 24,373,699
County's Net Pension Liability as a Percentage of Covered Payroll	141.10 %	136.66 %	165.15 %	179.18 %	133.42 %

Livingston County, Michigan

Required Supplemental Information Schedule of Pension Contributions

Last Ten Fiscal Years Years Ended December 31

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 5,162,652	\$ 5,150,887	\$ 4,713,118	\$ 4,345,566	\$ 3,497,862	\$ 3,358,166	\$ 3,120,022	\$ 2,849,419	\$ 2,955,324	\$ 3,145,058
Contributions in relation to the actuarially determined contribution	5,662,652	14,700,887	6,213,118	7,345,566	4,497,862	5,358,166	4,120,022	3,882,020	3,955,324	3,145,058
Contribution Excess	\$ 500,000	\$ 9,550,000	\$ 1,500,000	\$ 3,000,000	\$ 1,000,000	\$ 2,000,000	\$ 1,000,000	\$ 1,032,601	\$ 1,000,000	\$ -
Covered Payroll	\$ 32,104,312	\$ 29,108,406	\$ 28,223,435	\$ 26,787,770	\$ 27,081,598	\$ 24,373,699	\$ 23,254,390	\$ 22,213,767	\$ 22,632,843	\$ 22,529,367
Contributions as a Percentage of Covered Payroll	17.64 %	47.37 %	20.82 %	25.06 %	16.37 %	21.98 %	17.72 %	17.48 %	17.48 %	13.96 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which is one year prior to the beginning of the fiscal year in which the contributions are reported. Below are the methods and assumptions used from the December 31, 2017 valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	Ten years for Ambulance Employees Division, 911 Dispatch and Building Inspectors Divisions 20 years for remaining divisions
Asset valuation method	Five-year smoothed market
Inflation	2.50 percent
Salary increase	3.75 percent, including inflation
Investment rate of return	7.75 percent, net of investment expenses
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the RP-2014 Mortality Tables
Other information	None

Livingston County, Michigan

Required Supplemental Information Schedule of Changes in the Road Commission Net Pension Liability and Related Ratios

	Last Five Fiscal Years				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 323,442	\$ 308,805	\$ 322,755	\$ 331,815	\$ 316,790
Interest	1,836,158	1,791,941	1,760,474	1,666,014	1,593,716
Differences between expected and actual experience	65,595	(219,471)	(466,037)	(58,679)	-
Changes in assumptions	-	-	-	997,600	-
Benefit payments, including refunds	(1,394,894)	(1,276,891)	(1,156,851)	(1,083,973)	(999,339)
Other	-	1	-	-	-
Net Change in Total Pension Liability	830,301	604,385	460,341	1,852,777	911,167
Total Pension Liability - Beginning of year	23,487,699	22,883,314	22,422,973	20,570,196	19,659,029
Total Pension Liability - End of year	\$ 24,318,000	\$ 23,487,699	\$ 22,883,314	\$ 22,422,973	\$ 20,570,196
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,024,138	\$ 839,403	\$ 555,127	\$ 472,374	\$ 398,726
Net investment (loss) income	(734,233)	2,241,076	1,791,140	(247,416)	1,028,562
Administrative expenses	(36,409)	(35,486)	(35,374)	(36,412)	(37,697)
Benefit payments, including refunds	(1,394,894)	(1,276,891)	(1,156,851)	(1,083,973)	(999,339)
Net Change in Plan Fiduciary Net Position	(1,141,398)	1,768,102	1,154,042	(895,427)	390,252
Plan Fiduciary Net Position - Beginning of year	18,823,007	17,054,905	15,900,863	16,796,290	16,406,038
Plan Fiduciary Net Position - End of year	\$ 17,681,609	\$ 18,823,007	\$ 17,054,905	\$ 15,900,863	\$ 16,796,290
County's Net Pension Liability - Ending	\$ 6,636,391	\$ 4,664,692	\$ 5,828,409	\$ 6,522,110	\$ 3,773,906
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.71 %	80.14 %	74.53 %	70.91 %	81.65 %
Covered Payroll	\$ 3,936,031	\$ 3,718,540	\$ 3,827,861	\$ 3,848,269	\$ 3,645,812
County's Net Pension Liability as a Percentage of Covered Payroll	168.61 %	125.44 %	152.26 %	169.48 %	103.51 %

Livingston County, Michigan

Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Three Fiscal Years		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service cost	\$ 243,320	\$ 178,557	\$ 203,849
Interest	1,346,352	1,206,028	1,446,601
Differences between expected and actual experience	(1,417,088)	1,862,047	(5,145,196)
Changes in assumptions	(1,922,881)	2,019,511	665,018
Benefit payments, including refunds	<u>(862,960)</u>	<u>(966,503)</u>	<u>(811,095)</u>
Net Change in Total OPEB Liability	(2,613,257)	4,299,640	(3,640,823)
Total OPEB Liability - Beginning of year	<u>21,723,241</u>	<u>17,423,601</u>	<u>21,064,424</u>
Total OPEB Liability - End of year	<u>\$ 19,109,984</u>	<u>\$ 21,723,241</u>	<u>\$ 17,423,601</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 431,480	\$ -	\$ -
Net investment income (loss)	3,230,078	(1,299,308)	2,591,638
Benefit payments, including refunds	<u>(862,960)</u>	<u>(966,503)</u>	<u>(811,096)</u>
Net Change in Plan Fiduciary Net Position	2,798,598	(2,265,811)	1,780,542
Plan Fiduciary Net Position - Beginning of year	<u>16,718,085</u>	<u>18,983,896</u>	<u>17,203,354</u>
Plan Fiduciary Net Position - End of year	<u>\$ 19,516,683</u>	<u>\$ 16,718,085</u>	<u>\$ 18,983,896</u>
Net OPEB (Asset) Liability - Ending	<u>\$ (406,699)</u>	<u>\$ 5,005,156</u>	<u>\$ (1,560,295)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	102.1 %	77.0 %	109.0 %
Covered Employee Payroll	\$ 2,552,226	\$ 2,588,228	\$ 2,494,678
Net OPEB (Asset) Liability as a Percentage of Covered Employee Payroll	(15.9)%	193.4 %	(62.5)%

Livingston County, Michigan

Required Supplemental Information Schedule of OPEB Contributions

Last Ten Fiscal Years Years Ended December 31

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 225,381	\$ 859,972	\$ 859,972	\$ 847,364	\$ 1,484,973	\$ 1,465,222	\$ 1,303,777	\$ 1,272,569	\$ 1,527,513	\$ 1,461,736
Contributions in relation to the actuarially determined contribution	431,480	-	-	-	-	1,012,606	811,422	654,167	1,244,778	2,243,278
Contribution Excess (Deficiency)	\$ 206,099	\$ (859,972)	\$ (859,972)	\$ (847,364)	\$ (1,484,973)	\$ (452,616)	\$ (492,355)	\$ (618,402)	\$ (282,735)	\$ 781,542
Covered Employee Payroll	\$ 2,552,226	\$ 2,588,228	\$ 2,494,678	\$ 2,776,409	\$ 2,776,409	\$ 4,216,998	\$ 4,216,998	\$ 3,419,799	\$ 3,419,799	\$ 3,419,799
Contributions as a Percentage of Covered Employee Payroll	16.9 %	- %	- %	- %	- %	24.0 %	19.2 %	19.1 %	36.4 %	65.6 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level percentage of pay
Amortization method	Level dollar, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.75 percent
Healthcare cost trend rates	9.00 percent trend for the first year, then gradually decreasing to an ultimate trend of 5.0 percent
Salary increase	3.75-14.75 percent, including inflation
Investment rate of return	6.25 percent
Retirement age	Age 60
Mortality	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017
Other information	None

Livingston County, Michigan

**Required Supplemental Information
Schedule of OPEB Investment Returns**

**Last Three Fiscal Years
Years Ended December 31**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	19.4 %	(7.2)%	16.1 %

Livingston County, Michigan

Required Supplemental Information Schedule of Changes in the Road Commission's Total OPEB Liability and Related Ratios

	Last Two Fiscal Years	
	2019	2018
Total OPEB Liability		
Service cost	\$ 91,433	\$ 68,356
Interest	220,354	192,062
Differences between expected and actual experience	(101,869)	759,642
Changes in assumptions	-	73,388
Benefit payments, including refunds	<u>(310,507)</u>	<u>(310,507)</u>
Net Change in Total OPEB Liability	(100,589)	782,941
Total OPEB Liability - Beginning of year	<u>6,341,699</u>	<u>5,558,758</u>
Total OPEB Liability - End of year	<u>\$ 6,241,110</u>	<u>\$ 6,341,699</u>
Covered Payroll	\$ 3,718,540	\$ 3,718,540
Total OPEB Liability as a Percentage of Covered Payroll	167.84 %	170.54 %

The Road Commission measures the total OPEB liability using a measurement date one year prior to the fiscal year end.

December 31, 2019

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, except that reimbursements have been included as "other finance sources (uses)," rather than in the "revenue" and "expenditures" categories.

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. Department directors, elected officials, or their designee are authorized to transfer budgeted funds, with a net change effect of zero between certain available object codes within their department organization code. All budget transfer requests are monitored and posted by county administration. General Fund departments continue to take proactive measures to operate within or under the approved budget and eliminate or reduce future ongoing costs.

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

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 at 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 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.

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 County's internal service funds also prepare the projection for the department chargebacks. This is rolled out to departments as the base-level budgets. Departments expand on this and add their budget requests for the remaining costs needed to operate their departments.

Departments are requested to submit budget requests within these limits. Budget requests are due from the departments by the middle of August.

In October, county administration finance reviews and analyzes the department budget requests and makes recommendations to present to the board subcommittees. Board subcommittee meetings are held with the departments to review requests and potentially make modifications. In the fall, the budget plan is compiled and the county administrator distributes or makes available the recommended budget plan to the board of commissioners, elected officials, and department heads.

During November, 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.

Livingston County, Michigan

Note to Required Supplemental Information

December 31, 2019

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources</u>	<u>Total Other Financing Uses</u>
General Fund - Amounts per operating statement	\$ 48,305,449	\$ 40,254,649	\$ 223,324	\$ (5,784,190)
Reimbursements from other funds budgeted as transfers	-	264,433	337,433	(73,000)
Reimbursements from other funds are budgeted as revenue instead of net of expenditures	<u>2,167,625</u>	<u>2,167,625</u>	<u>-</u>	<u>-</u>
Amounts per budget statement	<u>\$ 50,473,074</u>	<u>\$ 42,686,707</u>	<u>\$ 560,757</u>	<u>\$ (5,857,190)</u>

Other Supplemental Information

December 31, 2019

	Special Revenue Funds											
	Job Training Services	Health Fund	Community Development Block Grant OLHSA	Child Care	Family Counseling	Friend of the Court	Survey and Remonumentation	Prosecutor's Drug Enforcement	Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library
Assets												
Cash and investments	\$ 260,499	\$ 1,027,371	\$ 90,814	\$ 1,257,595	\$ 111,471	\$ 576,390	\$ 208,342	\$ 4,902	\$ 29,242	\$ 2,493	\$ 36,835	\$ 39,634
Receivables:												
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	4,000	606,990	-	-	-	-	-	-	-	-	-
Accrued interest receivable	-	-	7	-	-	338	146	-	-	-	-	96
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	126,143	-	171,744	-	384,996	37,828	-	-	-	-	-
Prepaid costs and other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 260,499	\$ 1,157,514	\$ 697,811	\$ 1,429,339	\$ 111,471	\$ 961,724	\$ 246,316	\$ 4,902	\$ 29,242	\$ 2,493	\$ 36,835	\$ 39,730
Liabilities												
Accounts payable	\$ -	\$ 12,539	\$ -	\$ 69,935	\$ -	\$ 6,238	\$ 27,200	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	1,745	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Advances from other funds	36,304	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities and other	-	104,909	-	18,664	-	68,633	443	-	-	-	-	-
Unearned revenue	-	-	593,496	-	-	-	-	-	-	-	-	-
Total liabilities	36,304	119,193	593,496	88,599	-	74,871	27,643	-	-	-	-	-
Deferred Inflows of Resources												
Unavailable revenue	-	49,264	12,865	21,274	-	157,438	37,828	-	-	-	-	-
Property taxes levied for the following year	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	49,264	12,865	21,274	-	157,438	37,828	-	-	-	-	-
Fund Balances												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	224,195	-	91,450	1,319,466	111,471	729,415	180,845	4,902	29,242	2,493	36,835	39,730
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	989,057	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	224,195	989,057	91,450	1,319,466	111,471	729,415	180,845	4,902	29,242	2,493	36,835	39,730
Total liabilities, deferred inflows of resources, and fund balances	\$ 260,499	\$ 1,157,514	\$ 697,811	\$ 1,429,339	\$ 111,471	\$ 961,724	\$ 246,316	\$ 4,902	\$ 29,242	\$ 2,493	\$ 36,835	\$ 39,730

Livingston County, Michigan

Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds

December 31, 2019

	Special Revenue Funds										
	Community Corrections	Social Welfare	Soldiers and Sailors Relief	Veteran Services	Register of Deeds	Federal Equitable Sharing Fund	Homestead Property Exemption Fund	Correction Officers Training	Federal Grants	State and Other Grants	911 Services Fund
Assets											
Cash and investments	\$ 82,392	\$ 3,052	\$ 3,459	\$ 1,322,876	\$ 1,483,444	\$ 7,642	\$ 12,765	\$ 74,487	\$ -	\$ 74,077	\$ 1,681,901
Receivables:											
Taxes	-	-	-	1,045,632	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	3,157	-	-	1,052,461
Accrued interest receivable	-	-	-	17,169	7,065	-	1	-	-	-	348
Other receivables	-	414	-	-	-	-	-	-	61,445	-	-
Due from other governments	2,850	-	-	14,792	-	-	-	-	300,682	82,781	128,526
Prepaid costs and other assets	-	-	-	-	-	-	-	-	-	-	27,849
Total assets	\$ 85,242	\$ 3,466	\$ 3,459	\$ 2,400,469	\$ 1,490,509	\$ 7,642	\$ 12,766	\$ 77,644	\$ 362,127	\$ 156,858	\$ 2,891,085
Liabilities											
Accounts payable	\$ -	\$ -	\$ -	\$ 5,140	\$ 10,431	\$ -	\$ -	\$ -	\$ 87,962	\$ 36,815	\$ 55,053
Due to other governmental units	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	69,165	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities and other	278	-	-	12,860	699	-	-	-	16,377	20,247	95,259
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	278	-	-	18,000	11,130	-	-	-	173,504	57,062	150,312
Deferred Inflows of Resources											
Unavailable revenue	-	-	-	-	-	-	-	-	179,716	74,699	-
Property taxes levied for the following year	-	-	-	1,045,632	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	1,045,632	-	-	-	-	179,716	74,699	-
Fund Balances											
Nonspendable	-	-	-	-	-	-	-	-	-	-	27,849
Restricted	84,964	3,466	3,459	1,336,837	1,479,379	7,642	12,766	77,644	8,907	25,097	2,712,924
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	84,964	3,466	3,459	1,336,837	1,479,379	7,642	12,766	77,644	8,907	25,097	2,740,773
Total liabilities, deferred inflows of resources, and fund balances	\$ 85,242	\$ 3,466	\$ 3,459	\$ 2,400,469	\$ 1,490,509	\$ 7,642	\$ 12,766	\$ 77,644	\$ 362,127	\$ 156,858	\$ 2,891,085

Other Supplemental Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds

December 31, 2019

	Special Revenue Funds						Debt Service Funds				
	Concealed Pistol	Indigent Defense Fund	Sheriff Donation Fund	Animal Shelter Donation	US Treasury Equitable Sharing Fund	Victim Services Unit	Debt Service Sinking Fund	Jail Expansion Refunding	EMS Debt Fund	Jail Expansion Debt Service	2015 Refunding of Mental Health Bonds
Assets											
Cash and investments	\$ 210,060	\$ 231,328	\$ 11,050	\$ 71,132	\$ 34,176	\$ 1,396	\$ -	\$ 1,412	\$ -	\$ -	\$ -
Receivables:											
Taxes	-	-	-	-	-	-	-	-	-	-	-
Accounts	3,549	-	-	-	-	-	-	-	-	-	-
Accrued interest receivable	8	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	3,996	-	-	-	-	-	-	-	-	-	-
Prepaid costs and other assets	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 217,613	\$ 231,328	\$ 11,050	\$ 71,132	\$ 34,176	\$ 1,396	\$ -	\$ 1,412	\$ -	\$ -	\$ -
Liabilities											
Accounts payable	\$ 904	\$ 84,428	\$ -	\$ -	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities and other	1,864	12,065	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	2,768	96,493	-	-	-	50	-	-	-	-	-
Deferred Inflows of Resources											
Unavailable revenue	3,548	-	-	-	-	-	-	-	-	-	-
Property taxes levied for the following year	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	3,548	-	-	-	-	-	-	-	-	-	-
Fund Balances											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	211,297	134,835	11,050	71,132	34,176	1,346	-	-	-	-	-
Committed	-	-	-	-	-	-	-	1,412	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	211,297	134,835	11,050	71,132	34,176	1,346	-	1,412	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 217,613	\$ 231,328	\$ 11,050	\$ 71,132	\$ 34,176	\$ 1,396	\$ -	\$ 1,412	\$ -	\$ -	\$ -

December 31, 2019

	Capital Project Funds			Permanent Fund	Total
	Jail Expansion	Dental Clinic	911 Central Dispatch Construction	Cemetery Trust	
Assets					
Cash and investments	\$ 105,394	\$ 172,741	\$ 500,299	\$ 5,000	\$ 9,735,671
Receivables:					
Taxes	-	-	-	-	1,045,632
Accounts	-	-	-	-	1,670,157
Accrued interest receivable	-	-	-	-	25,178
Other receivables	-	-	-	-	61,859
Due from other governments	-	-	-	-	1,254,338
Prepaid costs and other assets	-	-	-	-	27,849
Total assets	\$ 105,394	\$ 172,741	\$ 500,299	\$ 5,000	\$ 13,820,684
Liabilities					
Accounts payable	\$ 105,447	\$ -	\$ 639,999	\$ -	\$ 1,142,141
Due to other governmental units	-	-	-	-	1,745
Due to other funds	-	-	-	-	69,165
Advances from other funds	-	-	-	-	36,304
Accrued liabilities and other	-	-	-	-	352,298
Unearned revenue	-	-	-	-	593,496
Total liabilities	105,447	-	639,999	-	2,195,149
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	-	536,632
Property taxes levied for the following year	-	-	-	-	1,045,632
Total deferred inflows of resources	-	-	-	-	1,582,264
Fund Balances					
Nonspendable	-	-	-	-	27,849
Restricted	-	172,741	-	5,000	9,164,706
Committed	-	-	-	-	1,412
Assigned	-	-	-	-	989,057
Unassigned	(53)	-	(139,700)	-	(139,753)
Total fund balances	(53)	172,741	(139,700)	5,000	10,043,271
Total liabilities, deferred inflows of resources, and fund balances	\$ 105,394	\$ 172,741	\$ 500,299	\$ 5,000	\$ 13,820,684

Livingston County, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended December 31, 2019

	Special Revenue Funds										
	Job Training Services	Health Fund	Community Development Block Grant OLHSA	Child Care	Family Counseling	Friend of the Court	Survey and Remonumentation	Prosecutor's Drug Enforcement	Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture
Revenue											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:											
Federal sources	-	965,181	-	-	-	1,385,374	-	-	-	-	-
State sources	-	1,047,650	-	1,290,200	-	135,931	84,720	-	-	-	-
Local grants and contributions	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	293,918	-	415,413	14,596	154,714	1,897	-	-	-	-
Licenses and permits	-	824,347	-	-	-	-	-	-	-	-	-
Interest and rentals	-	-	2,984	-	-	9,341	3,366	-	-	-	-
Other revenue	-	-	64,376	115,000	-	2,670	-	-	-	370	-
Total revenue	-	3,131,096	67,360	1,820,613	14,596	1,688,030	89,983	-	-	370	-
Expenditures											
Current services:											
General government	-	-	-	-	-	-	65,734	-	-	-	-
Court systems	-	-	-	2,881,780	6,068	2,642,051	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	2,900	-
Health and welfare	-	3,981,265	77,941	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	3,981,265	77,941	2,881,780	6,068	2,642,051	65,734	-	-	2,900	-
Excess of Revenue (Under) Over Expenditures	-	(850,169)	(10,581)	(1,061,167)	8,528	(954,021)	24,249	-	-	(2,530)	-
Other Financing Sources (Uses)											
Transfers in	-	714,675	-	1,679,437	-	886,777	-	-	-	-	-
Transfers out	-	-	(38,119)	-	-	-	-	-	-	-	-
New debt issued	-	-	-	-	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	714,675	(38,119)	1,679,437	-	886,777	-	-	-	-	-
Net Change in Fund Balances	-	(135,494)	(48,700)	618,270	8,528	(67,244)	24,249	-	-	(2,530)	-
Fund Balances - Beginning of year	224,195	1,124,551	140,150	701,196	102,943	796,659	156,596	4,902	29,242	5,023	36,835
Fund Balances - End of year	\$ 224,195	\$ 989,057	\$ 91,450	\$ 1,319,466	\$ 111,471	\$ 729,415	\$ 180,845	\$ 4,902	\$ 29,242	\$ 2,493	\$ 36,835

Livingston County, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds

Year Ended December 31, 2019

	Special Revenue Funds										
	Law Library	Community Corrections	Social Welfare	Soldiers and Sailors Relief	Veteran Services	Register of Deeds	Federal Equitable Sharing Fund	Homestead Property Exemption Fund	Correction Officers Training	Federal Grants	State and Other Grants
Revenue											
Property taxes	\$ -	\$ -	\$ -	\$ 43	\$ 997,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:											
Federal sources	-	-	-	-	-	-	-	-	-	1,206,559	-
State sources	-	18,756	-	-	50,055	-	-	-	-	-	597,591
Local grants and contributions	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	192,495	-	-	15,575	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-
Interest and rentals	502	-	-	18	34,655	38,308	86	4,809	-	-	-
Other revenue	6,500	-	-	-	-	-	-	-	-	-	-
Total revenue	7,002	18,756	-	61	1,082,445	230,803	86	4,809	15,575	1,206,559	597,591
Expenditures											
Current services:											
General government	-	-	-	-	-	209,090	-	4,307	-	-	-
Court systems	349	-	-	-	-	-	-	-	-	637,900	544,552
Public safety	-	21,493	-	-	-	-	29	-	5,449	549,606	256,390
Health and welfare	-	-	7,968	15	679,043	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	189,988	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	349	21,493	7,968	15	679,043	209,090	29	4,307	5,449	1,377,494	800,942
Excess of Revenue (Under) Over Expenditures	6,653	(2,737)	(7,968)	46	403,402	21,713	57	502	10,126	(170,935)	(203,351)
Other Financing Sources (Uses)											
Transfers in	-	-	9,000	-	-	-	-	-	-	103,575	174,037
Transfers out	-	-	-	-	-	-	(34,176)	-	-	-	-
New debt issued	-	-	-	-	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	9,000	-	-	-	(34,176)	-	-	103,575	174,037
Net Change in Fund Balances	6,653	(2,737)	1,032	46	403,402	21,713	(34,119)	502	10,126	(67,360)	(29,314)
Fund Balances - Beginning of year	33,077	87,701	2,434	3,413	933,435	1,457,666	41,761	12,264	67,518	76,267	54,411
Fund Balances - End of year	\$ 39,730	\$ 84,964	\$ 3,466	\$ 3,459	\$ 1,336,837	\$ 1,479,379	\$ 7,642	\$ 12,766	\$ 77,644	\$ 8,907	\$ 25,097

Livingston County, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds

Year Ended December 31, 2019

	Special Revenue Funds						Debt Service Funds		
	911 Services Fund	Concealed Pistol	Indigent Defense Fund	Sheriff Donation Fund	Animal Shelter Donation	US Treasury Equitable Sharing Fund	Victim Services Unit	Debt Service Sinking Fund	Jail Expansion Refunding
Revenue									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:									
Federal sources	-	-	-	-	-	-	-	-	-
State sources	418,043	-	473,484	-	-	-	-	-	-
Local grants and contributions	-	-	-	11,820	78,834	-	425	-	-
Charges for services	4,260,440	13,655	-	-	-	-	-	-	-
Licenses and permits	-	128,804	-	-	-	-	-	-	-
Interest and rentals	72,946	275	-	-	-	-	-	-	-
Other revenue	3,365	-	-	-	-	-	-	-	-
Total revenue	4,754,794	142,734	473,484	11,820	78,834	-	425	-	-
Expenditures									
Current services:									
General government	-	70,819	1,255,338	-	7,702	-	-	-	-
Court systems	-	-	-	-	-	-	-	-	-
Public safety	4,091,050	-	-	770	-	-	886	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	370,000
Interest and fiscal charges	-	-	-	-	-	-	-	237,390	157,138
Total expenditures	4,091,050	70,819	1,255,338	770	7,702	-	886	-	527,138
Excess of Revenue (Under) Over Expenditures	663,744	71,915	(781,854)	11,050	71,132	-	(461)	-	(527,138)
Other Financing Sources (Uses)									
Transfers in	-	-	916,689	-	-	34,176	-	90,900	527,138
Transfers out	(3,712,090)	-	-	-	-	-	-	-	-
New debt issued	-	-	-	-	-	-	-	10,750,000	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	(10,602,098)	-
Total other financing sources (uses)	(3,712,090)	-	916,689	-	-	34,176	-	238,802	527,138
Net Change in Fund Balances	(3,048,346)	71,915	134,835	11,050	71,132	34,176	(461)	1,412	-
Fund Balances - Beginning of year	5,789,119	139,382	-	-	-	-	1,807	-	-
Fund Balances - End of year	\$ 2,740,773	\$ 211,297	\$ 134,835	\$ 11,050	\$ 71,132	\$ 34,176	\$ 1,346	\$ 1,412	\$ -

Livingston County, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds

Year Ended December 31, 2019

	Debt Service Funds		Capital Project Funds			Permanent Fund	Total
	Jail Expansion Debt Service	2015 Refunding of Mental Health Bonds	Jail Expansion	Dental Clinic	911 Central Dispatch Construction	Cemetery Trust	
Revenue							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,778
Intergovernmental:							
Federal sources	-	-	-	-	-	-	3,557,114
State sources	-	-	-	-	-	-	4,116,430
Local grants and contributions	-	-	-	-	-	-	91,079
Charges for services	-	-	-	-	-	-	5,362,703
Licenses and permits	-	-	-	-	-	-	953,151
Interest and rentals	-	-	2,717	-	-	-	170,007
Other revenue	-	191,628	-	-	-	-	383,909
Total revenue	-	191,628	2,717	-	-	-	15,632,171
Expenditures							
Current services:							
General government	-	-	-	-	-	-	1,612,990
Court systems	-	-	-	-	-	-	6,712,700
Public safety	500	-	-	-	-	-	4,929,073
Health and welfare	-	-	-	-	-	-	4,746,232
Economic development	-	-	-	-	-	-	189,988
Capital outlay	-	-	609,493	12,575	3,852,788	-	4,474,856
Debt service:							
Principal	855,000	170,000	-	-	-	-	1,395,000
Interest and fiscal charges	159,138	21,628	-	-	-	-	575,294
Total expenditures	1,014,638	191,628	609,493	12,575	3,852,788	-	24,636,133
Excess of Revenue (Under) Over Expenditures	(1,014,638)	-	(606,776)	(12,575)	(3,852,788)	-	(9,003,962)
Other Financing Sources (Uses)							
Transfers in	1,014,638	-	-	-	3,712,090	-	9,863,132
Transfers out	-	-	-	-	-	-	(3,784,385)
New debt issued	-	-	-	-	-	-	10,750,000
Payment to bond refunding escrow agent	-	-	-	-	-	-	(10,602,098)
Total other financing sources (uses)	1,014,638	-	-	-	3,712,090	-	6,226,649
Net Change in Fund Balances	-	-	(606,776)	(12,575)	(140,698)	-	(2,777,313)
Fund Balances - Beginning of year	-	-	606,723	185,316	998	5,000	12,820,584
Fund Balances - End of year	\$ -	\$ -	\$ (53)	\$ 172,741	\$ (139,700)	\$ 5,000	\$ 10,043,271

Livingston County, Michigan

Other Supplemental Information Combining Statement of Net Position Internal Service Funds

December 31, 2019

	Building Services	Information Technology	Car Pool	Benefits	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	\$ 386,418	\$ 1,776,543	\$ 1,944,388	\$ 1,612,849	\$ 5,720,198
Receivables	83,799	8,555	1,268	464,364	557,986
Inventories	-	-	13,942	-	13,942
Prepaid costs and other assets	-	294,651	-	96,912	391,563
Total current assets	470,217	2,079,749	1,959,598	2,174,125	6,683,689
Noncurrent assets:					
Net OPEB asset	8,212	14,042	856	-	23,110
Capital assets - Net	2,088,939	38,673	985,398	-	3,113,010
Total noncurrent assets	2,097,151	52,715	986,254	-	3,136,120
Total assets	2,567,368	2,132,464	2,945,852	2,174,125	9,819,809
Deferred Outflows of Resources					
Deferred pension costs	321,951	497,640	33,893	-	853,484
Deferred OPEB costs	26,123	44,673	2,722	-	73,518
Total deferred outflows of resources	348,074	542,313	36,615	-	927,002
Liabilities					
Current liabilities:					
Accounts payable	56,091	124,763	105,828	155,633	442,315
Accrued liabilities and other	86,691	149,226	2,949	450,308	689,174
Total current liabilities	142,782	273,989	108,777	605,941	1,131,489
Noncurrent liabilities - Net pension liability	848,712	1,311,853	89,347	-	2,249,912
Total liabilities	991,494	1,585,842	198,124	605,941	3,381,401
Deferred Inflows of Resources - Pensions	59,532	100,080	6,212	-	165,824
Net Position					
Net investment in capital assets	2,088,939	38,673	985,398	-	3,113,010
Restricted - Retiree Healthcare	8,212	14,042	856	-	23,110
Unrestricted	(232,735)	936,140	1,791,877	1,568,184	4,063,466
Total net position	\$ 1,864,416	\$ 988,855	\$ 2,778,131	\$ 1,568,184	\$ 7,199,586

Livingston County, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended December 31, 2019

	Building Services	Information Technology	Car Pool	Benefits	Total Internal Service Funds
Operating Revenue - Charges for services	\$ 2,390,332	\$ 4,208,353	\$ 1,695,057	\$ 10,927,871	\$ 19,221,613
Operating Expenses					
Personnel	1,319,328	1,754,661	117,544	10,517,541	13,709,074
Operating	924,645	2,155,049	998,136	-	4,077,830
Depreciation	140,720	19,221	522,707	-	682,648
Total operating expenses	<u>2,384,693</u>	<u>3,928,931</u>	<u>1,638,387</u>	<u>10,517,541</u>	<u>18,469,552</u>
Operating Income	5,639	279,422	56,670	410,330	752,061
Nonoperating Revenue - Gain on sale of assets	<u>1,096</u>	<u>7,699</u>	<u>35,096</u>	<u>-</u>	<u>43,891</u>
Change in Net Position	6,735	287,121	91,766	410,330	795,952
Net Position - Beginning of year	<u>1,857,681</u>	<u>701,734</u>	<u>2,686,365</u>	<u>1,157,854</u>	<u>6,403,634</u>
Net Position - End of year	<u><u>\$ 1,864,416</u></u>	<u><u>\$ 988,855</u></u>	<u><u>\$ 2,778,131</u></u>	<u><u>\$ 1,568,184</u></u>	<u><u>\$ 7,199,586</u></u>

Livingston County, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds

Year Ended December 31, 2019

	Building Services	Information Technology	Car Pool	Benefits	Total Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers	\$ 62,722	\$ 108,136	\$ -	\$ -	\$ 170,858
Receipts from interfund services and reimbursements	2,361,009	4,108,383	1,693,789	11,096,035	19,259,216
Payments to suppliers	(899,652)	(1,921,274)	(946,406)	-	(3,767,332)
Payments to employees and fringes	(1,248,412)	(1,614,003)	(107,499)	(10,250,482)	(13,220,396)
Net cash and cash equivalents provided by operating activities	275,667	681,242	639,884	845,553	2,442,346
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	1,096	7,699	88,188	-	96,983
Purchase of capital assets	-	-	(537,872)	-	(537,872)
Net cash and cash equivalents provided by (used in) capital and related financing activities	1,096	7,699	(449,684)	-	(440,889)
Net Increase in Cash and Cash Equivalents	276,763	688,941	190,200	845,553	2,001,457
Cash and Cash Equivalents - Beginning of year	109,655	1,087,602	1,754,188	767,296	3,718,741
Cash and Cash Equivalents - End of year	\$ 386,418	\$ 1,776,543	\$ 1,944,388	\$ 1,612,849	\$ 5,720,198
Classification of Cash and Cash Equivalents	\$ 386,418	\$ 1,776,543	\$ 1,944,388	\$ 1,612,849	\$ 5,720,198
Reconciliation of Operating Income to Net Cash from Operating Activities					
Operating income	\$ 5,639	\$ 279,422	\$ 56,670	\$ 410,330	\$ 752,061
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation and amortization	140,720	19,221	522,707	-	682,648
Changes in assets and liabilities:					
Receivables	33,399	8,166	(1,268)	-	40,297
Due to and from other funds	-	-	-	168,164	168,164
Inventories	119,905	-	(276)	-	119,629
Prepaid and other assets	-	196,859	-	-	196,859
Accounts payable	(94,912)	36,916	52,006	-	(5,990)
Net pension or OPEB liability	(78,036)	(91,528)	(2,909)	-	(172,473)
Deferrals related to pension or OPEB	149,431	223,132	13,606	-	386,169
Accrued and other liabilities	(479)	9,054	(652)	267,059	274,982
Total adjustments	270,028	401,820	583,214	435,223	1,690,285
Net cash and cash equivalents provided by operating activities	\$ 275,667	\$ 681,242	\$ 639,884	\$ 845,553	\$ 2,442,346

Livingston County, Michigan

**Other Supplemental Information
Statement of Assets and Liabilities
Agency Funds**

December 31, 2019

	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	<u>Total Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 4,719,340	\$ 295,237	\$ 5,014,577
Accrued interest and other receivables	12,575	1,519	14,094
Total assets	<u>\$ 4,731,915</u>	<u>\$ 296,756</u>	<u>\$ 5,028,671</u>
Liabilities			
Due to other governmental units	\$ 1,824,630	\$ -	\$ 1,824,630
Accrued liabilities and other	2,907,285	296,756	3,204,041
Total liabilities	<u>\$ 4,731,915</u>	<u>\$ 296,756</u>	<u>\$ 5,028,671</u>

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Operating, Nonoperating, and Other Revenue Sources- Schedule 1

	Year Ended December 31, 2019		
	January 1, 2019 to September 30, 2019	October 1, 2019 to December 31, 2019	Total
Operating Revenue			
Demand-response - Passenger fares	\$ 102,896	\$ 30,835	\$ 133,731
Service agreement revenue	139,189	50,018	189,207
Other:			
Sale of fuel to other county departments	2,022	-	2,022
Alternative fuel credit	-	32,210	32,210
Other Revenue	4,520	-	4,520
Local Contributions	20,000	33,000	53,000
Loss on Sale of Vehicle	(277)	-	(277)
Total other	<u>26,265</u>	<u>65,210</u>	<u>91,475</u>
Total operating revenue	<u>\$ 268,350</u>	<u>\$ 146,063</u>	<u>\$ 414,413</u>
Nonoperating Revenue			
Federal operating and capital grants:			
U.S. DOT operating grant - Section 5307 (fiscal year 2019 and 2020)	\$ 1,056,761	\$ 375,359	1,432,120
U.S. DOT capital grant - Preventative maintenance - Section 5307 (fiscal year 2019 and 2020)	291,098	105,008	396,106
Other federal grants:			
Section 5339 (fiscal years 2017, 2018 and 2019)	416,514	16,150	432,664
Section 5307 (fiscal years 2017 and 2019)	102,128	125,614	227,742
Section 5304 (fiscal years 2017)	49,245	-	49,245
Section 5310 (fiscal years 2018)	151,714	-	151,714
State operating and capital grants:			
State transit operating assistance	811,237	532,544	1,343,781
State preventative maintenance match (fiscal year 2019 and 2020)	72,774	26,252	99,026
State capital match - Section 5339 - (fiscal years 2017, 2018 and 2019)	104,129	4,038	108,167
State capital match - Section 5307 - (fiscal years 2017)	25,532	31,403	56,935
State Planning match - Section 5304 - (fiscal years 2017)	12,311	-	12,311
State Planning match - Section 5310 - (fiscal years 2018)	37,928	-	37,928
Other local operating contributions	-	21,348	21,348
Total nonoperating revenue	<u>\$ 3,131,371</u>	<u>\$ 1,237,716</u>	<u>\$ 4,369,087</u>
County General Fund Appropriation	\$ 37,500	\$ 12,500	\$ 50,000

Note that the schedule has reclassified some items between operating and nonoperating categories of revenue for reporting purposes.

Livingston County, Michigan

**Livingston Essential Transportation Service
Schedule of Operating, Nonoperating, and
Other Revenue Sources-JARC - Schedule 2**

Year Ended December 31, 2019

	January 1, 2019 to September 30, 2019	October 1, 2019 to December 31, 2019	Total
Operating Revenue			
Demand-response - Passenger fares	\$ 5,434	\$ 2,039	\$ 7,473
State operating and capital grants:			
Transportation to work (PA #2017-0082/P9) ('19)	59,728	-	59,728 A
Transportation to work (PA #2017-0082/P15) ('20)	-	12,526	12,526 A
Total operating revenue	<u><u>\$ 65,162</u></u>	<u><u>\$ 14,565</u></u>	<u><u>\$ 79,727</u></u>

A JARC operating grants are included in nonoperating revenue in the proprietary funds statement of revenue, expenses, and changes in net position.

Note that the schedule has reclassified some items between operating and nonoperating categories of revenue for reporting purposes.

Livingston Essential Transportation Service
Schedule of Operating Expenses- Schedule 3

Year Ended December 31, 2019

	General					Total
	Operations	Dispatch	Maintenance	Administration	JARC	
Labor	\$ 1,209,730	\$ 168,523	\$ 112,101	\$ 128,220	\$ 58,762	\$ 1,677,336
Pension	198,653	-	17,140	22,988	9,769	248,550
Other fringe benefits	510,180	-	48,367	44,068	11,195	613,810
Advertising	-	-	-	6,818	-	6,818
Services	245,707	-	282,982	216,070	-	744,759
Materials and supplies consumed:						
Fuel and lubricants	191,145	-	-	-	-	191,145
Tires and tubes	23,006	-	-	-	-	23,006
Other materials and supplies	-	-	34,071	9,741	-	43,812
Utilities	-	-	-	57,651	-	57,651
Depreciation	436,044	-	-	-	-	436,044
Casualty and liability costs	45,205	-	-	-	-	45,205
Miscellaneous	7,237	-	288	5,411	-	12,936
Adjustment to net OPEB liability	-	-	-	13,856	-	13,856
Adjustment to net pension liability	-	-	-	236,003	-	236,003
Bus/Facility Capital	-	-	-	102,720	-	102,720
Operating leases and rentals	9,670	-	-	97,838	-	107,508
Total operating expenses	2,876,577	168,523	494,949	941,384	79,726	4,561,159
MichiganFlyer Share of Airport Service	445,492	-	-	-	-	445,492
Ineligible expenses:						
Revenue associated with fuel sold to county departments	2,022	-	-	-	-	2,022
Depreciation	436,044	-	-	-	-	436,044
Ineligible farebox revenue	-	-	-	-	7,473	7,473
Ineligible MPTA dues	-	-	-	638	-	638
Net OPEB liability cost	-	-	-	13,856	-	13,856
Net pension liability cost	-	-	-	236,003	-	236,003
Other ineligible expenses/adjustments	(6,500)	-	(183)	65,524	-	58,841
Bus/Facility capital paid from capital contracts	-	-	-	102,720	-	102,720
U.S. DOT capital grant - Preventative maintenance Section 5307	-	-	396,106	-	-	396,106
State of MI capital grant - Preventative maintenance Section 5307	-	-	99,026	-	-	99,026
Total ineligible expenses	431,566	-	494,949	418,741	7,473	1,352,729
Total eligible expenses	\$ 2,890,503	\$ 168,523	\$ -	\$ 522,643	\$ 72,253	\$ 3,653,922

1. LETS subtracts out 100 percent of its depreciation expense.

2. Expenses associated with charter services and the sale of fuel are subtracted out as ineligible. There are no other 406 and 407 expenses that are required to be subtracted out as ineligible.

3. LETS has three cost allocation plans that have been approved by OPT. Those are JARC services, charter services, and rent. LETS no longer rents to EMS, and thus the rent allocation was not used in the preparation of the financial statements. The approved cost allocation plans for JARC services and charter services were adhered to in the preparation of the financial statements.

4. Operating expenses of \$102,720 were subtracted out as ineligible because these expenses were paid for with capital funds. No other operating expenses were paid for with capital funds.

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Net Eligible Cost Computations of General Operations – Schedule 4

	Year Ended December 31, 2019		
	January 1, 2019 to September 30, 2019	October 1, 2019 to December 31, 2019	Total
Labor	\$ 1,109,254	\$ 509,320	\$ 1,618,574
Pension	180,486	58,295	238,781
Other fringe benefits	451,178	151,437	602,615
Advertising	4,031	2,787	6,818
Services	388,766	355,993	744,759
Materials and supplies consumed:			
Fuel and lubricants	126,637	64,508	191,145
Tires and tubes	15,909	7,097	23,006
Other materials and supplies	32,678	11,134	43,812
Utilities	44,371	13,280	57,651
Casualty and liability costs	33,500	11,705	45,205
Depreciation	327,033	109,011	436,044
Miscellaneous	5,032	7,904	12,936
Adjustment to net OPEB liability	10,392	3,464	13,856
Adjustment to net pension liability	177,002	59,001	236,003
Bus/Facility Capital	21,575	81,145	102,720
Operating leases and rentals	71,538	35,970	107,508
Total operating expenses	2,999,382	1,482,051	4,481,433
MichiganFlyer Share of Airport Service	-	445,492	445,492
Ineligible operating expenses:			
Revenue associated with fuel sold to other departments	2,022	-	2,022
Depreciation	327,033	109,011	436,044
Ineligible MPTA dues	419	219	638
Net OPEB liability cost	10,392	3,464	13,856
Net pension liability cost	177,002	59,001	236,003
Other ineligible expenses/adjustments	(34,027)	92,868	58,841
Bus/Facility capital paid from capital contracts	21,575	81,145	102,720
U.S. DOT capital grant - Preventative maintenance Section 5307	291,098	105,008	396,106
State of MI capital grant - Preventative maintenance Section 5307	72,774	26,252	99,026
Total ineligible expenses	868,288	476,968	1,345,256
Total eligible expenses	<u>\$ 2,131,094</u>	<u>\$ 1,450,575</u>	<u>\$ 3,581,669</u>

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Net Eligible Cost Computations of General Operations -JARC- Schedule 5

	Year Ended December 31, 2019		
	January 1, 2019 to September 30, 2019	October 1, 2019 to December 31, 2019	Total
Labor	\$ 47,364	\$ 11,398	\$ 58,762
Pension	\$ 7,872	\$ 1,897	\$ 9,769
Other fringe benefits	\$ 9,925	\$ 1,270	\$ 11,195
Total operating expenses	\$ 65,161	\$ 14,565	\$ 79,726
Ineligible operating expenses:			
Ineligible farebox revenue	\$ 5,434	\$ 2,039	\$ 7,473
Total ineligible expenses	\$ 5,434	\$ 2,039	\$ 7,473
Total eligible expenses	\$ 59,727	\$ 12,526	\$ 72,253

Livingston County, Michigan

**Livingston Essential Transportation Service
Schedule of Annual Pension Cost and Net Pension Liability- Schedule 6**

	Years Ended December 31			
	January 1 through December 31			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual required contribution	\$ 98,151	\$ 186,877	\$ 215,394	\$ 219,949
Contributions in relation to the actuarially required contribution	<u>98,151</u>	<u>186,877</u>	<u>215,394</u>	<u>219,949</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. For the 12 months ended December 31, 2019, LETS paid \$28,600 in DC pension and \$219,949 in DB pensions. The DC and DB pension is pay-as-you-go. Therefore, the pension cost was both expensed on the books and paid out of pocket.

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Annual OPEB Cost and Net OPEB Liability - Schedule 7

	Years Ended December 31			
	January 1 through December 31			
	2016	2017	2018	2019
Annual determined contribution	\$ 23,931	\$ 26,699	\$ 26,699	\$ 31,227
Contributions in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ 23,931</u>	<u>\$ 26,699</u>	<u>\$ 26,699</u>	<u>\$ 31,227</u>

1. For the 12 months ended December 31, 2019, LETS made no contributions to the Livingston Retiree Healthcare plan

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Revenue and Eligible and Ineligible Expenditures – Schedule 8

	Year Ended September 30, 2019		
	October 1, 2018 to December 31, 2018	January 1, 2019 to September 30, 2019	Total
Operating Revenue			
Demand-response - Passenger fares	\$ 31,180	\$ 102,896	\$ 134,076
Service agreement revenue	44,093	139,189	183,282
Other:			
Sale of fuel to other county departments	878	2,022	2,900
Alternative fuel credit	26,879	-	26,879
Other Revenue	4,632	4,520	9,152
Local Contribution	-	20,000	20,000
Loss on Sale of Vehicle	-	(277)	(277)
Total other	<u>32,389</u>	<u>26,265</u>	<u>58,654</u>
Total operating revenue	<u>\$ 107,662</u>	<u>\$ 268,350</u>	<u>\$ 376,012</u>
Operating Expenses			
Labor	\$ 396,008	\$ 1,109,254	\$ 1,505,262
Pension	58,195	180,486	238,681
Other fringe benefits	138,515	451,178	589,693
Advertising	794	4,031	4,825
Services	128,480	388,766	517,246
Materials and supplies consumed:			
Fuel and lubricants	58,932	126,637	185,569
Tires and tubes	2,378	15,909	18,287
Other materials and supplies	9,456	32,678	42,134
Utilities	15,525	44,371	59,896
Casualty and liability costs	11,241	33,500	44,741
Depreciation	84,956	327,033	411,989
Operating leases and rentals	26,914	71,538	98,452
Adjustment to net OPEB liability	15,237	10,392	25,629
Adjustment to net pension liability	(41,000)	177,002	136,002
Bus/Facility Capital	26,540	21,575	48,115
Miscellaneous	<u>3,297</u>	<u>5,032</u>	<u>8,329</u>
Total operating expenses	935,468	2,999,382	3,934,850
Less Ineligible Expenses			
Revenue associated with fuel sold to other departments	878	2,022	2,900
Alternative fuel credit	26,879	-	26,879
Other Ineligible Expenses/Adjustments	4,532	(34,027)	(29,495)
Ineligible MPTA dues	140	419	559
Depreciation	84,956	327,033	411,989
Net OPEB liability cost	15,237	10,392	25,629
Net pension liability cost	(41,000)	177,002	136,002
Bus/Facility capital paid from capital contracts	26,540	21,575	48,115
U.S. DOT capital grant - Preventative maintenance Section 5307	114,962	291,098	406,060
State of MI capital grant - Preventative maintenance	<u>28,741</u>	<u>72,774</u>	<u>101,515</u>
Total ineligible expenses	<u>261,865</u>	<u>868,288</u>	<u>1,130,153</u>
Total eligible expenses	<u>\$ 673,603</u>	<u>\$ 2,131,094</u>	<u>\$ 2,804,697</u>

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Revenue and Eligible and Ineligible Expenditures- JARC - Schedule 9

	Year Ended September 30, 2019		
	October 1, 2018 to December 31, 2018	January 1, 2019 to September 30, 2019	Total
Operating Revenue			
Passenger fares	\$ 2,332	\$ 5,434	\$ 7,766
Transportation to work (PA #2017-0082/P9) ('19)	17,942	59,728	77,670
Total operating revenue	\$ 20,274	\$ 65,162	\$ 85,436
Operating Expenses			
Labor	\$ 15,667	\$ 47,364	\$ 63,031
Pension	2,787	7,872	10,659
Other fringe benefits	1,820	9,925	11,745
Total operating expenses	20,274	65,161	85,435
Less Ineligible Expenses			
Farebox return	2,332	5,434	7,766
Total ineligible expenses	2,332	5,434	7,766
Total eligible expenses	\$ 17,942	\$ 59,727	\$ 77,669

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Annual Pension Cost – Schedule 10

	Years Ended September 30			
	October 1 through September 30			
	2016	2017	2018	2019
Annual required contribution	\$ 106,593	\$ 164,695	\$ 208,265	\$ 218,810
Contributions in relation to the actuarially determined contribution	<u>106,593</u>	<u>164,695</u>	<u>208,265</u>	<u>218,810</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. For the 12 months ended September 30, 2019, LETS paid \$28,686 in DC pension and \$218,810 in DB pensions. The DC and DB pension is pay-as-you-go. Therefore, the pension cost was both expensed on the books and paid out of pocket.

Livingston County, Michigan

Livingston Essential Transportation Service Schedule of Annual OPEB Cost and Net OPEB Liability – Schedule 11

	Years Ended September 30			
	October 1 through September 30			
	2016	2017	2018	2019
Annual determined contribution	\$ 28,961	\$ 26,007	\$ 26,699	\$ 30,095
Contributions in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ 28,961</u>	<u>\$ 26,007</u>	<u>\$ 26,699</u>	<u>\$ 30,095</u>

1. For the 12 months ended September 30, 2019, LETS made no contributions to the Livingston Retiree Healthcare plan

Livingston Essential Transportation Service
 Schedule of Property and Equipment – Schedule 12

Year Ended December 31, 2019

		Cost	Accumulated Depreciation	Total
Buildings and building improvements	Intermodel building	\$ 2,629,103	\$ 961,812	\$ 1,667,291
Vehicles and vehicle equipment:				
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 90-x425 Fed Sec 5307 and 2002-0060 Z14 (state match)	Surveillance system	\$ 14,249	\$ 14,249	\$ -
State Match 2002-0060/Z15 \$8,825, 2002-0060-Z/19 \$3,784				
Grant MI-96-X019 - ARRA (100% federal funds)	PCTTRANS map software	\$ 31,800	\$ 31,800	\$ -
7991+22725+3474+6263+2757	PCTTRANS map hardware	\$ 64,330	\$ 64,330	\$ -
Federal Grant #MI-90-X635 (\$18,855) and State Project Authorization 2007-0245/Z12 (\$4,400) balance from fares (\$314)				
	2013 Ford 4x4 white	\$ 23,569	\$ 23,569	\$ -
	Eldorado bus L-1503	\$ 86,424	\$ 57,616	\$ 28,808
	Eldorado bus L-1504	\$ 86,424	\$ 57,616	\$ 28,808
	Eldorado bus L-1505	\$ 86,424	\$ 57,616	\$ 28,808
	Eldorado bus L-1506	\$ 86,424	\$ 57,616	\$ 28,808
	Eldorado bus L-1507	\$ 86,424	\$ 57,616	\$ 28,808
	Eldorado bus L-1508	\$ 86,424	\$ 57,616	\$ 28,808
	Eldorado bus L-1501	\$ 95,427	\$ 65,890	\$ 29,537
	Eldorado bus L-1502	\$ 94,647	\$ 65,352	\$ 29,295
Federal Grant #MI-34-0003-02 - Section 5339 (80%) and State match (20%) Project Auth. 2012-0118/P14				
	Small bus L-1601	\$ 86,670	\$ 50,556	\$ 36,114
	Small bus L-1602	\$ 59,771	\$ 34,155	\$ 25,616
Federal Grant #MI-04-0088 (State of Good Repair) and 20% State Match Project Authorization 2012-0118/P9				
	Champion bus L-1603	\$ 86,630	\$ 45,377	\$ 41,253
	Champion bus L-1604	\$ 84,635	\$ 44,332	\$ 40,303
	Eldorado bus L-1605	\$ 98,321	\$ 49,161	\$ 49,160
	Eldorado bus L-1606	\$ 92,315	\$ 46,158	\$ 46,157
	Champion bus L-1607	\$ 59,633	\$ 41,743	\$ 17,890
Federal Grant #MI-34-0003-03 (Section 5339 and 20% State Match Project Authorization 2012-0118/P22				
	Goshen bus F-1802	\$ 103,255	\$ 25,814	\$ 77,441
Federal Grant #MI-2016-008 (Section 5339) and 20% State Match Project Authorization 2012-0118/P22				
	Epoxy Garage Floor	\$ 98,272	\$ 43,290	\$ 54,982
Federal Grant #MI-2016-008 (Section 5307 and 20% State Match Project Authorization 2012-0118/P22)				
	Champion bus L - 1701	\$ 132,823	\$ 52,180	\$ 80,643
	Champion bus L - 1702	\$ 90,522	\$ 54,690	\$ 35,832
Federal Grant #MI-2017-011 (Section 5307 and 20% State Match				
	Goshen bus F-1801	\$ 106,107	\$ 27,790	\$ 78,317
	Dodge Caravan L-1803	\$ 34,830	\$ 13,061	\$ 21,769
	Dodge Caravan L-1804	\$ 34,830	\$ 13,061	\$ 21,769
	Champion bus L-1901	\$ 90,058	\$ 10,721	\$ 79,337
	Dodge Caravan L-1902	\$ 36,856	\$ 7,678	\$ 29,178
	Dodge Caravan L-1903	\$ 36,856	\$ 7,678	\$ 29,178
	Eldorado bus L-1904	\$ 130,916	\$ 14,027	\$ 116,889
	Eldorado bus L-1905	\$ 130,916	\$ 12,468	\$ 118,448
	Goshen bus L-1906	\$ 102,854	\$ 8,571	\$ 94,283
	Ford Transit L-1907	\$ 73,563	\$ 6,130	\$ 67,433
	Ford Transit L-1908	\$ 73,563	\$ 6,130	\$ 67,433
	Dodge Caravan L-1909	\$ 42,528	\$ 1,772	\$ 40,756
	Dodge Caravan L-1910	\$ 42,528	\$ 1,772	\$ 40,756
Total vehicles and vehicle equipment		\$ 2,787,258	\$ 1,244,641	\$ 1,542,617
Office furniture - Purchased with local funds		\$ 43,211	\$ 43,211	\$ -
Construction in progress		\$ 3,454	\$ -	\$ 3,454
Total property and equipment		\$ 5,463,026	\$ 2,249,664	\$ 3,213,362

Livingston County, Michigan

Livingston Essential Transportation Service Statistical Data – Public Transportation Mileage Data - Schedule 13

	Year Ended December 31, 2019	
	Total Mileage	Passenger Trips
Demand-response mileage data (unaudited):		
First quarter	212,484	34,512
Second quarter	235,418	39,484
Third quarter	348,726	38,633
Fourth quarter	235,214	36,002
Total	1,031,842	148,631

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 Service Statistical Data – Financial Trends -Schedule 14

Years Ended December 31

	2015	2016	2017	2018	2019
<u>Financial Position (Status of Assets, Liabilities, Deferred Inflows, and Equity)</u>					
General Fund:					
Unrestricted fund balance compared to expenditures	75.6%	70.5%	72.3%	49.0%	65%
Current ratio (assets/liabilities, excluding deferred revenue and deferred inflows of revenue)	18.9	20.0	21.4	17.9	16.0
All governmental activities:					
Unrestricted fund balance compared to expenditures	51.4%	57.7%	59.1%	41.5%	48%
Current ratio (assets/liabilities, excluding deferred revenue and deferred inflows of revenue)	14.9	20.0	20.5	17.2	11.5
<u>Fiscal Capacity (Measures of Ability to Raise Revenue, Incur Debt, and Meet Obligations)</u>					
General Fund:					
Property taxes per capita (operating millage only)	\$ 144	\$ 146	\$ 149	\$ 153	\$ 160
Millage capacity (ability to levy additional taxes without a vot	None	None	None	None	None
Expenditures per capita	\$ 188	\$ 203	\$ 205	\$ 252	\$ 210
Ratio of revenue compared to expenditures	1.18	1.13	1.14	0.94	1.20
All governmental activities:					
Total property taxes levied per capita (with extra voted mills)	\$ 159	\$ 160	\$ 167	\$ 172	\$ 179
County taxes paid per household	\$ 316	\$ 393	\$ 416	\$ 422	\$ 446
County taxes paid per household as a percentage of household income	0.428%	0.523%	0.542%	0.538%	0.551%
Taxable value (in 000s)	\$ 8,053,583	\$ 8,193,575	\$ 8,463,029	\$ 8,878,492	\$ 9,356,101
Annual change in taxable value	4.3%	1.7%	3.3%	4.9%	5.4%
State equalized value (SEV)	\$ 8,553,156	\$ 8,664,632	\$ 9,935,373	\$ 10,876,905	\$ 11,073,475
Annual change in SEV	5.6%	1.3%	14.7%	9.5%	1.8%
Debt information:					
County-funded debt per capita	\$ 141	\$ 130	\$ 124	\$ 116	\$ 115
Debt saturation (percent of debt limitation utilized)	2.9%	2.7%	2.4%	2.1%	1.9%