

# **Livingston County, Michigan**

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**Financial Report  
with Supplemental Information  
December 31, 2003**

# Livingston County, Michigan

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# Livingston County, Michigan

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## Independent Auditor's Report

To the County Board of Commissioners  
Livingston County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Livingston County, Michigan as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Livingston County Road Commission, whose assets and revenue totaled \$71,421,739 and \$16,970,687, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Livingston County Road Commission, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Livingston County, Michigan as of December 31, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of required supplemental information.

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To the County Board of Commissioners  
Livingston County, Michigan

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

In accordance with *Government Auditing Standards*, there will be an additional report issued on our consideration of Livingston County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 12, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of January 1, 2003.

*Plante & Moran, PLLC*

May 6, 2004

# Livingston County, Michigan

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## Management's Discussion and Analysis

Our discussion and analysis of Livingston County, Michigan's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the County's financial statements.

### Financial Highlights

As discussed in further detail in this management's discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2003:

- Tax revenues, the County's largest revenue source, continued to increase 8 percent per year for the past seven years. Livingston County is one of the fastest growing communities in the state of Michigan. This is evident by an average 12 percent annual increase in state equalized valuation and an average 9 percent taxable valuation annual increase for the past nine years.
- State-shared revenue, a major General Fund revenue source, was reduced \$407,273, a 13 percent reduction, by the State of Michigan over the last fiscal year. This revenue reduction is masked by the continuing increase of tax revenues. The County's proactive response is to closely monitor its spending in all other areas and institute a hiring review of vacant positions to justify need.
- Total fund balances related to the County's governmental funds decreased approximately \$3.1 million. These were planned and authorized reductions by the County Board of Commissioners to initiate new programs, acquire emergency response equipment, pre-fund or modify existing employee benefits, and settle outstanding collective bargaining agreements.

### Using this Annual Report

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

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

### Using This Annual Report

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the County's operations in more detail than the government-wide financial statements by providing information about the County's most significant funds. The fiduciary fund statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

### The County as a Whole

The following table shows a condensed format of the net assets (in thousands of dollars) as of the current date. The management's discussion and analysis will present a comparative statement of net assets next year when we have two years of statements in the new GASB No. 34 format.

TABLE I

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
<b>Assets</b>			
Current assets	\$ 53,249	\$ 31,417	\$ 84,666
Noncurrent assets	59,371	4,052	63,423
Total assets	112,620	35,469	148,089
<b>Liabilities</b>			
Current liabilities	8,377	1,749	10,126
Long-term liabilities	45,955	46	46,001
Total liabilities	54,332	1,795	56,127
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	39,208	3,997	43,205
Restricted	5,687	-	5,687
Unrestricted	13,392	29,678	43,070
Total net assets	<u>\$ 58,288</u>	<u>\$ 33,674</u>	<u>\$ 91,962</u>

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

The County's combined net assets for both governmental and business-type activities total \$91.9 million for fiscal year 2003. Net assets are further segregated between restricted and unrestricted net assets. The restricted net assets, assets that are restricted for a specific purpose/use and invested in capital assets, total \$40.2 million. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, total \$51.7 million. This is within the range established by the County Board of Commissioners during the last budget process.

The following table shows the changes in net assets during the current year (in thousands of dollars):

TABLE 2

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 16,593	\$ 5,699	\$ 22,292
Operating grants and contributions	6,622	548	7,170
Capital grants and contributions	-	250	250
General revenue:			
Property taxes	24,511	-	24,511
State-shared revenue	3,992	-	3,992
Unrestricted investment earnings	622	420	1,042
Franchise fees	-	-	-
Transfers and other revenue	1,197	(1,188)	9
Total revenue	53,537	5,729	59,266
<b>Program Expenses</b>			
General government	7,866	-	7,866
Public safety	27,320	-	27,320
Public works	1,771	-	1,771
Health and welfare	14,419	-	14,419
Community and economic development	1,217	-	1,217
Interest on long-term debt	988	-	988
Building and safety	-	3,248	3,248
Airport	-	830	830
Livingston Essential Transportation Services	-	1,410	1,410
Delinquent tax revolving funds	-	14	14
Total program expenses	53,581	5,502	59,083
<b>Change in Net Assets</b>	<b>\$ (44)</b>	<b>\$ 227</b>	<b>\$ 183</b>

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

### Governmental Activities

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

The cost of providing services for governmental activities was \$53.6 million for fiscal year 2003. In order to meet this level of operations, net assets for the current period decreased \$44,161, a reduction of less than one-tenth of 1 percent. This indicates that the users of today's services paid the full cost of operations during 2003.

The County's total governmental revenues increased by approximately \$2.5 million, despite decreases in state-shared revenue and interest income. The increase, which represents approximately 5 percent, was primarily because of the continuing growth of the County and subsequent increase in property tax revenues. Additionally, Register of Deeds activities for transfer tax collections and deed recordings have significantly increased because of the growth and record low mortgage rates.

### Business-type Activities

Business-type activities are those activities that are financed primarily by charges for services or user fees. The County's business-type activities consist of the airport, building and safety department, and Livingston essential transportation; these types of operations are most similar to private businesses.

### The County's Funds

Our analysis of the County's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the County as a whole. This includes the General Fund, Ambulance Special Revenue Fund, Health Special Revenue Fund, and 911 Service Special Revenue Fund. The other nonmajor governmental funds are consolidated and reported under the column with that heading. The County Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, 911 surcharge, and restricted revenues from grants or fees.

The General Fund pays for most of the County's governmental services. The most significant are the sheriff's department, including the jail; the court system; and all of the elected officials' offices, etc. The General Fund incurred costs of \$38.6 million in 2003, including operating transfer of \$3.7 million to subsidize operations in other funds.

# Livingston County, Michigan

## Management's Discussion and Analysis (Continued)

### Budgetary Highlights

Over the course of the year, the County Board amended the budget to take into account events during the year. As previously stated, fund balances related to the County's governmental funds decreased \$3.1 million. The following provides specific details regarding the amendments:

- Major equipment acquisitions for the ambulance and 911 departments. These services are provided on a regional basis to the entire County, thereby reducing the cost of service delivery to residents.
- Nineteen new authorized positions (1 - development, 4 - health and human services, 9 - public safety, and 5 - general government)
- Two large employee group labor contract negotiations and settlements
- Creation of the Retiree Health Care Trust Fund to initiate pre-funding of this future liability. Elimination of the defined benefit program for new employees effective March 2003. Creation of a defined contribution retiree health care program for all new eligible employees and existing employees that elected to opt-out of the defined benefit program. It is anticipated that this will strengthen the financial integrity of the County by reducing and controlling its unfunded liabilities.
- Enhanced use of technology to improve efficiency/effectiveness of operating processes
- Increased cost of services for the Child Care Fund because of more placements for a longer duration of time

# **Livingston County, Michigan**

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

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

At the end of 2003, the County had \$63.5 million invested in a broad array of capital assets, including buildings, land, emergency response equipment, vehicles, etc. These assets are necessary to carry out the day-to-day operations of the County. During the year, the 53<sup>rd</sup> District Court in Brighton was refurbished and furnished; we completed the emergency renovation of the Historic Courthouse; acquired the Hillcrest Radio Tower site from the State of Michigan; and progressed with the multi-million dollar airport expansion. During 2004, the administration building remodeling project will be completed. Upon completion of this facility, the County will have refurbished and furnished all of its major buildings for a total cost of \$15 million over a four-year construction period. The County availed itself of the record low interest rates and issued debt to finance these construction projects. Major repairs should not be necessary for several years.

The County continues to sustain its excellent bond ratings with Moody's: Aa2 and Standard & Poor's: AA, thereby managing interest payments and reducing costs for infrastructure improvements. Additionally, the County is well within its legal debt limit of 10 percent of the state equalized valuation, utilizing only 15 percent of capacity. The majority of outstanding debt is for our component units, the Drain Commission districts, Department of Public Works, and Road Commission. The County has pledged its full faith and credit to maintain low costs. These assets are not reported in the County's financial statements because of Michigan law, which makes these projects the property of the respective component unit (along with the responsibility to maintain them).

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

The national economy is demonstrating strong indications of recovery during 2004. However, Michigan's fiscal crisis is entering its fifth year. State revenues are at their lowest level since 1970. A majority of these reductions were self inflicted. Enacted state tax cuts have eroded the state's ability to generate revenue; the state's fiscal reserves are depleted; and the state economic rebound is lagging behind the national recovery. During fiscal year 2004 and into 2005, the County anticipates a significant reduction in state-shared revenues and grants. To date, these revenue reductions have been masked because of our growth and increased property tax revenues. To ensure sustainability of our operations, the County is closely monitoring reserve balances, revenues, and expenditures. Additionally, a hiring freeze and/or vacant position review process has been instituted to control personnel costs. As a governmental service organization, personnel costs account for the majority of our expenditures.

### **Contacting the County's 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 administrator's office.

# Livingston County, Michigan

## Statement of Net Assets December 31, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 22,320,798	\$ 24,281,900	\$ 46,602,698	\$ 19,245,323
Receivables:				
Taxes	24,934,935	4,727,995	29,662,930	-
Accounts	771,126	22,930	794,056	-
Leases	-	-	-	93,652,345
Other	2,658,036	1,053,196	3,711,232	3,184,290
Internal balances	53,575	(53,575)	-	924,097
Due from other governmental units	-	-	-	2,244,928
Inventories	-	31,637	31,637	989,194
Prepaid costs and other assets	573,269	1,352,492	1,925,761	473,474
Net pension asset (Note 10)	1,936,897	-	1,936,897	-
Capital assets not being depreciated (Note 4)	4,140,104	860,322	5,000,426	1,038,048
Capital assets being depreciated (Note 4)	<u>55,230,837</u>	<u>3,192,108</u>	<u>58,422,945</u>	<u>67,257,918</u>
Total assets	112,619,577	35,469,005	148,088,582	189,009,617
<b>Liabilities</b>				
Accounts payable	1,862,992	176,802	2,039,794	1,414,506
Accrued and other liabilities	3,009,155	1,562,079	4,571,234	871,862
Deferred tax revenue	25,469,686	-	25,469,686	-
Due to other funds	-	-	-	924,097
Due to other governmental units	-	-	-	248,705
Long-term obligations (Note 6):				
Due within one year	3,505,100	10,145	3,515,245	7,589,106
Due in more than one year	<u>20,484,969</u>	<u>45,568</u>	<u>20,530,537</u>	<u>94,732,410</u>
Total liabilities	<u>54,331,902</u>	<u>1,794,594</u>	<u>56,126,496</u>	<u>105,780,686</u>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	39,208,217	3,996,717	43,204,934	(31,622,558)
Restricted (Note 7)	5,687,079	-	5,687,079	3,305,594
Unrestricted	<u>13,392,379</u>	<u>29,677,694</u>	<u>43,070,073</u>	<u>111,545,895</u>
Total net assets	<u>\$ 58,287,675</u>	<u>\$ 33,674,411</u>	<u>\$ 91,962,086</u>	<u>\$ 83,228,931</u>

# Livingston County, Michigan

Functions/Programs	Program Revenues			Expenses
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 7,865,589	\$ 6,963,916	\$ 1,841,505	\$ -
Public safety	27,319,712	4,900,815	625,327	-
Public works	1,771,315	1,105,778	-	-
Health and welfare	14,419,439	3,512,679	3,794,285	-
Community and economic development	1,217,085	109,673	361,098	-
Interest on long-term debt	988,040	-	-	-
Total governmental activities	53,581,180	16,592,861	6,622,215	-
Business-type activities:				
Building and safety	3,248,129	3,216,598	-	-
Airport	829,848	639,304	-	-
Livingston Essential Transportation Service	1,409,922	210,352	547,531	249,818
Delinquent tax revolving funds	13,785	1,632,782	-	-
Total business-type activities	5,501,684	5,699,036	547,531	249,818
Total primary government	<u>\$ 59,082,864</u>	<u>\$ 22,291,897</u>	<u>\$ 7,169,746</u>	<u>\$ 249,818</u>
<b>Component units:</b>				
Drain Commission	\$ 4,711,005	\$ 3,934,238	\$ 738,515	\$ -
Department of Public Works	2,952,211	2,392,413	-	-
Road Commission	11,199,894	53,304	16,402,012	-
Total component units	<u>\$ 18,863,110</u>	<u>\$ 6,379,955</u>	<u>\$ 17,140,527</u>	<u>\$ -</u>

**General revenues:**

Property taxes  
 State-shared revenues  
 Unrestricted investment earnings  
 Miscellaneous  
 Special item - Gain on sale of assets  
 Transfers

Total general revenues, special item, and transfers

**Change in Net Assets**

**Net Assets** - Beginning of year

**Net Assets** - End of year

**Statement of Activities**  
**Year Ended December 31, 2003**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 939,832	\$ -	\$ 939,832	\$ -
(21,793,570)	-	(21,793,570)	-
(665,537)	-	(665,537)	-
(7,112,475)	-	(7,112,475)	-
(746,314)	-	(746,314)	-
(988,040)	-	(988,040)	-
(30,366,104)	-	(30,366,104)	-
-	(31,531)	(31,531)	-
-	(190,544)	(190,544)	-
-	(402,221)	(402,221)	-
-	1,618,997	1,618,997	-
-	994,701	994,701	-
(30,366,104)	994,701	(29,371,403)	-
-	-	-	(38,252)
-	-	-	(559,798)
-	-	-	5,255,422
-	-	-	4,657,372
24,510,990	-	24,510,990	-
3,991,721	-	3,991,721	-
622,190	419,763	1,041,953	150,825
-	-	-	112,316
-	9,275	9,275	403,055
1,197,044	(1,197,044)	-	-
30,321,945	(768,006)	29,553,939	666,196
(44,159)	226,695	182,536	5,323,568
58,331,834	33,447,716	91,779,550	77,905,363
<b>\$ 58,287,675</b>	<b>\$ 33,674,411</b>	<b>\$ 91,962,086</b>	<b>\$ 83,228,931</b>

# Livingston County, Michigan

## Governmental Funds Balance Sheet December 31, 2003

	General Fund	Ambulance Fund	Health Fund	911 Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 9,898,255	\$ 2,664,375	\$ 501,288	\$ 2,310,857	\$ 4,284,173	\$ 19,658,948
Receivables:						
Taxes	22,032,631	1,577,714	-	-	1,207,848	24,818,193
Accounts	83,309	576,428	-	111,389	-	771,126
Prepaid costs and other assets	378,632	9,218	-	9,161	170,211	567,222
Due from other funds	381,254	-	-	-	-	381,254
Due from other governmental units	1,416,434	-	-	72,045	132,218	1,620,697
Advance to other fund	1,037,339	-	-	-	-	1,037,339
<b>Total assets</b>	<b>\$ 35,227,854</b>	<b>\$ 4,827,735</b>	<b>\$ 501,288</b>	<b>\$ 2,503,452</b>	<b>\$ 5,794,450</b>	<b>\$ 48,854,779</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 829,793	\$ 78,068	\$ 33,866	\$ 54,812	\$ 551,651	\$ 1,548,190
Accrued and other liabilities	1,422,010	89,692	52,775	43,786	13,197	1,621,460
Due to other funds	-	-	268,647	-	58,086	326,733
Advance from other fund	-	-	-	1,037,339	-	1,037,339
Deferred revenue	22,611,485	1,619,165	-	-	1,239,036	25,469,686
<b>Total liabilities</b>	<b>24,863,288</b>	<b>1,786,925</b>	<b>355,288</b>	<b>1,135,937</b>	<b>1,861,970</b>	<b>30,003,408</b>
<b>Fund Balances</b>						
Reserved (Note 8)	1,415,971	-	-	-	184,587	1,600,558
Unreserved, reported in:						
General Fund	8,948,595	-	-	-	-	8,948,595
Special Revenue Funds	-	3,040,810	146,000	1,367,515	1,366,127	5,920,452
Debt Service Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	2,381,766	2,381,766
<b>Total fund balances</b>	<b>10,364,566</b>	<b>3,040,810</b>	<b>146,000</b>	<b>1,367,515</b>	<b>3,932,480</b>	<b>18,851,371</b>
<b>Total liabilities and fund balances</b>	<b>\$ 35,227,854</b>	<b>\$ 4,827,735</b>	<b>\$ 501,288</b>	<b>\$ 2,503,452</b>	<b>\$ 5,794,450</b>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds	58,069,246
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(23,097,936)
Interest expense payable is not accrued in the governmental funds	(302,440)
Compensated absences are not included as a liability of the funds	(839,646)
Net pension asset is not included as an asset of the funds	1,936,897
Personal property taxes received in governmental activities are not financial resources and are not reported in the funds	116,742
Internal Service Funds are included as part of governmental activities	3,553,441
<b>Net assets of governmental activities</b>	<b>\$ 58,287,675</b>

# Livingston County, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2003

	General Fund	Ambulance Fund	Health Fund	911 Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>						
Taxes	\$ 21,722,472	\$ 1,537,560	\$ -	\$ -	\$ 1,273,226	\$ 24,533,258
Licenses and permits	375,140	-	373,719	-	-	748,859
Federal sources	1,195,352	-	511,113	40,896	1,384,856	3,132,217
Contributions from local units	764,525	-	-	-	728,255	1,492,780
State sources	4,907,609	-	889,701	212,609	1,288,790	7,298,709
Charges for services	6,932,790	2,248,560	677,458	2,609,226	675,713	13,143,747
Fines and forfeitures	419,195	-	-	-	-	419,195
Interest and rent	476,006	56,682	-	42,734	58,676	634,098
Other	1,346,443	-	-	-	84,808	1,431,251
<b>Total revenue</b>	<b>38,139,532</b>	<b>3,842,802</b>	<b>2,451,991</b>	<b>2,905,465</b>	<b>5,494,324</b>	<b>52,834,114</b>
<b>Expenditures</b>						
Current:						
General government	5,254,571	-	-	-	-	5,254,571
Public safety:						
Court systems	9,931,267	-	-	-	-	9,931,267
Sheriff and jail	12,192,605	-	-	4,640,824	-	16,833,429
Other public safety	1,024,055	-	-	-	-	1,024,055
Economic development	4,143,803	-	-	-	665,665	4,809,468
Health and welfare	2,370,388	4,569,921	3,113,468	-	4,568,344	14,622,121
Capital outlay	-	-	-	-	1,140,201	1,140,201
Principal	-	-	-	-	2,605,000	2,605,000
Interest	-	-	-	-	1,056,186	1,056,186
<b>Total expenditures</b>	<b>34,916,689</b>	<b>4,569,921</b>	<b>3,113,468</b>	<b>4,640,824</b>	<b>10,035,396</b>	<b>57,276,298</b>
<b>Excess of Revenue Over (Under)</b>						
<b>Expenditures</b>	3,222,843	(727,119)	(661,477)	(1,735,359)	(4,541,072)	(4,442,184)
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	-	592,404	-	4,812,865	5,405,269
Operating transfers out	(3,707,242)	(15,277)	-	-	(293,662)	(4,016,181)
<b>Total other financing sources (uses)</b>	<b>(3,707,242)</b>	<b>(15,277)</b>	<b>592,404</b>	<b>-</b>	<b>4,519,203</b>	<b>1,389,088</b>
<b>Net Change in Fund Balances</b>	<b>(484,399)</b>	<b>(742,396)</b>	<b>(69,073)</b>	<b>(1,735,359)</b>	<b>(21,869)</b>	<b>(3,053,096)</b>
<b>Fund Balances - Beginning of year</b>	<b>10,848,965</b>	<b>3,783,206</b>	<b>215,073</b>	<b>3,102,874</b>	<b>3,954,349</b>	<b>21,904,467</b>
<b>Fund Balances - End of year</b>	<b>\$ 10,364,566</b>	<b>\$ 3,040,810</b>	<b>\$ 146,000</b>	<b>\$ 1,367,515</b>	<b>\$ 3,932,480</b>	<b>\$ 18,851,371</b>

# Livingston County, Michigan

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## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2003

**Net Change in Fund Balances - Total Governmental Funds** \$ (3,053,096)

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

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation 1,354,044

Repayment of bond principal and other long-term obligations is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 3,095,233

Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities (27,471)

Decrease in accrued interest payable is recorded on the statement of activities 66,544

Internal Service Funds are also included as governmental activities (1,436,142)

Decrease in net pension asset is recorded in the statement of activities (43,271)

**Change in Net Assets of Governmental Activities** \$ (44,159)

# Livingston County, Michigan

	Enterprise Funds		
	Major Fund - Building and Safety Fund	Major Fund - Airport Fund	Major Fund - Delinquent Tax Revolving Fund
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,393,190	\$ 903,215	\$ 21,340,095
Tax receivable	-	-	4,727,995
Accounts receivable	-	22,930	995,988
Due from other governmental units	-	-	57,208
Due from other funds	-	946	-
Inventories	8,389	19,557	-
Prepaid costs and other assets	3,467	47,310	-
Total current assets	2,405,046	993,958	27,121,286
Noncurrent assets:			
Advances to other funds	-	-	1,296,346
Capital assets	18,556	3,426,388	-
Total noncurrent assets	18,556	3,426,388	1,296,346
Total assets	2,423,602	4,420,346	28,417,632
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	49,068	53,821	45,553
Accrued and other liabilities	120,857	108,121	1,670
Due to other funds	-	54,521	-
Current portion of long-term debt	-	10,145	-
Total current liabilities	169,925	226,608	47,223
Noncurrent liabilities:			
Advances from other funds	-	1,296,346	-
Long-term debt - Net of current portion	-	45,568	-
Total noncurrent liabilities	-	1,341,914	-
Total liabilities	169,925	1,568,522	47,223
<b>Net Assets</b>			
Investment in capital assets - Net of related debt	18,556	3,370,675	-
Unrestricted	2,235,121	(518,851)	28,370,409
Total net assets	\$ 2,253,677	\$ 2,851,824	\$ 28,370,409

**Proprietary Funds  
Statement of Net Assets  
December 31, 2003**

Nonmajor Fund - Livingston Essential Transportation Service	Total Enterprise Funds	Internal Service Funds
\$ -	\$ 24,636,500	\$ 2,661,850
-	4,727,995	-
-	1,018,918	-
-	57,208	-
-	946	641
3,691	31,637	-
<u>5,369</u>	<u>56,146</u>	<u>6,047</u>
9,060	30,529,350	2,668,538
-	1,296,346	-
<u>607,486</u>	<u>4,052,430</u>	<u>1,301,694</u>
<u>607,486</u>	<u>5,348,776</u>	<u>1,301,694</u>
616,546	35,878,126	3,970,232
382,960	531,402	314,800
35,085	265,733	100,403
-	54,521	1,587
<u>-</u>	<u>10,145</u>	<u>-</u>
418,045	861,801	416,790
-	1,296,346	-
<u>-</u>	<u>45,568</u>	<u>-</u>
<u>-</u>	<u>1,341,914</u>	<u>-</u>
418,045	2,203,715	416,790
607,486	3,996,717	1,301,694
<u>(408,985)</u>	<u>29,677,694</u>	<u>2,251,748</u>
<b><u>\$ 198,501</u></b>	<b><u>\$ 33,674,411</u></b>	<b><u>\$ 3,553,442</u></b>

# Livingston County, Michigan

	Enterprise Funds		
	Major Fund - Building and Safety Fund	Major Fund - Airport Fund	Major Fund - Delinquent Tax Revolving Fund
<b>Operating Revenue</b>			
Charges for services	\$ 3,216,598	\$ 639,304	\$ 496,974
Penalties and interest	-	-	1,095,816
Other revenue	-	-	39,992
Total operating revenue	3,216,598	639,304	1,632,782
<b>Operating Expenses</b>			
Personnel	2,543,524	211,097	-
Operating expenses	681,910	389,977	-
Depreciation expense	22,695	176,057	-
Other expenses	-	-	13,785
Total operating expenses	3,248,129	777,131	13,785
<b>Operating Income (Loss)</b>	(31,531)	(137,827)	1,618,997
<b>Nonoperating Revenue (Expense)</b>			
Interest earnings	33,310	8,269	378,184
Federal and state operating subsidies	-	-	-
Federal capital reimbursement	-	-	-
Gain on sale of fixed assets	8,975	-	-
Interest expense	-	(52,717)	-
Total nonoperating revenue (expense)	42,285	(44,448)	378,184
<b>Income (Loss) - Before transfers and contributions</b>	10,754	(182,275)	1,997,181
<b>Operating Transfers In</b>	-	158,914	-
<b>Operating Transfers Out</b>	-	-	(1,582,542)
<b>Net Income (Loss)</b>	10,754	(23,361)	414,639
<b>Net Assets - January 1, 2003</b>	2,242,923	2,875,185	27,955,770
<b>Net Assets - December 31, 2003</b>	<b>\$ 2,253,677</b>	<b>\$ 2,851,824</b>	<b>\$ 28,370,409</b>

**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended December 31, 2003**

Livingston Essential Transportation Service	Total Enterprise Funds	Internal Service Funds
\$ 142,633	\$ 4,495,509	\$ 10,405,663
-	1,095,816	-
<u>68,019</u>	<u>108,011</u>	<u>-</u>
210,652	5,699,336	10,405,663
908,791	3,663,412	7,797,870
320,133	1,392,020	3,347,865
116,875	315,627	542,273
<u>64,123</u>	<u>77,908</u>	<u>-</u>
<u>1,409,922</u>	<u>5,448,967</u>	<u>11,688,008</u>
(1,199,270)	250,369	(1,282,345)
-	419,763	9,992
547,531	547,531	-
249,818	249,818	-
-	8,975	28,258
<u>-</u>	<u>(52,717)</u>	<u>-</u>
<u>797,349</u>	<u>1,173,370</u>	<u>38,250</u>
(401,921)	1,423,739	(1,244,095)
226,584	385,498	17,571
<u>-</u>	<u>(1,582,542)</u>	<u>(209,616)</u>
(175,337)	226,695	(1,436,140)
<u>373,838</u>	<u>33,447,716</u>	<u>4,989,582</u>
<b><u>\$ 198,501</u></b>	<b><u>\$ 33,674,411</u></b>	<b><u>\$ 3,553,442</u></b>

# Livingston County, Michigan

	Enterprise Funds			
	Major Fund - Building and Safety Fund	Major Fund - Airport Fund	Major Fund - Delinquent Tax Revolving Fund	Livingston Essential Transportation Service
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 3,219,338	\$ 679,091	\$ 4,607,002	\$ 222,883
Receipts from other funds	-	-	-	-
Payments to suppliers	(656,669)	(373,013)	31,768	(60,392)
Payments to employees	(2,466,093)	(217,323)	(31,536)	(902,979)
Internal activity - Payments to other funds	-	(946)	-	-
Other receipts	-	6,719	-	-
Net cash provided by (used in) operating activities	96,576	94,528	4,607,234	(740,488)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(12,632)	-	-	(283,446)
Proceeds from issuance of long-term debt	-	-	-	-
Proceeds from sale of assets	8,975	-	-	-
Interest paid	-	(52,717)	-	-
Debt service	-	(9,689)	-	-
Net cash used in capital and related financing activities	(3,657)	(62,406)	-	(283,446)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	46,297	8,026	378,184	-
<b>Cash Flows from Noncapital Financing Activities</b>				
Federal and state operating subsidies	-	-	-	797,350
Transfers out	-	-	(1,582,542)	-
Transfers in	-	158,914	-	226,584
Net cash provided by (used in) noncapital financing activities	-	158,914	(1,582,542)	1,023,934
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	139,216	199,062	3,402,876	-
<b>Cash and Cash Equivalents</b> - Beginning of year	2,253,974	704,153	17,937,219	-
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 2,393,190</u>	<u>\$ 903,215</u>	<u>\$ 21,340,095</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ (31,531)	\$ (137,827)	\$ 1,618,997	\$ (1,199,270)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	22,695	176,057	-	116,875
Changes in assets and liabilities:				
Accounts receivable	-	16,892	-	-
Delinquent tax receivables	-	-	2,186,348	-
Due from other funds	-	(946)	-	-
Interest and other receivables	-	11,899	-	-
Inventory	2,740	10,996	-	(1,430)
Other assets	-	6,719	787,872	13,661
Accounts payable	25,241	16,964	45,553	323,864
Accrued and other liabilities	77,431	(6,226)	(31,536)	5,812
Net cash provided by (used in) operating activities	<u>\$ 96,576</u>	<u>\$ 94,528</u>	<u>\$ 4,607,234</u>	<u>\$ (740,488)</u>

**Proprietary Funds  
Statement of Cash Flows  
Year Ended December 31, 2003**

Total Enterprise Funds	Internal Service Funds
\$ 8,728,314	\$ -
-	10,466,117
(1,058,306)	(3,529,760)
(3,617,931)	(7,793,377)
(946)	-
6,719	-
<hr/>	<hr/>
4,057,850	(857,020)
(296,078)	(553,764)
-	24,620
8,975	28,258
(52,717)	-
(9,689)	-
<hr/>	<hr/>
(349,509)	(500,886)
432,507	9,992
797,350	-
(1,582,542)	(209,616)
385,498	17,571
<hr/>	<hr/>
(399,694)	(192,045)
3,741,154	(1,539,959)
<hr/>	<hr/>
20,895,346	4,201,809
<b>\$ 24,636,500</b>	<b>\$ 2,661,850</b>
\$ 250,369	\$ (1,282,345)
315,627	552,542
16,892	-
2,186,348	-
(946)	3,568
11,899	-
12,306	-
808,252	46,617
411,622	(181,895)
45,481	4,493
<hr/>	<hr/>
<b>\$ 4,057,850</b>	<b>\$ (857,020)</b>

# Livingston County, Michigan

## Fiduciary Funds Statement of Net Assets December 31, 2003

	Other Employee Benefit Trust Fund	Agency Funds
<b>Assets</b>		
Cash	\$ -	\$ 2,733,253
Mutual funds	2,271,797	-
Accrued interest receivable	-	6,020
	<hr/>	<hr/>
Total assets	2,271,797	<u>\$ 2,739,273</u>
<b>Liabilities</b>		
Due to other governmental units	-	\$ 1,150,721
Other liabilities	-	1,588,552
	<hr/>	<hr/>
Total liabilities	-	<u>\$ 2,739,273</u>
<b>Net Assets - Held in trust for employee benefits</b>	<u>\$ 2,271,801</u>	

# Livingston County, Michigan

## Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2003

	<u>Other Employee Benefit Trust Fund</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 16,688
Net increase in fair value of investments	<u>55,113</u>
Net investment income	71,801
Contributions	<u>2,200,000</u>
Total additions	2,271,801
<b>Net Assets Held in Trust for Pension Benefits</b>	
Beginning of year	<u>-</u>
End of year	<u><u>\$ 2,271,801</u></u>

# Livingston County, Michigan

## Component Units Statement of Net Assets December 31, 2003

	Drain Commission	Department of Public Works	Road Commission	Total
<b>Assets</b>				
Cash and investments	\$ 3,993,490	\$ 13,410,253	\$ 1,841,580	\$ 19,245,323
Special assessments receivable	2,857,420	-	326,870	3,184,290
Leases receivable from local units	45,520,000	47,264,081	868,264	93,652,345
Due from other governmental units	437,216	-	1,807,712	2,244,928
Due from other funds	924,097	-	-	924,097
Interest and other receivables	170,227	267,995	-	438,222
Inventory	-	-	989,194	989,194
Other current assets	-	-	35,252	35,252
Capital assets (Note 4)	<u>2,525,971</u>	<u>217,128</u>	<u>65,552,867</u>	<u>68,295,966</u>
Total assets	56,428,421	61,159,457	71,421,739	189,009,617
<b>Liabilities</b>				
Accounts payable	158,959	1,157,647	97,900	1,414,506
Retainages payable	56,560	60,197	-	116,757
Due to other funds	924,097	-	-	924,097
Due to other governmental units	142,355	106,350	-	248,705
Other current liabilities	446,666	246,053	62,386	755,105
Long-term debt	<u>48,732,446</u>	<u>47,264,082</u>	<u>6,324,988</u>	<u>102,321,516</u>
Total liabilities	<u>50,461,083</u>	<u>48,834,329</u>	<u>6,485,274</u>	<u>105,780,686</u>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	(46,206,475)	(47,046,954)	61,630,871	(31,622,558)
Restricted	-	-	3,305,594	3,305,594
Unrestricted	<u>52,173,813</u>	<u>59,372,082</u>	<u>-</u>	<u>111,545,895</u>
Total net assets	<u>\$ 5,967,338</u>	<u>\$ 12,325,128</u>	<u>\$ 64,936,465</u>	<u>\$ 83,228,931</u>

# Livingston County, Michigan

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Drain Commission - Public works	\$ 4,711,005	\$ 3,934,238	\$ 738,515	\$ -
Department of Public Works - Public works	2,952,211	2,392,413	-	-
Road Commission - Public works	<u>11,199,894</u>	<u>53,304</u>	<u>16,402,012</u>	<u>-</u>
Total governmental activities	<u>\$ 18,863,110</u>	<u>\$ 6,379,955</u>	<u>\$ 17,140,527</u>	<u>\$ -</u>

General revenues:

Interest

Special item - Gain on sale of assets

Proceeds from insurance settlement

Total general revenues

**Change in Net Assets**

**Net Assets** - Beginning of year

**Net Assets** - End of year

**Component Units  
Statement of Activities  
Year Ended December 31, 2003**

Net (Expense) Revenue and Changes in Net Assets

Drain Commission	Department of Public Works	Road Commission	Total
\$ (38,252)	\$ -	\$ -	\$ (38,252)
-	(559,798)	-	(559,798)
<u>-</u>	<u>-</u>	<u>5,255,422</u>	<u>5,255,422</u>
(38,252)	(559,798)	5,255,422	4,657,372
59,061	91,764	-	150,825
-	-	403,055	403,055
-	-	112,316	112,316
<u>59,061</u>	<u>91,764</u>	<u>515,371</u>	<u>666,196</u>
20,809	(468,034)	5,770,793	5,323,568
<u>5,946,529</u>	<u>12,793,162</u>	<u>59,165,672</u>	<u>77,905,363</u>
<b><u>\$ 5,967,338</u></b>	<b><u>\$ 12,325,128</u></b>	<b><u>\$ 64,936,465</u></b>	<b><u>\$ 83,228,931</u></b>

## **Note I - Summary of Significant Accounting Policies**

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

### **Reporting Entity**

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

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

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

The following component units are presented discretely from the County:

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

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

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

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

### **Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

All governmental funds, Agency Funds, and the component units utilize the modified accrual basis of accounting. The Enterprise Fund utilizes the full accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- Property taxes and other revenue that are both measurable and available for use to finance operations for the County are recorded as revenue when earned. Other revenue is recorded when received.
- Property taxes are assessed as of December 31. The related property taxes are billed on December 1 of the following year and become a lien at that time. These taxes are due on February 14 with a final collection date of February 28 before they are added to the County tax rolls.

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

- Property taxes will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue in each respective fund on December 31.

The County reports the following major governmental funds:

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

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

**Health Special Revenue Fund** - The Health Special Revenue Fund accounts for a variety of health-related services provided by the County to its residents, for both environmental health and personal protection services.

**911 Service Special Revenue Fund** - The 911 Service Special Revenue Fund accounts for the operation of the 911 system and the Enhance 911 for wireless service activities.

The County reports the following major proprietary funds:

**Building and Safety Fund** - The Building and Safety Fund accounts for revenues earmarked for building construction code enforcement activities.

**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.

**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.

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

Additionally, the County reports the following funds:

**Special Revenue Funds** - Special Revenue Funds account for the revenues and expenditures related to family counseling, Friend of the Court, health services, Small Cities Community Development Block Grant, survey and remonumentation, 911 services, drug law enforcement activities, prosecutor's enforcement, criminal and OUIL forfeitures, Law and County Library Funds, community corrections, job training services, Economic Development Corporation, social welfare, child care, soldiers and sailors relief, and Veterans Trust Fund.

**Debt Service Funds** - Debt Service Funds account for the debt retirement activity of the governmental activities of the County for the jail expansion bonds issued in 1994, the Road Commission refunding bonds issued in 1995 and 2001, mental health bonds issued in 1999, and 2000 and 2002 building improvement bonds issued for various capital projects of the County.

**Capital Projects Funds** - Capital Projects Funds account for the development of capital facilities and equipment other than those financed by the operation of a proprietary fund. These projects include the construction of the 800 megahertz tower equipment, mobile command unit, jail expansion, Brighton District Court, courthouse improvements, administration building renovations, and other capital improvements of the County.

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

**Trust Funds** - The Other Employee Benefits Trust Fund accounts for the activities of the Post Retiree Healthcare Trust Fund, which accumulates resources for health care 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.

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

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

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each 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 2002 taxable valuation of the County totaled \$6,101,776,059, on which ad valorem taxes levied consisted of 3.5800 mills for the County's operating purposes, 0.2500 mills for ambulance operating purposes, and 0.2070 mills for jail services. The ad valorem taxes raised were approximately \$22 million for general operations, \$1.5 million for ambulance operations, and \$1.3 million for jail services. These amounts are recorded in their respective funds as tax revenue. The amount recorded as revenue includes other miscellaneous revenue and other tax related items and is net of amounts distributed to local DDAs and TIFAs.

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

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

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

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

Buildings	33 to 50 years
Improvements other than buildings	20 to 30 years
Office equipment and furniture	3 to 10 years
Machinery and equipment	5 to 20 years
Vehicles	5 to 10 years

**Compensated Absences** - The County allows employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation and personal pay as it is earned, and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off, or employees terminate).

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

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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

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

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

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

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

During the year, there were budget amendments, as follows:

- Creation/consolidation and deletion of revenue/expenditure line items to comply with GASB No. 34, the new reporting model
- Provide funding for the new Retiree Health Care Trust Fund and Retiree Health Savings Program
- Provide funding for new authorized positions

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

The budget process begins in April when the Board of Commissioners conducts a “goal-setting workshop” to formulate the strategic goals, policies, and objectives for the upcoming year. To encourage long-term planning, the County prepares biennial budgets.

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

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

Additionally in May, the finance department prepares the projection for employee costs, including salaries/wages and all fringe benefits, by department and/or fund. The employee cost spreadsheets, budget worksheets, capital purchase, and new employee request forms are distributed to the departments for preparation of their department biennial budget request. The finance department projects total expenditures per functional group: i.e., public safety, health and human services, infrastructure and development, and general government for the General Fund. Departments are requested to submit budget requests within these limits. Budget requests are due from the departments on July 30.

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

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

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The County did not have significant expenditure budget variances.

**Fund Deficits** - The County has accumulated fund deficits in the following individual funds: Child Care, Community Corrections, and Jail Expansion. The fund deficits were immediately eliminated with an appropriation from the General Fund after year end.

Additionally, the Special Revenue Health Fund adopted an amended budget with expenditures in excess of revenue and available fund balance.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 3 - Deposits and Investments

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

The County has designated one bank for the deposit of local unit funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all of the investment options as allowed under the State statutory authority as listed above.

The County's deposits and investment policies are in accordance with statutory authority.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 22,320,798	\$ 24,281,900	\$ 2,733,253	\$ 49,335,951	\$ 19,245,325
Marketable securities	-	-	2,271,797	2,271,797	-
Total	<u>\$ 22,320,798</u>	<u>\$ 24,281,900</u>	<u>\$ 5,005,050</u>	<u>\$ 51,607,748</u>	<u>\$ 19,245,325</u>

The breakdown between deposits and investments for the County is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 49,313,596	\$ 19,245,325
Investments in securities, mutual funds, and similar vehicles	2,271,797	-
Petty cash or cash on hand	22,355	-
Total	<u>\$ 51,607,748</u>	<u>\$ 19,245,325</u>

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

The County holds cash and investments on behalf of its component units. The total deposits were reflected in the accounts of the bank (without recognition of checks written, but not yet cleared, or of deposits in transit) at \$71,249,521. Of that amount, up to approximately \$500,000 was covered by federal depository insurance and at least \$70,749,521 was uninsured and uncollateralized. The County believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The County's investments during the year consisted solely of mutual funds. There was \$2,271,797 invested in such funds at December 31, 2003. Investments are normally categorized to give an indication of the level of risk assumed by the County; however, these funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The County believes that the investments in these funds comply with the investment authority noted above.

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 4 - Capital Assets

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

	Balance January 1, 2003	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2003
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 3,927,647	\$ -	\$ 112,555	\$ -	\$ 4,040,202
Construction in progress	294,849	-	99,902	294,849	99,902
Subtotal	4,222,496	-	212,457	294,849	4,140,104
Capital assets being depreciated:					
Buildings	54,723,766	-	1,390,322	112,555	56,001,533
Improvements other than building	2,040,466	-	-	-	2,040,466
Equipment and furniture	12,482,710	-	2,676,239	281,190	14,877,759
Vehicles	3,250,274	-	542,755	453,877	3,339,152
Subtotal	72,497,216	-	4,609,316	847,622	76,258,910
Accumulated depreciation:					
Buildings	8,420,138	-	1,098,848	-	9,518,986
Improvements other than building	1,308,887	-	102,023	-	1,410,910
Equipment and furniture	7,361,594	-	1,241,288	274,968	8,327,914
Vehicles	1,595,212	-	575,884	400,833	1,770,263
Subtotal	18,685,831	-	3,018,043	675,801	21,028,073
Net capital assets being depreciated	53,811,385	-	1,591,273	171,821	55,230,837
Net capital assets	\$ 58,033,881	\$ -	\$ 1,803,730	\$ 466,670	\$ 59,370,941

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 4 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance	Additions	Disposals and	Balance
	January 1, 2003		Adjustments	December 31, 2003
Capital assets not being depreciated - Land	\$ 860,322	\$ -	\$ -	\$ 860,322
Capital assets being depreciated:				
Buildings	1,259,202	-	-	1,259,202
Improvements other than buildings	3,692,139	-	-	3,692,139
Vehicles	1,182,030	260,721	287,559	1,155,192
Machinery and equipment	286,263	35,556	1,825	319,994
Subtotal	6,419,634	296,277	289,384	6,426,527
Accumulated depreciation:				
Buildings	495,219	37,614	-	532,833
Improvements other than buildings	1,811,728	119,675	-	1,931,403
Vehicles	728,510	129,217	287,559	570,168
Machinery and equipment	172,521	29,119	1,625	200,015
Subtotal	3,207,978	315,625	289,184	3,234,419
Net capital assets being depreciated	3,211,656	(19,348)	200	3,192,108
Net capital assets	\$ 4,071,978	\$ (19,348)	\$ 200	\$ 4,052,430

<b>Component Units</b>	Balance	Additions	Disposals and	Balance
	January 1, 2003		Adjustments	December 31, 2003
Capital assets not being depreciated - Land and improvements	\$ 1,090,927	\$ 7,631	\$ 60,510	\$ 1,038,048
Capital assets being depreciated:				
Land improvements	159,393	492,687	-	652,080
Buildings and improvements	6,765,851	-	270,277	6,495,574
Drains and septic systems	3,568,988	-	-	3,568,988
Machinery, equipment, and vehicles	8,775,545	245,454	409,879	8,611,120
Infrastructure - Roads and bridges	89,523,201	8,969,120	-	98,492,321
Depletable assets	488,543	-	-	488,543
Subtotal	109,281,521	9,707,261	680,156	118,308,626
Accumulated depreciation:				
Land improvements	133,072	-	-	133,072
Buildings and improvements	1,953,818	149,630	264,120	1,839,328
Drains and septic systems	1,019,247	132,847	-	1,152,094
Machinery, equipment, and vehicles	6,766,339	736,807	405,275	7,097,871
Infrastructure - Roads and bridges	36,401,276	4,308,082	-	40,709,358
Depletable assets	118,985	-	-	118,985
Subtotal	46,392,737	5,327,366	669,395	51,050,708
Net capital assets being depreciated	62,888,784	4,379,895	10,761	67,257,918
Net capital assets	\$ 63,979,711	\$ 4,387,526	\$ 71,271	\$ 68,295,966

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 4 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 363,330
Public safety	1,445,853
Health and welfare	456,828
Community and economic development	32,923
Public works	<u>151,348</u>
Total governmental activities	<u>\$ 2,450,282</u>
Business-type activities:	
Building and safety	\$ 22,695
Airport	176,057
L.E.T.S.	<u>116,875</u>
Total business-type activities	<u>\$ 315,627</u>
Component unit activities:	
Drain Commission districts	\$ 179,132
Department of Public Works	-
Road Commission	<u>5,148,234</u>
Total component unit activities	<u>\$ 5,327,366</u>

**Construction Commitments** - The County has active construction projects at year end. The projects include the Administrative Building Renovation project, the Hartland Township and Tyrone Township sanitary sewer system project, and the Handy Township sewer improvement project. The projects are financed by bond issuances. Both sewer projects will be paid on behalf of contracts entered into with the townships. At year end, the County has spent to date \$99,902 and has approximately \$1.4 million remaining in commitments with contracts relating to the Administrative Building Renovation project.

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Hartland and Tyrone sanitary sewer system project	\$ 1,058,213	\$ 21,669,677
Handy sewer improvement project	<u>1,142,100</u>	<u>2,295,810</u>
Total	<u>\$ 2,200,313</u>	<u>\$ 23,965,487</u>

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Health Fund	\$ 268,647
	Nonmajor governmental funds	58,086
	Airport Fund	<u>54,521</u>
	Total General Fund	381,254
Airport Fund	Internal Service Fund	946
Internal Service Fund	Internal Service Fund	<u>641</u>
	Total	<u><u>\$ 382,841</u></u>

Interfund balances represent routine and temporary cash flow assistance.

Fund Transferred From	Fund Transferred To	Amount
<b>Interfund Transfers</b>		
General Fund	Health Fund	\$ 592,404
	Nonmajor governmental funds	2,729,340
	Airport Fund	158,914
	L.E.T.S. Fund	226,584
Ambulance Fund	Nonmajor governmental funds	15,277
Nonmajor Governmental Funds	Internal Service Fund	17,571
	Nonmajor governmental funds	<u>276,091</u>
	Total operating transfers out from governmental funds	<u>4,016,181</u>
Delinquent Tax Revolving Fund	Nonmajor governmental funds	1,582,542
Internal Service Funds	Nonmajor governmental funds	<u>209,616</u>
	Total operating transfers out	<u><u>\$ 5,808,339</u></u>

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Transfers from the General Fund to the nonmajor governmental funds provide for operations of the Special Revenue Funds, capital projects, and capital acquisitions. The transfer from the Delinquent Tax Revolving Fund to the nonmajor governmental funds provide for debt payments.

### Note 6 - Long-term Obligations

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 obligation activity can be summarized as follows:

	Matures	Interest Rate	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
General obligation bonds:						
1994 Jail expansion bonds	2004	4.5%	\$ 2,425,000	\$ (1,200,000)	\$ 1,225,000	\$ 1,225,000
1995 Building Authority - Road Commission refunding bonds	2008	5.0%	2,445,000	(350,000)	2,095,000	375,000
1999 Building Authority - Mental health bonds	2024	4.6%	2,735,000	(70,000)	2,665,000	75,000
2000 Building Authority - Building improvement projects	2014	5.0%	8,975,000	(555,000)	8,420,000	585,000
2001 Building Authority - Road Commission refunding bonds	2010	4.5%	1,110,000	-	1,110,000	-
2002 Building Authority - Capital improvement bonds	2012	3.5%	4,995,000	(430,000)	4,565,000	440,000
Installment purchase agreements -						
Emergency Communication Lease			145,235	(62,511)	82,724	82,724
Subtotal			22,830,235	(2,667,511)	20,162,724	2,782,724
Other obligations:						
Drain at large assessments			1,112,934	(294,222)	818,712	295,000
Landfill postclosure liability			2,250,000	(133,500)	2,116,500	133,500
Employee compensated absences			812,170	79,963	892,133	293,876
Total governmental activities			\$ 27,005,339	\$ (3,015,270)	\$ 23,990,069	\$ 3,505,100

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 6 - Long-term Debt (Continued)

	Matures	Interest Rate	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Business-type Activities</b>						
Contractual agreement - MDOT - Bureau of Aeronautics loan	2008	4.7%	\$ 65,402	\$ (9,689)	\$ 55,713	\$ 10,145
<b>Component Unit Debt</b>						
Drain Commission districts			\$ 52,527,953	\$ (3,795,507)	\$ 48,732,446	\$ 3,848,915
Department of Public Works			36,885,000	10,379,081	47,264,081	2,600,000
Road Commission			7,181,001	(856,013)	6,324,988	1,140,191
Total component unit debt			\$ 96,593,954	\$ 5,727,561	\$ 102,321,515	\$ 7,589,106

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

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 2,782,724	\$ 832,236	\$ 3,614,960	\$ 10,145	\$ 2,618	\$ 12,763	\$ 6,448,914	\$ 4,036,772	\$ 10,485,686
2005	1,540,000	750,535	2,290,535	10,621	2,142	12,763	6,301,512	3,791,197	10,092,709
2006	1,615,000	695,115	2,310,115	11,120	1,642	12,762	6,550,830	3,520,061	10,070,891
2007	1,700,000	634,283	2,334,283	11,643	1,120	12,763	6,785,830	3,250,520	10,036,350
2008	1,780,000	569,925	2,349,925	12,184	573	12,757	6,876,430	2,962,945	9,839,375
2009 - 2013	8,055,000	1,644,694	9,699,694	-	-	-	31,050,930	10,582,671	41,633,601
2014 - 2018	1,640,000	419,825	2,059,825	-	-	-	23,503,000	4,573,900	28,076,900
2019 - 2023	860,000	180,750	1,040,750	-	-	-	8,440,000	716,414	9,156,414
2024 - 2028	190,000	9,500	199,500	-	-	-	-	-	-
Total	\$ 20,162,724	\$ 5,736,863	\$ 25,899,587	\$ 55,713	\$ 8,095	\$ 63,808	\$ 95,957,446	\$ 33,434,480	\$ 129,391,926

### Note 7 - Restricted Net Assets

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

	Governmental Activities
Health and welfare expense	\$ 3,020,691
Public safety expense	1,573,508
Community and economic development expense	1,092,880
Total restricted assets	\$ 5,687,079

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 8 - Reserved and Designated Fund Balances

Fund balances have been reserved and designated as follows:

	<u>Reserved</u>	<u>Designated</u>
General Fund - Reserved for:		
Advance - 911	\$ 1,037,339	\$ -
Expense of prepaid assets	<u>378,632</u>	<u>-</u>
Total General Fund	1,415,971	-
Debt Service Funds - Reserved for debt service	158,202	-
Capital Projects Funds - Designated for:		
800 Megahertz Communications	-	275
Mobile command	-	1,984
Jail expansion	-	(1,294)
Brighton District Court	-	1
Courthouse improvements	-	32,075
MTEC construction	-	-
Administration building renovations	-	1,311,967
Capital replacement	<u>-</u>	<u>1,036,758</u>
Total Capital Projects Funds	-	2,381,766
Permanent Fund - Reserved for cemetery care	<u>26,385</u>	<u>-</u>
Total	<u>\$ 1,600,558</u>	<u>\$ 2,381,766</u>

### Note 9 - Risk Management

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

## **Note 9 - Risk Management (Continued)**

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

The County has never incurred any losses that exceeded the insured amount; therefore, an adjustment for incurred but not reported claims has not been accrued. The County's Member Retention Fund with the Authority includes \$304,000 reserved for claims and claims adjustment expenses. The County incurred approximately \$829,000 for insurance expense for the year ended December 31, 2003.

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 \$25,000 per contract with an aggregate stop-loss amount of 120 percent of estimated claims. Once the individual contract or aggregate stop-loss amount is reached, reinsurance provides the remaining benefits. No claims payable exist at December 31, 2003 due to escrowed reserves maintained by the third-party administrator.

## **Note 10 - Defined Benefit Pension Plan and Postretirement Benefits**

**Plan Description** - The County participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers the majority of County employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at: 1134 Municipal Way, Lansing, Michigan 48917.

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

### Note 10 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

**Annual Pension Costs** - For the year ended December 31, 2003, the County's annual pension cost of \$2,082,694 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry age actuarial funding method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, attributable to inflation, and (c) additional projected salary increases of 0 percent to 4.16 percent per year, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period.

The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis over a period of 30 years, and 10 years for negative unfunded accrued liabilities.

For the year ended December 31, 2003, the County's annual pension cost and net pension asset are as follows:

Annual required contribution	\$ 2,082,694
Interest on net pension obligation	(158,413)
Adjustment to annual required contribution	<u>201,684</u>
Annual pension cost	2,125,965
Contributions cost	<u>(2,082,694)</u>
Decrease in net pension asset	43,271
Net pension asset - Beginning of year	<u>1,980,168</u>
Net pension asset - End of year	<u>\$ 1,936,897</u>

# Livingston County, Michigan

## Notes to Financial Statements December 31, 2003

### Note 10 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

#### Schedule of Employer Contributions

Year Ending December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	\$ 1,011,432	100	None
2000	1,607,453	100	None
2001	1,762,484	100	None
2002	2,048,208	100	None
2003	2,387,100	100	None

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/1999	\$ 28,546,604	\$ 37,699,617	\$ 9,153,013	76%	\$ 17,592,940	52%
12/31/2000	32,095,520	43,964,676	11,869,156	73%	18,851,466	63%
12/31/2001	36,410,052	47,597,610	11,187,558	76%	19,850,354	56%
12/31/2002	40,231,306	52,413,087	12,181,781	77%	21,614,316	56%

### Note 11 - Other Postemployment Benefits

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

- 1) County of Livingston Retiree Health Care Plan (defined benefit) for eligible employees hired on or before March 17, 2003 who have elected to remain in this program.

## **Note 11 - Other Postemployment Benefits (Continued)**

Beginning on the effective date, the County shall provide health care benefits to each eligible retiree. The Retiree Health Care Trust Fund will pay the monthly premiums for eligible participants subject to the retirees paying a share of the cost depending on their status and/or years of service. The County will be required to pay to the Trust Fund an amount consistent with the actuarial valuations and calculations made by an actuary for the trust. For those employees participating in the defined benefit retiree health care plan, the County's actuarially required contribution was \$1.8 million; its actual contribution was \$2.2 million.

- 2) County of Livingston Retiree Health Savings Plan (defined contribution) for eligible employees hired after March 17, 2003, and/or participants of the Retiree Health Care Plan that made a voluntary irrevocable "opt-out" of the Retiree Health Care Plan and elected participation in this new program. In consideration for such a nonrevocable decision to "opt-out" of the Retiree Health Care Plan, the County made an employer contribution in an amount equal to the maximum amounts as described below for each of the eligible years of County service the employee has served. The "opt-out" window began in November 2003 and ended in January 2004; therefore, funding of this program will span two fiscal years.

Beginning January 1, 2004, participant contributions are made by payroll deduction and deposited into the participant's plan account. The participant will authorize the amount to be deducted on a per pay period basis from their paycheck. The employer contribution match of participant contributions will be subject to the following maximum limitation in each calendar year of participation: first five years of service with the County - up to \$520.00 per year (prorated); beginning with the sixth year of service with the County until termination of participation - up to \$1,560.00 per year (prorated). Adjustments may be made annually consistent with the nonunion salary schedule adjustment, beginning in 2005. The County match shall be distributed over a 12-month period.

For those employees participating in the defined contribution retiree health care plan, the County contributed \$414,293 during the current year.

## **Note 12 - New Reporting Model**

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the County's activities
- A change in the fund financial statements to focus on the major funds

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements). The County has elected to implement both the general provisions of the statement and the retroactive reporting of infrastructure in the current year.

## **Required Supplemental Information**

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# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
<b>Taxes</b>				
Property taxes	\$ 22,058,188	\$ 21,393,500	\$ 21,409,196	\$ 15,696
Mobile home taxes	19,000	33,500	17,750	(15,750)
Industrial facilities taxes	245,000	245,000	288,724	43,724
Penalties and interest	5,000	5,000	6,802	1,802
Total taxes	22,327,188	21,677,000	21,722,472	45,472
<b>Licenses and Permits</b>	397,144	387,144	375,140	(12,004)
<b>Federal Grants</b>				
Child support grant	1,015,793	1,015,793	965,759	(50,034)
COPS grant	133,438	134,438	54,199	(80,239)
Emergency services	-	110,705	110,704	(1)
Other federal grants	95,572	133,644	64,690	(68,954)
Total federal grants	1,244,803	1,394,580	1,195,352	(199,228)
<b>State Sources</b>				
State-shared revenue	2,443,950	2,670,611	2,671,122	511
Court-related grants	1,177,944	1,160,044	1,191,439	31,395
Public safety grants	215,000	259,775	146,675	(113,100)
Alcohol and convention tax	560,000	560,000	554,849	(5,151)
MSHDA/OLSHA grant	-	142,000	112,000	(30,000)
Cigarette tax distribution	36,750	27,750	27,762	12
Liquor licenses	-	15,000	10,452	(4,548)
Other state grants	94,917	70,758	193,310	122,552
Total state sources	4,528,561	4,905,938	4,907,609	1,671

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue (Continued)</b>				
<b>Contributions From Local Units</b>	\$ 64,507	\$ 769,370	\$ 764,525	\$ (4,845)
<b>Charges for Services</b>				
Court-related charges	2,053,488	2,410,278	2,468,277	57,999
Sheriff service contracts	354,124	359,124	408,846	49,722
Jail services	102,500	122,500	92,004	(30,496)
Plat, site, and construction reviews	71,865	81,315	75,250	(6,065)
Equalization services	60,000	94,200	94,799	599
Register of deeds	913,000	2,260,000	2,389,360	129,360
Real estate transfer tax	1,030,000	1,190,000	1,275,260	85,260
Other charges for services	173,600	106,100	128,994	22,894
Total charges for services	4,758,577	6,623,517	6,932,790	309,273
<b>Fines and Forfeitures</b>	421,137	421,137	419,195	(1,942)
<b>Interest and Rent</b>				
Interest and investments	556,060	406,060	467,006	60,946
Rent	-	-	9,000	9,000
Total interest and rent	556,060	406,060	476,006	69,946
<b>Other Revenue</b>				
Refunds	123,000	115,000	119,938	4,938
Donations	500	7,000	10,549	3,549
Reimbursements of clerk's office costs	454	454	3,909	3,455
Reimbursements of court-related costs	217,000	155,000	126,931	(28,069)
Reimbursements from other funds	974,823	283,910	304,600	20,690
Reimbursements of public safety costs	465,572	367,826	385,376	17,550
Reimbursements of treasurer's office costs	-	382,008	395,140	13,132
Total other revenue	1,781,349	1,311,198	1,346,443	35,245
Total revenue	36,079,326	37,895,944	38,139,532	243,588

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures</b>				
Public safety:				
Court systems:				
Circuit Court	\$ 684,313	\$ 796,912	\$ 776,389	\$ 20,523
District Court	1,894,968	2,047,208	1,988,499	58,709
Friend of the Court	1,312,175	1,861,508	1,850,159	11,349
Probate Court	573,067	625,226	599,890	25,336
Juvenile Court	898,244	1,147,927	1,160,604	(12,677)
Guardianship services	8,000	8,000	6,063	1,937
Circuit Court probation	27,350	36,625	34,283	2,342
Appellate Court	78,650	78,650	35,246	43,404
Central services - Judicial center	1,346,650	1,818,712	1,806,672	12,040
Prosecuting attorney	1,464,705	1,702,567	1,673,462	29,105
Transfer to Courthouse Improvement Fund	1,085,232	-	-	-
Total court systems	9,373,354	10,123,335	9,931,267	192,068
Sheriff and jail:				
Sheriff and Road Patrol	5,690,774	7,876,084	7,506,379	369,705
Jail	4,055,043	4,868,437	4,500,007	368,430
Training	12,000	185	185	-
Marine	122,331	94,794	87,357	7,437
Drug enforcement	63,347	105,322	91,149	14,173
START	-	8,000	7,528	472
Total sheriff and jail	9,943,495	12,952,822	12,192,605	760,217
Other public safety:				
Family support	223,007	227,107	207,673	19,434
Emergency services	24,767	132,165	128,140	4,025
Animal shelter	452,713	561,689	553,435	8,254
Medical examiner	169,229	171,169	134,807	36,362
Total other public safety	869,716	1,092,130	1,024,055	68,075
Total public safety	20,186,565	24,168,287	23,147,927	1,020,360

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b><u>Expenditures (Continued)</u></b>				
Economic development:				
Equalization	\$ 654,984	\$ 736,670	\$ 718,133	\$ 18,537
Register of Deeds	765,548	857,149	841,652	15,497
Plat Board	2,825	2,980	2,170	810
Drain Commission	1,265,759	1,521,422	1,447,285	74,137
Transfer to EDC	66,000	-	-	-
County share of drain costs	513,500	470,500	470,499	1
Planning	535,486	569,614	546,025	23,589
Solid waste/DPW/Landfill	135,910	146,220	118,039	28,181
Transfer to airport	160,658	160,658	158,914	1,744
Transfer to LETS	226,584	469,354	226,584	242,770
Transfer to Capital Improvement Fund	-	1,018,218	1,012,749	5,469
Total economic development	4,327,254	5,952,785	5,542,050	410,735
Human services:				
MSU co-op extension	418,448	458,022	374,820	83,202
Contagious diseases	5,000	5,000	5,098	(98)
OLHSA	176,073	248,000	210,000	38,000
Community action programs	-	542,073	539,498	2,575
Mental health	600,470	600,470	600,468	2
Alcohol abuse	280,000	-	-	-
Senior services	127,581	132,168	131,543	625
Other appropriations	105,770	-	-	-
Veterans' burials	25,000	25,000	16,001	8,999
Veterans' affairs	156,646	198,602	193,986	4,616
Rental fees	-	298,972	298,974	(2)
Transfer to child care	1,200,000	1,550,000	1,550,000	-
Transfer to social welfare	10,500	10,500	10,500	-
Transfer to health - Operating	477,405	492,405	492,404	1
Transfer to soldier and sailor relief	6,000	11,000	11,000	-
Transfer to community corrections	18,787	48,787	48,787	-
Total human services	3,607,680	4,620,999	4,483,079	137,920

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
General government:				
Board of Commissioners	\$ 354,021	\$ 741,407	\$ 705,917	\$ 35,490
County administration	395,319	410,183	383,711	26,472
Elections	55,000	52,552	14,822	37,730
Civil counsel	175,000	175,000	123,133	51,867
County Clerk	1,059,381	1,203,147	1,156,306	46,841
Auditing services	125,500	125,500	122,770	2,730
Personnel	467,530	529,265	463,855	65,410
Purchasing	120,267	144,298	135,805	8,493
Tax allocation	2,300	2,800	1,210	1,590
County Treasurer	694,094	816,854	792,658	24,196
Information technology management	300,000	300,000	300,000	-
Maintenance	2,234,167	-	-	-
Rental fees	-	173,659	173,655	4
Transfer for retiree health care	-	361,973	196,304	165,669
Insurance	675,000	810,701	828,701	(18,000)
Employee fringe benefits	26,760	26,750	51,549	(24,799)
Other	100	100	479	(379)
	<u>6,684,439</u>	<u>5,874,189</u>	<u>5,450,875</u>	<u>423,314</u>
Total general government				
Total General Fund expenditures	<u>34,805,938</u>	<u>40,616,260</u>	<u>38,623,931</u>	<u>1,992,329</u>
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	1,273,388	(2,720,316)	(484,399)	2,235,917
<b>Fund Balance - Beginning of year</b>	<u>10,848,964</u>	<u>10,848,964</u>	<u>10,848,964</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 12,122,352</b></u>	<u><b>\$ 8,128,648</b></u>	<u><b>\$ 10,364,565</b></u>	<u><b>\$ 2,235,917</b></u>

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Ambulance Special Revenue Fund Year Ended December 31, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,430,188	\$ 1,430,188	\$ 1,537,560	\$ 107,372
Charges for services	2,100,000	2,175,000	2,248,560	73,560
Interests and rents	150,000	150,000	56,682	(93,318)
Other revenue	75,000	-	-	-
Total revenue	3,755,188	3,755,188	3,842,802	87,614
<b>Expenditures</b>				
Health and welfare	4,055,188	4,628,453	4,569,921	58,532
Operating transfers out	-	15,277	15,277	-
Total expenditures	4,055,188	4,643,730	4,585,198	58,532
<b>Excess of Expenditures Over Revenue</b>	(300,000)	(888,542)	(742,396)	146,146
<b>Fund Balance - Beginning of year</b>	3,783,206	3,783,206	3,783,206	-
<b>Fund Balance - End of year</b>	<u>\$ 3,483,206</u>	<u>\$ 2,894,664</u>	<u>\$ 3,040,810</u>	<u>\$ 146,146</u>

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Health Special Revenue Fund Year Ended December 31, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and permits	\$ 335,245	\$ 335,875	\$ 373,719	\$ 37,844
Federal grants	-	531,942	511,113	(20,829)
State grants	1,236,348	795,587	889,701	94,114
Charges for services	776,723	684,912	677,458	(7,454)
Operating transfers from other funds	477,406	746,053	592,404	(153,649)
<b>Total revenue</b>	<b>2,825,722</b>	<b>3,094,369</b>	<b>3,044,395</b>	<b>(49,974)</b>
<b>Expenditures - Family and health care</b>	<b>2,895,262</b>	<b>3,432,556</b>	<b>3,113,468</b>	<b>319,088</b>
<b>Excess of Expenditures Over Revenue</b>	<b>(69,540)</b>	<b>(338,187)</b>	<b>(69,073)</b>	<b>269,114</b>
<b>Fund Balance - Beginning of year</b>	<b>215,073</b>	<b>215,073</b>	<b>215,073</b>	<b>-</b>
<b>Fund Balance (Deficit) - End of year</b>	<b>\$ 145,533</b>	<b>\$ (123,114)</b>	<b>\$ 146,000</b>	<b>\$ 269,114</b>

# Livingston County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule 911 Service Special Revenue Fund Year Ended December 31, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ -	\$ 40,896	\$ 40,896
State grants	150,000	150,000	212,609	62,609
Charges for services	2,903,000	2,903,000	2,609,226	(293,774)
Interest and rents	100,000	100,000	42,734	(57,266)
<b>Total revenue</b>	<b>3,153,000</b>	<b>3,153,000</b>	<b>2,905,465</b>	<b>(247,535)</b>
<b>Expenditures - Public safety expense</b>	<b>3,968,480</b>	<b>5,111,192</b>	<b>4,640,824</b>	<b>470,368</b>
<b>Excess of Expenditures Over Revenue</b>	<b>(815,480)</b>	<b>(1,958,192)</b>	<b>(1,735,359)</b>	<b>222,833</b>
<b>Fund Balance - Beginning of year</b>	<b>3,102,874</b>	<b>3,102,874</b>	<b>3,102,874</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 2,287,394</b>	<b>\$ 1,144,682</b>	<b>\$ 1,367,515</b>	<b>\$ 222,833</b>

## **Other Supplemental Information**

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# Livingston County, Michigan

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## Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

# Livingston County, Michigan

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## Special Revenue Funds (Continued)

**County Library Fund** - Public Act 59, 1964, provides for the establishment of County Library Boards with the authority to contract for public library services for those residents of the County without free access to a legally established public library. Penal fines dedicated to those areas without a contract are transferred to the County Library Fund pending a contract agreement for those library services.

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

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

**Economic Development Corporation Fund** - This fund accounts for the transfer of funds from the General Fund to the EDC Fund for the contractual agreement with the EDC to supply services to the County.

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

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

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

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

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

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

# Livingston County, Michigan

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## Debt Service Funds

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

**Jail Expansion Fund** - This fund accounts for the proceeds and repayments from a bond issuance in 1994 for the jail expansion project.

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

**Building Authority Mental Health** - This fund accounts for the proceeds and repayments from a bond issuance in 1999 for the Mental Health capital project.

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

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

# Livingston County, Michigan

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## Capital Projects Funds

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

**800 Megahertz Communications Fund (Emergency Communications)** - This fund is used to account for the construction of the 800 Megahertz Tower equipment lease.

**Capital Improvement Fund** - This fund is used to account for earmarked revenue set aside for public improvements of a major nature.

**Mobile Command Fund** - This fund accounted for the procurement of the mobile command unit.

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

**Brighton District Court Fund** - This fund accounts for the Brighton District Court capital projects.

**Law Center (Highlander Way Site) Fund** - This fund accounts for the Highlander Way law center's capital projects.

**Courthouse Improvement Fund** - This fund is used to account for courthouse improvements.

**MTEC Construction Fund** - This fund is used to account for the MTEC Building improvements.

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

**Ambulance Facility Fund** - This fund is used to account for the improvements to the Genoa Township ambulance facility.

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

# Livingston County, Michigan

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## Enterprise Funds

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

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

**Airport Fund, Airport Debt Fund, and Airport Capital Improvement Fund** - These funds account for the operations of the rural airport located in the County. The primary revenue source is charges for services.

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

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

# Livingston County, Michigan

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## Permanent Fund

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

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

# Livingston County, Michigan

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## Internal Service Funds

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

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

**Purchasing Store Fund** - This fund purchases copiers for the various County offices and departments and leases these copiers back to the departments.

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

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

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

# Livingston County, Michigan

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## Component Units

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

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

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

# Livingston County, Michigan

## Special Revenue Funds

	Job Training Services	Child Care	Family Counseling	Friend of the Court	Community Development Block Grant	Survey and Remonumen- tation	Prosecutor's Drug Enforcement
<b>Assets</b>							
Cash and investments	\$ 4,825	\$ 143,261	\$ 14,272	\$ 35,417	\$ 356,173	\$ 586,828	\$ 103,677
Tax receivables	-	-	-	-	-	-	-
Due from other governments	115,452	-	-	1	-	-	-
Other assets	-	-	-	2	154,573	171	-
Total assets	<u>\$ 120,277</u>	<u>\$ 143,261</u>	<u>\$ 14,272</u>	<u>\$ 35,420</u>	<u>\$ 510,746</u>	<u>\$ 586,999</u>	<u>\$ 103,677</u>
<b>Liabilities and Fund Balances (Deficit)</b>							
<b>Liabilities</b>							
Accounts payable	\$ 68,972	\$ 385,817	\$ 1	\$ 2,413	\$ 4,250	\$ 60,623	\$ -
Due to other funds	36,304	-	-	-	-	-	-
Accrued liabilities	7,705	-	-	-	-	246	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	112,981	385,817	1	2,413	4,250	60,869	-
<b>Fund Balances (Deficit)</b>							
Reserved	-	-	-	-	-	-	-
Unreserved	7,296	(242,556)	14,271	33,007	506,496	526,130	103,677
Total fund balances (deficit)	7,296	(242,556)	14,271	33,007	506,496	526,130	103,677
Total liabilities and fund balances (deficit)	<u>\$ 120,277</u>	<u>\$ 143,261</u>	<u>\$ 14,272</u>	<u>\$ 35,420</u>	<u>\$ 510,746</u>	<u>\$ 586,999</u>	<u>\$ 103,677</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2003**

Special Revenue Funds

Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	County Library	Community Corrections
\$ 38,679	\$ 8,894	\$ 55,756	\$ 8,879	\$ 17,694	\$ 16,440
-	-	-	-	-	-
-	-	-	-	-	10,879
-	-	-	-	-	-
<b><u>\$ 38,679</u></b>	<b><u>\$ 8,894</u></b>	<b><u>\$ 55,756</u></b>	<b><u>\$ 8,879</u></b>	<b><u>\$ 17,694</u></b>	<b><u>\$ 27,319</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,692
-	-	-	-	-	21,782
-	-	-	-	-	4,321
-	-	-	-	-	-
-	-	-	-	-	28,795
-	-	-	-	-	-
<u>38,679</u>	<u>8,894</u>	<u>55,756</u>	<u>8,879</u>	<u>17,694</u>	<u>(1,476)</u>
<u>38,679</u>	<u>8,894</u>	<u>55,756</u>	<u>8,879</u>	<u>17,694</u>	<u>(1,476)</u>
<b><u>\$ 38,679</u></b>	<b><u>\$ 8,894</u></b>	<b><u>\$ 55,756</u></b>	<b><u>\$ 8,879</u></b>	<b><u>\$ 17,694</u></b>	<b><u>\$ 27,319</u></b>

# Livingston County, Michigan

## Special Revenue Funds

	Social Welfare	Soldiers and Sailors Relief	Veterans' Trust	Register of Deeds	Local Law Enforcement Block Grant
<b>Assets</b>					
Cash and investments	\$ 24,980	\$ 9,439	\$ 3,813	\$ 261,345	\$ 463
Tax receivables	-	-	-	-	-
Due from other governments	5,886	-	-	-	-
Other assets	-	-	-	366	-
Total assets	<u>\$ 30,866</u>	<u>\$ 9,439</u>	<u>\$ 3,813</u>	<u>\$ 261,711</u>	<u>\$ 463</u>
<b>Liabilities and Fund Balances (Deficit)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 14,000	\$ 959	\$ -	\$ 1,028	\$ -
Due to other funds	-	-	-	-	-
Accrued liabilities	-	-	-	925	-
Deferred revenue	-	-	-	-	-
Total liabilities	14,000	959	-	1,953	-
<b>Fund Balances (Deficit)</b>					
Reserved	-	-	-	-	-
Unreserved	16,866	8,480	3,813	259,758	463
Total fund balances (deficit)	16,866	8,480	3,813	259,758	463
Total liabilities and fund balances (deficit)	<u>\$ 30,866</u>	<u>\$ 9,439</u>	<u>\$ 3,813</u>	<u>\$ 261,711</u>	<u>\$ 463</u>

**Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
December 31, 2003**

Debt Service Funds					Capital Projects Fund	
Jail Expansion	1995 Road Commission Refunding Bonds	Mental Health Bonds	2000 Building Improvements Bonds	2001 Bonds - Road Commission Refunding Bonds	2002 Capital Improvement Bonds	800 Megahertz Communications
\$ 48,918	\$ 60,775	\$ 2,202	\$ 74	\$ 77,421	\$ -	\$ 275
1,207,848	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,256,766</u>	<u>60,775</u>	<u>2,202</u>	<u>74</u>	<u>77,421</u>	<u>-</u>	<u>275</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,239,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,239,036	-	-	-	-	-	-
17,730	60,775	2,202	74	77,421	-	275
-	-	-	-	-	-	-
<u>17,730</u>	<u>60,775</u>	<u>2,202</u>	<u>74</u>	<u>77,421</u>	<u>-</u>	<u>275</u>
<u>\$ 1,256,766</u>	<u>\$ 60,775</u>	<u>\$ 2,202</u>	<u>\$ 74</u>	<u>\$ 77,421</u>	<u>\$ -</u>	<u>\$ 275</u>

# Livingston County, Michigan

Capital Projects Funds						
	Capital Projects	Mobile Command	Jail Expansion	Brighton District Court	Law Center	Courthouse Improvement
<b>Assets</b>						
Cash and investments	\$ -	\$ 1,984	\$ 6,094	\$ 1,897	\$ -	\$ 32,075
Tax receivables	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1,984</u>	<u>\$ 6,094</u>	<u>\$ 1,897</u>	<u>\$ -</u>	<u>\$ 32,075</u>
<b>Liabilities and Fund Balances (Deficit)</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 7,388	\$ 1,896	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	7,388	1,896	-	-
<b>Fund Balances (Deficit)</b>						
Reserved	-	1,984	(1,294)	1	-	32,075
Unreserved	-	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>1,984</u>	<u>(1,294)</u>	<u>1</u>	<u>-</u>	<u>32,075</u>
Total liabilities and fund balances (deficit)	<u>\$ -</u>	<u>\$ 1,984</u>	<u>\$ 6,094</u>	<u>\$ 1,897</u>	<u>\$ -</u>	<u>\$ 32,075</u>

**Other Supplemental Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
December 31, 2003**

Capital Projects Funds				Permanent	
MTEC Construction	Administration Building Renovations	Ambulance Facility	Capital Replacement	Cemetery	Total Nonmajor Funds
\$ -	\$ 1,312,675	\$ -	\$ 1,022,563	\$ 26,385	\$ 4,284,173
-	-	-	-	-	1,207,848
-	-	-	-	-	132,218
-	642	-	14,457	-	170,211
<b>\$ -</b>	<b>\$ 1,313,317</b>	<b>\$ -</b>	<b>\$ 1,037,020</b>	<b>\$ 26,385</b>	<b>\$ 5,794,450</b>
\$ -	\$ 1,350	\$ -	\$ 262	\$ -	\$ 551,651
-	-	-	-	-	58,086
-	-	-	-	-	13,197
-	-	-	-	-	1,239,036
-	1,350	-	262	-	1,861,970
-	1,311,967	-	1,036,758	26,385	2,566,353
-	-	-	-	-	1,366,127
-	1,311,967	-	1,036,758	26,385	3,932,480
<b>\$ -</b>	<b>\$ 1,313,317</b>	<b>\$ -</b>	<b>\$ 1,037,020</b>	<b>\$ 26,385</b>	<b>\$ 5,794,450</b>

# Livingston County, Michigan

## Special Revenue Funds

	Job Training Services	Child Care	Family Counseling	Friend of the Court	Community Development Block Grant	Survey and Remonumen- tation	Prosecutor's Drug Enforcement
<b>Revenue</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	1,367,161	-	-	17,232	-	-	-
State sources	330,214	508,944	-	17,010	-	138,394	-
Charges for services	4,370	12,875	-	-	-	217,228	-
Contributions from local units	-	-	-	-	-	-	-
Interest earned	-	-	-	1,071	21,609	6,870	-
Other	24,849	-	15,220	-	-	-	15,000
<b>Total revenue</b>	<b>1,726,594</b>	<b>521,819</b>	<b>15,220</b>	<b>35,313</b>	<b>21,609</b>	<b>362,492</b>	<b>15,000</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	30,889	90,238	17,001	256,494	6,476
Community and economic development	-	-	-	-	-	-	-
Health and welfare	2,032,635	2,268,082	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,032,635</b>	<b>2,268,082</b>	<b>30,889</b>	<b>90,238</b>	<b>17,001</b>	<b>256,494</b>	<b>6,476</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(306,041)</b>	<b>(1,746,263)</b>	<b>(15,669)</b>	<b>(54,925)</b>	<b>4,608</b>	<b>105,998</b>	<b>8,524</b>
<b>Other Financing Sources (Uses)</b>							
Operating transfers in	61,304	1,550,000	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>61,304</b>	<b>1,550,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>(244,737)</b>	<b>(196,263)</b>	<b>(15,669)</b>	<b>(54,925)</b>	<b>4,608</b>	<b>105,998</b>	<b>8,524</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>252,033</b>	<b>(46,293)</b>	<b>29,940</b>	<b>87,932</b>	<b>501,888</b>	<b>420,132</b>	<b>95,153</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 7,296</b>	<b>\$ (242,556)</b>	<b>\$ 14,271</b>	<b>\$ 33,007</b>	<b>\$ 506,496</b>	<b>\$ 526,130</b>	<b>\$ 103,677</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2003**

Special Revenue Funds

Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	County Library	Community Corrections
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,122	20,305	-	-	189,436
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	194	-
<u>17,413</u>	<u>-</u>	<u>-</u>	<u>6,500</u>	<u>5,826</u>	<u>-</u>
17,413	3,122	20,305	6,500	6,020	189,436
8,372	-	6,154	-	-	243,815
-	-	-	6,226	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,372</u>	<u>-</u>	<u>6,154</u>	<u>6,226</u>	<u>-</u>	<u>243,815</u>
9,041	3,122	14,151	274	6,020	(54,379)
-	-	-	-	-	83,787
<u>(17,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(17,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,787</u>
(8,530)	3,122	14,151	274	6,020	29,408
<u>47,209</u>	<u>5,772</u>	<u>41,605</u>	<u>8,605</u>	<u>11,674</u>	<u>(30,884)</u>
<b><u>\$ 38,679</u></b>	<b><u>\$ 8,894</u></b>	<b><u>\$ 55,756</u></b>	<b><u>\$ 8,879</u></b>	<b><u>\$ 17,694</u></b>	<b><u>\$ (1,476)</u></b>

# Livingston County, Michigan

	Special Revenue Funds				
	Social Welfare	Soldiers and Sailors Relief	Veterans' Trust	Register of Deeds	Local Law Enforcement Block Grant
<b>Revenue</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	463
State sources	69,801	-	11,564	-	-
Charges for services	39,945	-	-	389,290	-
Contributions from local units	-	-	-	-	-
Interest earned	-	-	-	974	-
Other	-	-	-	-	-
<b>Total revenue</b>	<b>109,746</b>	<b>-</b>	<b>11,564</b>	<b>390,264</b>	<b>463</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	-
Community and economic development	-	-	-	-	-
Health and welfare	119,452	7,705	9,964	130,506	-
Capital outlay	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>119,452</b>	<b>7,705</b>	<b>9,964</b>	<b>130,506</b>	<b>-</b>
<b>Excess of Revenue Over (Under) Expenditures</b>					
<b>Expenditures</b>	<b>(9,706)</b>	<b>(7,705)</b>	<b>1,600</b>	<b>259,758</b>	<b>463</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	10,500	11,000	-	-	-
Operating transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>10,500</b>	<b>11,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>794</b>	<b>3,295</b>	<b>1,600</b>	<b>259,758</b>	<b>463</b>
<b>Fund Balances - Beginning of year</b>	<b>16,072</b>	<b>5,185</b>	<b>2,213</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ 16,866</b>	<b>\$ 8,480</b>	<b>\$ 3,813</b>	<b>\$ 259,758</b>	<b>\$ 463</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds (Continued)**  
**Year Ended December 31, 2003**

Debt Service Funds				Capital Projects Fund		
Jail Expansion	1995 Road Commission Refunding Bonds	Mental Health Bonds	2000 Building Improvements Bonds	2001 Bonds - Road Commission Refunding Bonds	2002 Capital Improvement Bonds	800 Megahertz Communications
\$ 1,273,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	477,675	200,355	-	50,225	-	-
1,238	238	27	-	422	252	-
-	-	-	-	-	-	-
1,274,464	477,913	200,382	-	50,647	252	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,200,000	350,000	70,000	555,000	-	430,000	-
89,713	136,775	130,355	470,680	50,225	178,438	-
1,289,713	486,775	200,355	1,025,680	50,225	608,438	-
(15,249)	(8,862)	27	(1,025,680)	422	(608,186)	-
-	-	-	1,025,680	-	556,862	-
-	-	-	-	-	-	-
-	-	-	1,025,680	-	556,862	-
(15,249)	(8,862)	27	-	422	(51,324)	-
32,979	69,637	2,175	74	76,999	51,324	275
<b>\$ 17,730</b>	<b>\$ 60,775</b>	<b>\$ 2,202</b>	<b>\$ 74</b>	<b>\$ 77,421</b>	<b>\$ -</b>	<b>\$ 275</b>

# Livingston County, Michigan

	Capital Projects Funds					
	Capital Projects	Mobile Command	Jail Expansion	Brighton District Court	Law Center	Courthouse Improvement
<b>Revenue</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Contributions from local units	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
<b>Expenditures</b>						
Current:						
Public safety	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	12,608	809,542	390	174,566
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	12,608	809,542	390	174,566
<b>Excess of Revenue Over (Under) Expenditures</b>						
	-	-	(12,608)	(809,542)	(390)	(174,566)
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	-	-	199,621	390	-
Operating transfers out	(147,780)	-	-	-	-	(390)
Total other financing sources (uses)	(147,780)	-	-	199,621	390	(390)
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses</b>						
	(147,780)	-	(12,608)	(609,921)	-	(174,956)
<b>Fund Balances (Deficit) - Beginning of year</b>	147,780	1,984	11,314	609,922	-	207,031
<b>Fund Balances (Deficit) - End of year</b>	\$ -	\$ 1,984	\$ (1,294)	\$ 1	\$ -	\$ 32,075

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds (Continued)**  
**Year Ended December 31, 2003**

Capital Projects Funds					Permanent	
MTEC Construction	Administration Building Renovations	Ambulance Facility	Capital Replacement	Cemetery	Total Nonmajor Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$	1,273,226
-	-	-	-	-	-	1,384,856
-	-	-	-	-	-	1,288,790
-	-	-	12,005	-	-	675,713
-	-	-	-	-	-	728,255
-	18,789	-	6,992	-	-	58,676
-	-	-	-	-	-	84,808
-	18,789	-	18,997	-	-	5,494,324
-	-	-	-	-	-	659,439
-	-	-	-	-	-	6,226
-	-	-	-	-	-	4,568,344
-	99,903	42,929	263	-	-	1,140,201
-	-	-	-	-	-	2,605,000
-	-	-	-	-	-	1,056,186
-	99,903	42,929	263	-	-	10,035,396
-	(81,114)	(42,929)	18,734	-	-	(4,541,072)
-	280,420	15,277	1,018,024	-	-	4,812,865
(1)	(127,920)	-	-	-	-	(293,662)
(1)	152,500	15,277	1,018,024	-	-	4,519,203
(1)	71,386	(27,652)	1,036,758	-	-	(21,869)
1	1,240,581	27,652	-	26,385	-	3,954,349
<b>\$ -</b>	<b>\$ 1,311,967</b>	<b>\$ -</b>	<b>\$ 1,036,758</b>	<b>\$ 26,385</b>	<b>\$</b>	<b>3,932,480</b>

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Net Assets Internal Service Funds December 31, 2003

	Building Services	Purchasing Store	Information Technology	Carpool	Benefits	Total
<b>Assets</b>						
Cash and investments	\$ 841,482	\$ -	\$ 997,701	\$ 616,883	\$ 205,784	\$ 2,661,850
Due from other funds	641	-	-	-	-	641
Equipment - Net	26,827	-	514,059	760,808	-	1,301,694
Other assets	331	-	-	5,334	382	6,047
Total assets	869,281	-	1,511,760	1,383,025	206,166	3,970,232
<b>Liabilities</b>						
Accounts payable	131,825	-	130,446	37,445	15,084	314,800
Due to other funds	-	-	946	641	-	1,587
Other current liabilities	52,652	-	45,760	1,991	-	100,403
Total liabilities	184,477	-	177,152	40,077	15,084	416,790
<b>Net Assets</b>						
Investment in capital assets -						
Net of related debt	26,827	-	514,059	760,808	-	1,301,694
Unrestricted	657,977	-	820,549	582,140	191,082	2,251,748
Total net assets	<u>\$ 684,804</u>	<u>\$ -</u>	<u>\$ 1,334,608</u>	<u>\$ 1,342,948</u>	<u>\$ 191,082</u>	<u>\$ 3,553,442</u>

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets Internal Service Funds Year Ended December 31, 2003

	Building Services	Purchasing Store	Information Technology	Carpool	Benefits	Total
<b>Operating Revenue</b> - Charges for services	\$ 2,123,330	\$ -	\$ 2,566,414	\$ 1,126,289	\$ 4,589,630	\$ 10,405,663
<b>Operating Expenses</b>						
Personnel	1,325,830	-	1,120,505	83,237	5,268,298	7,797,870
Operating expenses	1,326,520	-	1,585,530	435,815	-	3,347,865
Depreciation expense	15,153	-	342,122	184,998	-	542,273
Total operating expenses	<u>2,667,503</u>	<u>-</u>	<u>3,048,157</u>	<u>704,050</u>	<u>5,268,298</u>	<u>11,688,008</u>
<b>Operating Income (Loss)</b>	(544,173)	-	(481,743)	422,239	(678,668)	(1,282,345)
<b>Nonoperating Income</b>						
Interest income	-	-	-	-	9,992	9,992
Gain on sale of fixed assets	-	-	-	28,258	-	28,258
Total nonoperating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,258</u>	<u>9,992</u>	<u>38,250</u>
<b>Income (Loss) - Before operating transfers</b>	(544,173)	-	(481,743)	450,497	(668,676)	(1,244,095)
<b>Operating Transfers</b>						
Operating transfers in	-	-	-	17,571	-	17,571
Operating transfers out	-	(209,616)	-	-	-	(209,616)
Total operating transfers	<u>-</u>	<u>(209,616)</u>	<u>-</u>	<u>17,571</u>	<u>-</u>	<u>(192,045)</u>
<b>Net Income (Loss)</b>	(544,173)	(209,616)	(481,743)	468,068	(668,676)	(1,436,140)
<b>Net Assets - January 1, 2003</b>	<u>1,228,977</u>	<u>209,616</u>	<u>1,816,351</u>	<u>874,880</u>	<u>859,758</u>	<u>4,989,582</u>
<b>Net Assets - December 31, 2003</b>	<u>\$ 684,804</u>	<u>\$ -</u>	<u>\$ 1,334,608</u>	<u>\$ 1,342,948</u>	<u>\$ 191,082</u>	<u>\$ 3,553,442</u>

# Livingston County, Michigan

	Building Services	Purchasing Store	Information Technology	Carpool
<b>Cash Flows from Operating Activities</b>				
Receipts from other funds	\$ 2,134,126	\$ -	\$ 2,577,629	\$ 1,136,303
Payments to suppliers	(1,304,368)	-	(1,678,265)	(455,117)
Payments to employees	(1,324,735)	-	(1,116,334)	(84,010)
Net cash provided by (used in ) operating activities	(494,977)	-	(216,970)	597,176
<b>Cash Flows from Investing Activities</b> - Interest received on investments	-	-	-	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
(Purchase) disposal of capital assets	-	6,222	(184,031)	(375,955)
Proceeds from sale of capital assets	-	-	-	28,258
Proceeds from issuance of long-term debt	-	-	24,620	-
Net cash provided by (used in) capital and related financing activities	-	6,222	(159,411)	(347,697)
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating transfer in	-	-	-	17,571
Operating transfer out	-	(209,616)	-	-
Net cash provided by (used in) noncapital financing activities	-	(209,616)	-	17,571
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(494,977)	(203,394)	(376,381)	267,050
<b>Cash and Cash Equivalents - January 1, 2003</b>	<u>1,336,459</u>	<u>203,394</u>	<u>1,374,082</u>	<u>349,833</u>
<b>Cash and Cash Equivalents - December 31, 2003</b>	<u>\$ 841,482</u>	<u>\$ -</u>	<u>\$ 997,701</u>	<u>\$ 616,883</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ (544,173)	\$ -	\$ (481,743)	\$ 422,239
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	15,153	-	352,391	184,998
Changes in asset and liability balances:				
Due from other funds	361	-	946	-
Other assets	10,435	-	-	10,014
Accounts payable	22,152	-	(92,735)	(19,302)
Accrued liabilities	1,095	-	4,171	(773)
Net cash provided by (used in) operating activities	<u>\$ (494,977)</u>	<u>\$ -</u>	<u>\$ (216,970)</u>	<u>\$ 597,176</u>

**Other Supplemental Information  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended December 31, 2003**

Benefits	Total
\$ 4,618,059	\$ 10,466,117
(92,010)	(3,529,760)
<u>(5,268,298)</u>	<u>(7,793,377)</u>
(742,249)	(857,020)
9,992	9,992
-	(553,764)
-	28,258
-	<u>24,620</u>
-	(500,886)
-	17,571
-	<u>(209,616)</u>
-	<u>(192,045)</u>
(732,257)	(1,539,959)
<u>938,041</u>	<u>4,201,809</u>
<b><u>\$ 205,784</u></b>	<b><u>\$ 2,661,850</u></b>
\$ (678,668)	\$ (1,282,345)
-	552,542
2,261	3,568
26,168	46,617
(92,010)	(181,895)
-	<u>4,493</u>
<b><u>\$ (742,249)</u></b>	<b><u>\$ (857,020)</u></b>

# Livingston County, Michigan

## Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2003

	Agency Funds		GASB #34	Government-
	Trust and	Library	Consolidation	wide
	Agency	Penal Fines	Adjustment	Statement
<b>Assets</b>				
Cash	\$ 2,986,751	\$ 397,995	\$ (651,493)	\$ 2,733,253
Accrued interest receivable	4,889	1,131	-	6,020
Total assets	<b>\$ 2,991,640</b>	<b>\$ 399,126</b>	<b>\$ (651,493)</b>	<b>\$ 2,739,273</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 1,150,721	\$ -	\$ -	\$ 1,150,721
Due to other funds	651,493	-	(651,493)	-
Other liabilities	1,189,426	399,126	-	1,588,552
Total liabilities	<b>\$ 2,991,640</b>	<b>\$ 399,126</b>	<b>\$ (651,493)</b>	<b>\$ 2,739,273</b>

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Operating, Nonoperating, and Other Revenue Sources Year Ended December 31, 2003

	January 1, 2003 to September 30, 2003	October 1, 2003 to December 31, 2003	Total
<b>Operating Revenues</b>			
Demand-response	\$ 40,326	\$ 14,286	\$ 54,612
Special transit fares	59,251	13,124	72,375
Rents	67,419	600	68,019
Other	13,751	1,895	15,646
Total operating revenues	<b>\$ 180,747</b>	<b>\$ 29,905</b>	<b>\$ 210,652</b>
<b>Nonoperating Revenues</b>			
Federal Operating Grants - Specialized Services Grant	\$ 13,853	\$ -	\$ 13,853
State of Michigan Operating Grants:			
Local Bus Operating Assistance	353,818	129,859	483,677
Project Zero Grant	50,001	-	50,001
Total nonoperating revenue	<b>\$ 417,672</b>	<b>\$ 129,859</b>	<b>\$ 547,531</b>
Transfers and contributions - Operating transfers from other funds	<b>\$ 51,963</b>	<b>\$ 174,621</b>	<b>\$ 226,584</b>

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Operating Expenses Year Ended December 31, 2003

	Operations	Maintenance	General Administration	Total
Labor	\$ 466,198	\$ 84,149	\$ 73,181	\$ 623,528
Fringe benefits	149,536	19,314	16,092	184,942
Services	76,138	33,158	95,481	204,777
Materials and supplies consumed:				
Fuel and lubricants	57,038	-	-	57,038
Other materials and supplies	16,981	-	4,824	21,805
Utilities	33,734	-	15,445	49,179
Casualty and liability costs	7,173	-	-	7,173
Miscellaneous	53,517	-	91,088	144,605
Depreciation	116,875	-	-	116,875
 Total operating expenses	 <u>\$ 977,190</u>	 <u>\$ 136,621</u>	 <u>\$ 296,111</u>	 <u>\$ 1,409,922</u>

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Net Eligible Cost Computations of General Operations Year Ended December 31, 2003

	January 1, 2003 to September 30, 2003	October 1, 2003 to December 31, 2003	Total
Labor	\$ 428,843	\$ 194,685	\$ 623,528
Fringe benefits	36,356	148,586	184,942
Services	141,716	63,061	204,777
Materials and supplies consumed:			
Fuel and lubricants	38,444	18,594	57,038
Other materials and supplies	17,712	4,093	21,805
Utilities	29,198	19,981	49,179
Casualty and liability costs	1,756	5,417	7,173
Miscellaneous	42,007	11,810	53,817
Total eligible expenses	736,032	466,227	1,202,259
Ineligible operating expenses:			
Expenses associated with rentals	55,161	18,387	73,548
RTAP	2,333	-	2,333
Percent of association dues	68	-	68
Other ineligible expenses	9,709	5,130	14,839
Depreciation	87,656	29,219	116,875
Total ineligible expenses	154,927	52,736	207,663
Total operating expenses	<b>\$ 890,959</b>	<b>\$ 518,963</b>	<b>\$ 1,409,922</b>
Maximum state operating assistance:			
Total eligible expenses	\$ 736,032	\$ 466,227	\$ 1,202,259
Statutory cap - 60 percent of eligible expenses	60%	60%	60%
Statutory cap amount	<b>\$ 441,619</b>	<b>\$ 279,736</b>	<b>\$ 721,355</b>

# Livingston County, Michigan

## Livingston Essential Transportation System Schedule of Property and Equipment December 31, 2003

	Purchased with Local Funds	Purchased with Capital Grants	Total
Office furniture	\$ 32,219	\$ 3,000	\$ 35,219
Vehicles	<u>6,391</u>	<u>946,042</u>	<u>952,433</u>
Total property and equipment	38,610	949,042	987,652
Accumulated depreciation	<u>12,187</u>	<u>367,979</u>	<u>380,166</u>
Net property and equipment	<u>\$ 26,423</u>	<u>\$ 581,063</u>	<u>\$ 607,486</u>

# Livingston County, Michigan

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## Livingston Essential Transportation System Statistical Data - Public Transportation Mileage Data (Unaudited) December 31, 2003

Demand - Response mileage data (unaudited):

First quarter	96,648
Second quarter	103,122
Third quarter	102,769
Fourth quarter	<u>120,869</u>

Total mileage	<u><u>423,408</u></u>
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# Livingston County, Michigan

## Statistical Information Financial Trends December 31, 2003

<u>Financial Position (Status of Assets, Liabilities, and Equity)</u>	2001	2002	2003
General Fund:			
Unreserved fund balance compared to expenditures	27.3%	32.4%	25.6%
Current ratio (assets/liabilities, excluding deferred revenue)	7.0	6.8	5.9
All governmental activities:			
Unreserved fund balance compared to expenditures	35.2%	38.6%	28.3%
Current ratio (assets/liabilities, excluding deferred revenue)	9.6	8.3	6.4
 <u>Fiscal Capacity (Measures of Ability to Raise Revenue, Incur Debt, and Meet Obligations)</u>			
General Fund:			
Property taxes per capita (operating millage only)	\$ 113	\$ 119	\$ 123
Millage capacity (ability to levy additional taxes without a vote)	None	None	None
Expenditures per capita	\$ 190	\$ 198	\$ 197
Ratio of revenues compared to expenditures	1.14	1.09	1.09
All governmental activities:			
Total property taxes levied per capita (with extra voted mills)	\$ 128	\$ 135	\$ 138
County taxes paid per household	\$ 236	\$ 264	\$ 275
County taxes paid per household as a percentage of household income	0.350%	0.390%	0.410%
Taxable value (in 000s)	\$ 5,603,145	\$ 6,095,130	\$ 6,592,435
Annual change in taxable value	10.9%	8.8%	8.1%
State equalized value (SEV)	\$ 6,814,972	\$ 7,656,474	\$ 9,324,352
Annual change in SEV	13.4%	12.3%	21.8%
Debt information:			
County-funded debt per capita	\$ 109	\$ 110	\$ 95
Debt saturation (percent of debt limitation utilized)	3.5%	3.7%	3.0%