

Livingston County, Michigan

**Financial Report
with Supplemental Information
December 31, 2007**

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, 2007, 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 \$124,918,750 and \$17,996,065, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Livingston County Road Commission, is based solely on the reports of the other auditors.

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

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, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

To the County Board of Commissioners
Livingston County, Michigan

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

In accordance with *Government Auditing Standards*, a report dated June 19, 2008 has been issued on our consideration of Livingston County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

June 19, 2008

Livingston County, Michigan

Management's Discussion and Analysis

Our discussion and analysis of Livingston County, Michigan's financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the County's financial statements.

Financial Highlights

Fiscal year 2007 marks the end of an era (business as we currently know it) and the beginning of a new era for Livingston County. We have felt the effects of the State of Michigan's fiscal crisis; the weak national economy; the credit crisis; record real estate foreclosures; job loses; and a slump in new construction. In spite of the national and state weak economy, Livingston County posted another strong financial close to fiscal year 2007. However, future years are wrought with challenges (decreased revenues) and limited opportunities. The following represents the most significant financial highlights for the year ended December 31, 2007:

- The County's primary source of General Fund revenue is property taxes, representing 61.5 percent of total revenues. We have experienced impressive percentage increases in property tax revenues for the past three years: 12.5 percent in 2005; 9.7 percent in 2006; and 4.0 percent in 2007. Unfortunately, this growth trend is not sustainable in the current economic environment. We are projecting zero tax revenue growth in 2008 and a 4.5 percent decline in 2009. Another impediment to continued growth is attributable to an amendment to the Property Tax Act (Public Act 356), a mandatory and permanent gradual shift (over a three-year period of time) from a December to a July tax levy. This shift was fully implemented in 2007. All future general tax levies will be on July 1st. This legislation has created a major challenge for counties with calendar fiscal years because we bill for our largest revenue source six months after the beginning of annual operations and collect the revenue nine months into the fiscal year. This creates cash flow problems and a future risk of incurring borrowing costs to sustain operations during the first nine months.
- During the past few years, Livingston County has been extremely proactive in reducing the cost of services. Departments were frugal and complied with the purchasing policy to competitively bid supplies and services. Further, departments were requested to review current processes to be more efficient with service delivery; to increase efficiency through the use of technology; to hold vacancies open for longer periods of time; and eliminate services/programs that no longer meet the needs of the community. The Board of Commissioners has focused on reducing discretionary programs in order to shift limited resources to mandated/priority programs. The culmination of these efforts has been an increase to the General Fund's fund balance for the past three years: \$1.8 million in 2005; \$2.6 million in 2006; and \$1.8 million in 2007. This is also evident by an increase of \$2.8 million to fund balance for the other governmental funds (excluding the General Fund). This growth trend is not sustainable and is not projected to repeat in future years.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

Using this Annual Report

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

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

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The County as a Whole

The following table shows a condensed format of the net assets (in thousands of dollars) for fiscal years ended December 31, 2007 and 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006, as restated	2007	2006
Assets						
Current assets	\$ 61,829	\$ 55,233	\$ 34,412	\$ 36,887	\$ 96,241	\$ 92,120
Noncurrent assets	56,739	58,672	35,159	29,986	91,898	88,658
Total assets	118,568	113,905	69,571	66,873	188,139	180,778
Liabilities						
Current liabilities	5,938	5,791	800	580	6,738	6,371
Long-term liabilities	19,117	20,240	3,075	3,177	22,192	23,417
Total liabilities	25,055	26,031	3,875	3,757	28,930	29,788
Net Assets						
Invested in capital assets - Net of related debt	44,024	44,232	31,994	26,798	76,018	71,030
Restricted	26,462	26,392	-	-	26,462	26,392
Unrestricted	23,027	17,250	33,702	36,318	56,729	53,568
Total net assets	<u>\$ 93,513</u>	<u>\$ 87,874</u>	<u>\$ 65,696</u>	<u>\$ 63,116</u>	<u>\$ 159,209</u>	<u>\$ 150,990</u>

The County's combined net assets for both governmental and business-type activities total \$150.9 million for fiscal year 2006 and \$159.2 million for fiscal year 2007, this is an increase of \$8.2 million (5.4 percent) from 2006 to 2007. The increases are attributable to completion of the Livingston County airport expansion project, the septic receiving facility, and contributions to fund balance. Net assets are further segregated between restricted and unrestricted net assets. The restricted net assets are those assets that are restricted for a specific purpose/use and invested in capital assets. Unrestricted net assets are those net assets that can be used to finance day-to-day operations.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets during the years ended December 31, 2007 and 2006 (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006, as restated	2007	2006
Revenue						
Program revenue:						
Charges for services	\$ 21,428	\$ 19,267	\$ 5,933	\$ 5,481	\$ 27,361	\$ 24,748
Operating grants and contributions	10,111	8,464	1,664	1,974	11,775	10,438
Capital grants and contributions	-	1,657	1,318	10,967	1,318	12,624
General revenue:						
Property taxes	31,623	38,148	-	-	31,623	38,148
Unrestricted investment earnings	2,563	2,047	1,084	959	3,647	3,006
Transfers and other revenue	2,394	2,431	(1,566)	(1,683)	828	748
Total revenue	68,119	72,014	8,433	17,698	76,552	89,712
Program Expenses						
General government	6,186	8,165	-	-	6,186	8,165
Public safety	34,292	33,680	-	-	34,292	33,680
Health and welfare	18,035	15,258	-	-	18,035	15,258
Community and economic development	3,499	1,360	-	-	3,499	1,360
Interest on long-term debt	468	701	-	-	468	701
Building and safety	-	-	1,708	2,245	1,708	2,245
Airport	-	-	1,244	2,498	1,244	2,498
Livingston Essential						
Transportation Services	-	-	2,554	2,419	2,554	2,419
Sewage receiving station	-	-	333	-	333	-
Delinquent tax revolving funds	-	-	15	14	15	14
Total program expenses	62,480	59,164	5,854	7,176	68,334	66,340
Change in Net Assets	\$ 5,639	\$ 12,850	\$ 2,579	\$ 10,522	\$ 8,218	\$ 23,372

Governmental Activities

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

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The cost of providing services for governmental activities was \$62.5 million for fiscal year 2007. This is a 5.6 percent increase over the cost of providing services in 2006. The County expenditure policy has remained stable from 2006 to 2007 for the categories of public safety, health and welfare, general government, public works, and community and economic development. The reasons for the modest increase are expanded use of automation and competitive bid process for products/service, and more efficient/effective processes for service delivery.

The County's total governmental revenues decreased \$3.9 million from 2006 to 2007. This is a direct result of the amendment to the Revenue Sharing Act and Property Tax Act with full-funding of the Reserve Revenue Sharing Fund completed in 2006. Charges for services increased 9 percent from 2006 to 2007. This trend is caused by aggressive collection policies in the Courts, Sheriff's Office, and Ambulance Department. The County continues to review its revenue policy to ensure the proper balance between the use of tax revenues and user fees to support the cost of providing services.

Business-type Activities

Business-type activities are those activities that are financed primarily by charges for services or user fees. The County's business-type activities consist of the airport, building and safety department, Livingston essential transportation, and tax delinquent revolving fund; these types of operations are most similar to private businesses. A comparative analysis between fiscal years 2006 and 2007 shows that our net assets increased \$2.6 million; the majority of this increase is related to completion of the Livingston County Airport expansion project and the septage receiving station.

The Funds

Our analysis of the County's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide 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, 911 Service Special Revenue Fund, and Revenue Sharing Reserve Fund. The other nonmajor governmental funds are consolidated and reported under the column with that heading. The County Board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages, 911 surcharge, and restricted revenues from grants or fees.

The **General Fund** pays for the majority 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. The General Fund incurred costs of \$46.1 million in 2007, including an operating transfer of \$5.1 million to subsidize operations in other funds. This is an increase of 5 percent in providing services when compared to the amended budget for 2007. This is because of some one-time capital purchases, increased cost of fuel for both vehicles and utilities, labor contract settlement for the sheriff's office, and implementation of the wage study for Court employees.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

The **Ambulance Fund** provides emergency medical response and is funded by a special tax levy (approximately 30 percent of total revenues) and charges for services (approximately 60 percent of total revenues). The cost of providing this service for 2007 was \$5.6 million. Fund balance increased \$1.06 million. These monies will be used in future years to enhance response time for the continuing increase in demand for services and a new ambulance headquarters.

The **Health Fund** provides a variety of health-related services in environmental health and personal protection services. Funding is provided through federal/state grants, charges for services, and an appropriation from the General Fund. The cost of providing this service for 2007 was \$3.94 million.

The **911 Service Fund** provides County-wide dispatch services. Funding is provided through the telephone surcharge. Public Act 29 of 1994 sunset on December 31, 2007. The replacement act goes into effect July 1, 2008, it provides for a uniform levy against all telecommunication devices within the County. The rate approved by the Board of Commissioners is \$1.85 per device. Payment will be received approximately 45 days after the end of each quarter; thereby, creating a cash flow problem. The cost of providing this service for 2007 was \$3.3 million.

The **Revenue Sharing Reserve Fund** is a fund mandated by the State to provide replacement funding for the temporary suspension of state shared-revenue. The County annually draws an amount equal to its state-shared revenue, (approximately \$2.8 million) until the fund is depleted. It is projected that this fund will be depleted in 2012, being the first year in which replacement monies from the reserve fund are less than the amount that would otherwise have been received in state-shared revenue payments. The County is skeptical that the State will have the financial resources to reinstate state-shared revenue as promised in Public Act 357.

Budgetary Highlights

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

- During the year, the General Fund net budget amendments resulted in an increase of \$1.4 million, as follows:
 - Recognition of board actions regarding (1) recognition of position vacancy savings in various departments; (2) recommended budget amendments/transfers between departments presented at the Sheriff's calendarized budget meeting to maintain compliance with authorized budget; (3) general increases for the settlement of the deputies/correction officers, sergeants labor contracts and wage study for Court employees; and, (4) transfer of \$2.0 million of General Fund fund balance to: \$500,000 to Fund 677 - Benefit Fund to cover projected unfunded healthcare costs; and \$1.5 million to Fund 466 - Corrections Facility to mitigate the cost of a jail expansion.
 - Recognition of increases/decrease in grant revenues
 - Creation of a new General Fund department # 601 - Health Department for the Livingston health plan

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

- During the year, Special Revenue Funds and Enterprise Funds Budgets were amendments as follows:
 - Creation of the Lutz County Park Fund budget
 - Amendments for capital purchases

Capital Asset and Debt Administration

At the end of 2007, the County had \$91.9 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, we completed the multi-million dollar airport expansion, and septage receiving station.

The County continues to sustain its excellent bond ratings with Moody's Aa2 rating and Standard & Poor's AA+ rating, thereby managing interest payments and reducing costs for infrastructure improvements. Additionally, the County is well within its legal debt limit of 10 percent of the state equalized valuation, utilizing less than 1.40 percent of that capacity. The majority of outstanding debt is for our component units: the drainage districts, Department of Public Works, and Road Commission. The County has pledged its full faith and credit to maintain low costs.

Economic Factors and Next Year's Budgets and Rates

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

As previously discussed, fiscal year 2007 signifies the end of business as usual. Major structural changes are necessary to ensure sustainability of our operations into the future. The County closely monitors reserve balances, revenues, and expenditures; we utilize a five-year financial forecasting model for early detection of bad revenue/expenditure policies and potential deficits. It is projected that the 2008 fiscal year will end with minimal use of reserves. Unfortunately, it is projected that Livingston County's tax revenues will decrease 4.5 percent in 2009, 2.0 percent in 2010; stabilize in 2011; and then begin a slow 1 percent increase in 2012 and 2013. Recovery will be slow because Proposal A limits the increase of taxable value to the rate of inflation or 5 percent whichever is lowest. The only certainty is a lot of uncertainty as Michigan tries to work through its seven straight years of a single state recession. Economists are continuously monitoring the U.S. economy as it pushes dangerously close to a recession. Given the current state of affairs, Livingston County must continue its history of sound financial performance and conservative budgeting practices.

Livingston County, Michigan

Management's Discussion and Analysis (Continued)

Contacting the Administration

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

Livingston County, Michigan

Statement of Net Assets December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 51,526,390	\$ 21,278,969	\$ 72,805,359	\$ 8,465,668
Receivables:				
Taxes	4,406,134	10,299,070	14,705,204	-
Accounts	1,294,732	18,225	1,312,957	-
Leases	-	-	-	87,395,525
Other	-	1,882,833	1,882,833	4,971,828
Internal balances	54,521	(54,521)	-	-
Due from other governmental units	1,722,573	672,139	2,394,712	3,185,183
Inventories	-	72,395	72,395	1,191,609
Prepaid costs and other assets	1,097,399	242,871	1,340,270	-
Net pension asset (Note 11)	1,726,314	-	1,726,314	-
Capital assets not being depreciated (Note 4)	8,488,700	10,961,377	19,450,077	25,556,745
Capital assets being depreciated (Note 4)	<u>48,250,663</u>	<u>24,197,583</u>	<u>72,448,246</u>	<u>96,265,147</u>
Total assets	118,567,426	69,570,941	188,138,367	227,031,705
Liabilities				
Accounts payable	1,512,557	273,397	1,785,954	468,087
Accrued and other liabilities	2,002,551	354,477	2,357,028	2,090,643
Deferred tax revenue	4,527,016	-	4,527,016	-
Due to other governmental units	42,040	82,607	124,647	2,165,561
Long-term obligations (Note 6):				
Due within one year	2,381,248	90,000	2,471,248	8,129,038
Due in more than one year	<u>14,588,832</u>	<u>3,075,000</u>	<u>17,663,832</u>	<u>86,500,386</u>
Total liabilities	<u>25,054,244</u>	<u>3,875,481</u>	<u>28,929,725</u>	<u>99,353,715</u>
Net Assets				
Invested in capital assets - Net of related debt	44,024,363	31,993,960	76,018,323	118,345,005
Restricted (Note 7)	26,462,342	-	26,462,342	-
Unrestricted	<u>23,026,477</u>	<u>33,701,500</u>	<u>56,727,977</u>	<u>9,332,985</u>
Total net assets	<u>\$ 93,513,182</u>	<u>\$ 65,695,460</u>	<u>\$ 159,208,642</u>	<u>\$ 127,677,990</u>

Livingston County, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 6,185,666	\$ 1,344,783	\$ 545,259	\$ -
Public safety	34,292,220	11,618,558	2,482,449	-
Health and welfare	18,035,316	6,185,108	6,040,570	-
Community and economic development	3,499,462	2,279,522	1,042,985	-
Interest on long-term debt	467,785	-	-	-
Total governmental activities	62,480,449	21,427,971	10,111,263	-
Business-type activities:				
Building and safety	1,707,834	1,598,655	-	-
Airport	1,244,351	912,511	-	370,589
Livingston Essential Transportation Service	2,554,083	378,220	1,664,262	947,922
Sewage receiving station	333,252	278,883	-	-
Delinquent tax revolving funds	15,193	2,764,368	-	-
Total business-type activities	5,854,713	5,932,637	1,664,262	1,318,511
Total primary government	\$ 68,335,162	\$ 27,360,608	\$ 11,775,525	\$ 1,318,511
Component units:				
Drain Commission	\$ 4,135,204	\$ 2,912,490	\$ 1,072,028	\$ -
Department of Public Works	6,073,379	3,956,927	-	-
Road Commission	18,508,545	7,728	17,792,830	24,000
Livingston County Foundation	10,000	-	277,242	-
Total component units	\$ 28,727,128	\$ 6,877,145	\$ 19,142,100	\$ 24,000
General revenues:				
Property taxes				
Gain on sale of fixed assets				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net Assets - Beginning of year, as restated (Note 13)				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2007

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,295,624)	\$ -	\$ (4,295,624)	\$ -
(20,191,213)	-	(20,191,213)	-
(5,809,638)	-	(5,809,638)	-
(176,955)	-	(176,955)	-
(467,785)	-	(467,785)	-
(30,941,215)	-	(30,941,215)	-
-	(109,179)	(109,179)	-
-	38,749	38,749	-
-	436,321	436,321	-
-	(54,369)	(54,369)	-
-	2,749,175	2,749,175	-
-	3,060,697	3,060,697	-
(30,941,215)	3,060,697	(27,880,518)	-
-	-	-	(150,686)
-	-	-	(2,116,452)
-	-	-	(683,987)
-	-	-	267,242
-	-	-	(2,683,883)
31,622,990	-	31,622,990	-
-	-	-	-
2,563,377	1,083,583	3,646,960	426,307
828,627	-	828,627	243,532
1,565,713	(1,565,713)	-	12,047
36,580,707	(482,130)	36,098,577	681,886
5,639,492	2,578,567	8,218,059	(2,001,997)
87,873,690	63,116,893	150,990,583	129,679,987
\$ 93,513,182	\$ 65,695,460	\$ 159,208,642	\$ 127,677,990

Livingston County, Michigan

Governmental Funds Balance Sheet December 31, 2007

	General Fund	Ambulance Fund	Health Fund	911 Service Fund	Revenue Sharing Reserve Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 15,970,013	\$ 3,820,707	\$ 836,335	\$ 2,771,808	\$ 15,107,586	\$ 8,852,037	\$ 47,358,486
Receivables:							
Taxes	1,961,809	2,421,232	-	-	-	-	4,383,041
Accounts	32,211	977,080	-	265,020	-	-	1,274,311
Prepaid costs and other assets	192,581	38,761	-	20,803	14,642	632,577	899,364
Due from other funds (Note 5)	82,524	-	-	-	-	24,324	106,848
Due from other governmental units	525,111	-	155,194	71,122	-	971,146	1,722,573
Advance to other fund (Note 5)	376,979	-	-	-	-	218,913	595,892
Total assets	\$ 19,141,228	\$ 7,257,780	\$ 991,529	\$ 3,128,753	\$ 15,122,228	\$ 10,698,997	\$ 56,340,515
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 536,097	\$ 64,218	\$ 6,634	\$ 264,974	\$ -	\$ 326,870	\$ 1,198,793
Accrued and other liabilities	1,270,030	160,079	87,157	69,583	-	17,210	1,604,059
Due to other funds (Note 5)	86,500	-	-	-	-	6,744	93,244
Due to other governmental units	6,171	-	-	-	-	35,869	42,040
Advance from other fund (Note 5)	-	-	304,372	-	-	58,086	362,458
Deferred revenue	1,590,365	2,421,232	59,728	-	-	1,000,950	5,072,275
Total liabilities	3,489,163	2,645,529	457,891	334,557	-	1,445,729	8,372,869
Fund Balances							
Reserved (Note 9)	569,560	-	-	-	15,122,228	102,195	15,793,983
Unreserved, reported in:							
General Fund	15,082,505	-	-	-	-	-	15,082,505
Special Revenue Funds	-	4,612,251	533,638	2,794,196	-	4,192,026	12,132,111
Capital Projects Funds - Designated	-	-	-	-	-	4,959,047	4,959,047
Total fund balances	15,652,065	4,612,251	533,638	2,794,196	15,122,228	9,253,268	47,967,646
Total liabilities and fund balances	\$ 19,141,228	\$ 7,257,780	\$ 991,529	\$ 3,128,753	\$ 15,122,228	\$ 10,698,997	
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							56,037,107
Long-term liabilities are not due and payable in the current period and are not reported in the funds							(14,757,963)
Interest expense payable is not accrued in the governmental funds							(64,215)
Compensated absences are not included as a liability of the funds							(2,066,627)
Grant receivables in governmental activities are not financial resources and are not available to pay for current year expenditures							545,259
Net pension asset is not included as an asset of the funds							1,726,314
Personal property taxes receivable in governmental activities are not financial resources and are not reported in the funds							23,092
Net self-insurance liabilities are not reported in the funds							(196,563)
Internal Service Funds are included as part of governmental activities							4,299,132
Net assets of governmental activities							\$ 93,513,182

Livingston County, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2007

	General Fund	Ambulance Fund	Health Fund	911 Service Fund	Revenue Sharing Reserve Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue							
Taxes	\$ 29,501,508	\$ 2,269,738	\$ -	\$ -	\$ -	\$ -	\$ 31,771,246
Licenses and permits	325,269	-	165,363	-	-	-	490,632
Federal sources	1,784,068	-	1,270,008	39,365	-	2,300,387	5,393,828
Contributions from local units	1,056,626	-	-	-	-	636,976	1,693,602
State sources	2,241,796	-	837,607	281,201	-	2,111,297	5,471,901
Charges for services	7,024,287	4,144,268	1,393,722	3,296,804	-	754,381	16,613,462
Fines and forfeitures	417,940	-	-	-	-	-	417,940
Interest and rent	1,298,785	194,342	-	131,378	574,889	342,892	2,542,286
Other	1,397,399	5,178	-	-	-	266,032	1,668,609
Total revenue	45,047,678	6,613,526	3,666,700	3,748,748	574,889	6,411,965	66,063,506
Expenditures							
Current:							
General government	4,985,017	-	-	-	-	-	4,985,017
Public safety:							
Court systems	12,121,818	-	-	-	-	-	12,121,818
Sheriff and jail	15,413,866	-	-	3,322,695	-	-	18,736,561
Other public safety	1,537,200	-	-	-	-	517,666	2,054,866
Economic development	4,255,843	-	-	-	-	390,486	4,646,329
Health and welfare	2,714,103	5,586,937	3,942,420	-	-	5,295,060	17,538,520
Capital outlay	-	-	-	-	-	46,745	46,745
Principal on debt service	-	-	-	-	-	1,725,000	1,725,000
Interest on debt service	-	-	-	-	-	535,185	535,185
Total expenditures	41,027,847	5,586,937	3,942,420	3,322,695	-	8,510,142	62,390,041
Excess of Revenue Over (Under) Expenditures							
	4,019,831	1,026,589	(275,720)	426,053	574,889	(2,098,177)	3,673,465
Other Financing Sources (Uses)							
Operating transfers in (Note 5)	2,792,862	-	396,605	-	-	5,680,907	8,870,374
Operating transfers out (Note 5)	(5,098,299)	-	-	-	(2,757,592)	(90,440)	(7,946,331)
Total other financing (uses) sources	(2,305,437)	-	396,605	-	(2,757,592)	5,590,467	924,043
Net Change in Fund Balances	1,714,394	1,026,589	120,885	426,053	(2,182,703)	3,492,290	4,597,508
Fund Balances - Beginning of year	13,937,671	3,585,662	412,753	2,368,143	17,304,931	5,760,978	43,370,138
Fund Balances - End of year	\$ 15,652,065	\$ 4,612,251	\$ 533,638	\$ 2,794,196	\$ 15,122,228	\$ 9,253,268	\$ 47,967,646

Livingston County, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 4,597,508

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

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

Capital outlay	823,850
Depreciation	(2,648,244)

Repayment of bond principal and other long-term obligations is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 2,010,768

Governmental funds report revenue when it is available; in the statement of activities, revenues are reported when they have been earned 545,259

Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities (511,315)

Decrease in accrued interest payable is recorded on the statement of activities 67,262

Increase in net self-insurance liability is recorded as an expense on the statement of activities (67,012)

Internal Service Funds are also included as governmental activities 938,182

Decrease in delinquent personal property taxes is included in the statement of activities (57,896)

Decrease in net pension asset is recorded in the statement of activities (58,870)

Change in Net Assets of Governmental Activities **\$ 5,639,492**

Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Building and Safety Fund	Airport Fund	Delinquent Tax Revolving Fund
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,344,057	\$ 557,644	\$ 18,196,142
Tax receivable	-	-	10,299,070
Accounts receivable	-	18,340	1,882,833
Due from other governmental units	-	-	136,560
Due from other funds (Note 5)	-	-	17,112
Inventories	13,006	33,749	-
Prepaid costs and other assets	16,753	20,156	192,041
Total current assets	2,373,816	629,889	30,723,758
Noncurrent assets:			
Advances to other funds (Note 5)	-	-	2,402,186
Capital assets (Note 4)	4,582	28,921,795	-
Total noncurrent assets	4,582	28,921,795	2,402,186
Total assets	2,378,398	29,551,684	33,125,944
Liabilities			
Current liabilities:			
Accounts payable	2,634	23,393	32,887
Accrued and other liabilities	109,905	126,203	-
Due to other funds (Note 5)	-	57,112	-
Due to other governmental units	-	82,026	581
Current portion of long-term debt (Note 6)	-	-	-
Total current liabilities	112,539	288,734	33,468
Noncurrent liabilities:			
Advances from other funds (Note 5)	-	2,416,707	-
Long-term debt - Net of current portion (Note 6)	-	-	-
Total noncurrent liabilities	-	2,416,707	-
Total liabilities	112,539	2,705,441	33,468
Net Assets			
Investment in capital assets - Net of related debt	4,582	28,921,795	-
Unrestricted	2,261,277	(2,075,552)	33,092,476
Total net assets	<u>\$ 2,265,859</u>	<u>\$ 26,846,243</u>	<u>\$ 33,092,476</u>

**Proprietary Funds
Statement of Net Assets
December 31, 2007**

Enterprise Funds			
Nonmajor Funds			
Livingston Essential Transportation Service	Septage Receiving Station	Total Enterprise Funds	Internal Service Funds
\$ (75,765)	\$ 256,891	\$ 21,278,969	\$ 4,103,475
-	-	10,299,070	20,352
-	327	1,901,500	-
535,580	-	672,140	-
-	-	17,112	86,500
25,640	-	72,395	-
13,478	-	242,428	198,105
498,933	257,218	34,483,614	4,408,432
-	-	2,402,186	-
2,885,841	3,346,742	35,158,960	702,256
2,885,841	3,346,742	37,561,146	702,256
3,384,774	3,603,960	72,044,760	5,110,688
51,701	162,782	273,397	313,763
96,769	21,600	354,477	218,776
-	-	57,112	60,104
-	-	82,607	-
-	90,000	90,000	-
148,470	274,382	857,593	592,643
-	-	2,416,707	218,913
-	3,075,000	3,075,000	-
-	3,075,000	5,491,707	218,913
148,470	3,349,382	6,349,300	811,556
2,885,841	181,742	31,993,960	702,256
350,463	72,836	33,701,500	3,596,876
\$ 3,236,304	\$ 254,578	\$ 65,695,460	\$ 4,299,132

Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Building and Safety Fund	Airport Fund	Delinquent Tax Revolving Fund
Operating Revenue			
Charges for services	\$ 1,598,655	\$ 912,511	\$ 751,616
Penalties and interest	-	-	1,943,002
Other revenue	-	-	69,750
Total operating revenue	1,598,655	912,511	2,764,368
Operating Expenses			
Personnel	1,339,608	231,161	-
Operating expenses	366,393	556,241	-
Depreciation expense	1,833	383,956	-
Other expenses	-	-	15,193
Gain on sale of fixed assets	-	-	-
Total operating expenses	1,707,834	1,171,358	15,193
Operating Income (Loss)	(109,179)	(258,847)	2,749,175
Nonoperating Revenue (Expenses)			
Interest earnings	112,644	2,969	938,590
Federal and state operating subsidies	-	-	-
State planning grant	-	-	-
Interest expense	-	(72,993)	-
Total nonoperating revenue (expenses)	112,644	(70,024)	938,590
Income (Loss) - Before transfers and contributions	3,465	(328,871)	3,687,765
Operating Transfers In (Note 5)	-	-	-
Operating Transfers Out (Note 5)	-	-	(1,565,713)
Net Income (Loss) - Before capital contributions	3,465	(328,871)	2,122,052
Capital Contributions	-	370,589	-
Change in Net Assets	3,465	41,718	2,122,052
Net Assets - January 1, 2007, as restated (Note 13)	2,262,394	26,804,525	30,970,424
Net Assets - December 31, 2007	\$ 2,265,859	\$ 26,846,243	\$ 33,092,476

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Assets
Year Ended December 31, 2007

Enterprise Funds			
Nonmajor Funds			
Livingston Essential Transportation Service	Septage Receiving Station	Total Enterprise Funds	Internal Service Funds
\$ 304,672	\$ 276,733	\$ 3,844,187	\$ 13,353,687
-	-	1,943,002	-
<u>73,548</u>	<u>2,150</u>	<u>145,448</u>	<u>-</u>
378,220	278,883	5,932,637	13,353,687
1,440,888	-	3,011,657	9,304,288
527,380	-	1,450,014	3,335,336
268,051	91,275	745,115	421,020
317,764	112,379	445,336	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,469)</u>
<u>2,554,083</u>	<u>203,654</u>	<u>5,652,122</u>	<u>13,057,175</u>
(2,175,863)	75,229	280,515	296,512
-	29,380	1,083,583	-
1,676,337	-	1,676,337	-
(12,075)	-	(12,075)	-
<u>-</u>	<u>(129,598)</u>	<u>(202,591)</u>	<u>-</u>
<u>1,664,262</u>	<u>(100,218)</u>	<u>2,545,254</u>	<u>-</u>
(511,601)	(24,989)	2,825,769	296,512
-	-	-	641,670
<u>-</u>	<u>-</u>	<u>(1,565,713)</u>	<u>-</u>
(511,601)	(24,989)	1,260,056	938,182
<u>947,922</u>	<u>-</u>	<u>1,318,511</u>	<u>-</u>
436,321	(24,989)	2,578,567	938,182
<u>2,799,983</u>	<u>279,567</u>	<u>63,116,893</u>	<u>3,360,950</u>
<u>\$ 3,236,304</u>	<u>\$ 254,578</u>	<u>\$ 65,695,460</u>	<u>\$ 4,299,132</u>

Livingston County, Michigan

	Enterprise Funds		
	Major Funds		
	Building and Safety Fund	Airport Fund	Delinquent Tax Revolving Fund
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,598,655	\$ 1,539,932	\$ (1,368,992)
Receipts from other funds	-	-	31,902
Payments to suppliers	(374,897)	(933,830)	(28,594)
Payments to employees	(1,324,421)	(243,851)	-
Internal activity - Payments to other funds	-	(30,434)	-
Net cash (used in) provided by operating activities	(100,663)	331,817	(1,365,684)
Cash Flows from Capital and Related Financing Activities			
Capital contributions	-	-	-
Proceeds from sale of assets	-	-	-
Purchase of capital assets	-	-	-
Interest paid	-	(72,993)	-
Debt service	-	(23,627)	-
Net cash provided by (used in) capital and related financing activities	-	(96,620)	-
Cash Flows from Investing Activities - Interest received on investments	112,644	2,969	938,590
Cash Flows from Noncapital Financing Activities			
Federal and state operating subsidies	-	-	-
Transfers out	-	-	(1,565,713)
Transfers in	-	-	-
Net cash (used in) provided by noncapital financing activities	-	-	(1,565,713)
Net Increase (Decrease) in Cash and Cash Equivalents	11,981	238,166	(1,992,807)
Cash and Cash Equivalents - Beginning of year	2,332,076	319,478	20,188,949
Cash and Cash Equivalents - End of year	\$ 2,344,057	\$ 557,644	\$ 18,196,142
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ (109,179)	\$ (258,847)	\$ 2,749,175
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization	1,833	383,956	-
Bad debt expense	-	42,906	-
Gain on sale of fixed assets	-	-	-
Changes in assets and liabilities:			
Accounts receivable	-	(760)	(557,527)
Delinquent tax receivables	-	-	(3,507,190)
Due from other funds	-	14,593	13,125
Due from other governmental units	-	585,275	(68,521)
Inventory	(1,554)	(5,238)	-
Long-term advance receivable	-	-	18,776
Other assets	(6,926)	(381,454)	(34,868)
Accounts payable	(24)	9,103	21,467
Long-term advance payable	-	(18,777)	-
Due to other funds	-	-	-
Due to other governmental units	-	(26,250)	(121)
Accrued and other liabilities	15,187	(12,690)	-
Net cash (used in) provided by operating activities	\$ (100,663)	\$ 331,817	\$ (1,365,684)

Noncash Financing Activities - During the year ended December 31, 2007, various governmental entities contributed capital assets with a value of \$370,589 to the Airport.

**Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2007**

Enterprise Funds			
Nonmajor Funds			
Livingston Essential Transportation Service	Septage Receiving Station	Total Enterprise Funds	Internal Service Funds
\$ 378,220	\$ 278,883	\$ 2,426,698	\$ -
-	-	31,902	13,486,734
(853,874)	(361,208)	(2,552,403)	(3,456,119)
(1,411,121)	-	(2,979,393)	(9,260,260)
-	-	(30,434)	-
(1,886,775)	(82,325)	(3,103,630)	770,355
817,089	-	817,089	-
-	-	-	55,487
(590,889)	(1,313,612)	(1,904,501)	(364,999)
-	(129,598)	(202,591)	-
-	-	(23,627)	-
226,200	(1,443,210)	(1,313,630)	(309,512)
-	29,380	1,083,583	-
1,664,262	-	1,664,262	-
-	-	(1,565,713)	-
-	-	-	641,670
<u>1,664,262</u>	<u>-</u>	<u>98,549</u>	<u>641,670</u>
3,687	(1,496,155)	(3,235,128)	1,102,513
(79,452)	1,753,046	24,514,097	3,000,962
\$ (75,765)	\$ 256,891	\$ 21,278,969	\$ 4,103,475
\$ (2,175,863)	\$ 75,229	\$ 280,515	\$ 296,512
268,051	91,275	745,115	421,020
-	-	42,906	-
-	-	-	(3,469)
-	-	(558,287)	66
-	-	(3,507,190)	-
-	-	27,718	(26,500)
-	-	516,754	-
(10,831)	-	(17,623)	-
-	-	18,776	-
(1,933)	22,517	(402,664)	(121,108)
4,034	(323,940)	(289,360)	20,021
-	-	(18,777)	101,015
-	-	-	28,336
-	-	(26,371)	-
29,767	52,594	84,858	54,462
\$ (1,886,775)	\$ (82,325)	\$ (3,103,630)	\$ 770,355

Livingston County, Michigan

Fiduciary Funds Statement of Net Assets December 31, 2007

	Other Employee Benefit Trust	
	Fund	Agency Funds
Assets		
Cash	\$ -	\$ 2,922,914
Mutual funds	6,841,303	-
Accrued interest receivable	-	7,423
	<u>-</u>	<u>7,423</u>
Total assets	6,841,303	<u><u>\$ 2,930,337</u></u>
Liabilities		
Due to other governmental units	-	\$ 686,090
Other liabilities	-	2,244,247
	<u>-</u>	<u>2,244,247</u>
Total liabilities	-	<u><u>\$ 2,930,337</u></u>
Net Assets - Held in trust for employee benefits	<u><u>\$ 6,841,303</u></u>	

Livingston County, Michigan

Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2007

	<u>Other Employee Benefit Trust Fund</u>
Additions	
Investment income:	
Interest and dividends	\$ 124,582
Net increase in fair value of investments	247,457
Less investment expenses	<u>(59,253)</u>
Net investment income	312,786
Contributions	<u>1,394,282</u>
Total additions	1,707,068
Net Assets Held in Trust for Employee Benefits	
Beginning of year	<u>5,134,235</u>
End of year	<u>\$ 6,841,303</u>

Livingston County, Michigan

Component Units Statement of Net Assets December 31, 2007

	Drain Commission	Department of Public Works	Road Commission	Livingston County Foundation	Total
Assets					
Cash and investments	\$ 3,317,138	\$ 2,161,556	\$ 2,696,497	\$ 290,477	\$ 8,465,668
Special assessments receivable	4,143,639	-	123,124	-	4,266,763
Leases receivable from local units	28,790,525	58,605,000	-	-	87,395,525
Due from other governmental units	880,012	35,237	2,269,934	-	3,185,183
Interest and other receivables	328,464	347,306	29,295	-	705,065
Inventories	-	-	1,191,609	-	1,191,609
Capital assets (Note 4)	<u>2,996,473</u>	<u>217,128</u>	<u>118,608,291</u>	<u>-</u>	<u>121,821,892</u>
Total assets	40,456,251	61,366,227	124,918,750	290,477	227,031,705
Liabilities					
Accounts payable	166,656	155,787	145,644	-	468,087
Retainages payable	-	518,122	-	-	518,122
Due to other governmental units	908,424	1,232,669	24,468	-	2,165,561
Other current liabilities	1,089,665	338,954	143,902	-	1,572,521
Long-term debt:					
Due within one year (Note 6)	3,389,194	3,475,000	1,264,844	-	8,129,038
Due in more than one year (Note 6)	<u>28,757,269</u>	<u>55,130,000</u>	<u>2,613,117</u>	<u>-</u>	<u>86,500,386</u>
Total liabilities	<u>34,311,208</u>	<u>60,850,532</u>	<u>4,191,975</u>	<u>-</u>	<u>99,353,715</u>
Net Assets					
Invested in capital assets - Net of related debt	2,996,473	217,128	115,131,404	-	118,345,005
Unrestricted	<u>3,148,570</u>	<u>298,567</u>	<u>5,595,371</u>	<u>290,477</u>	<u>9,332,985</u>
Total net assets	<u>\$ 6,145,043</u>	<u>\$ 515,695</u>	<u>\$ 120,726,775</u>	<u>\$ 290,477</u>	<u>\$ 127,677,990</u>

Livingston County, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Drain Commission - Public works	\$ 4,135,204	\$ 2,912,490	\$ 1,072,028	\$ -
Department of Public Works - Public works	6,073,379	3,956,927	-	-
Road Commission - Public works	18,508,545	7,728	17,792,830	24,000
Livingston County Foundation - Recreation	<u>10,000</u>	<u>-</u>	<u>277,242</u>	<u>-</u>
Total governmental activities	<u>\$ 28,727,128</u>	<u>\$ 6,877,145</u>	<u>\$ 19,142,100</u>	<u>\$ 24,000</u>

General revenues:

Gain on disposition of fixed assets
Miscellaneous
Interest

Change in Net Assets

Net Assets - Beginning of year, as restated (Note 13)

Net Assets - End of year

**Component Units
Statement of Activities
Year Ended December 31, 2007**

Net (Expense) Revenue and Changes in Net Assets

Drain Commission	Department of Public Works	Road Commission	Livingston County Foundation	Total
\$ (150,686)	\$ -	\$ -	\$ -	\$ (150,686)
-	(2,116,452)	-	-	(2,116,452)
-	-	(683,987)	-	(683,987)
-	-	-	267,242	267,242
(150,686)	(2,116,452)	(683,987)	267,242	(2,683,883)
-	-	243,532	-	243,532
-	-	-	12,047	12,047
<u>129,875</u>	<u>113,833</u>	<u>171,507</u>	<u>11,092</u>	<u>426,307</u>
(20,811)	(2,002,619)	(268,948)	290,381	(2,001,997)
<u>6,165,854</u>	<u>2,518,314</u>	<u>120,995,723</u>	<u>96</u>	<u>129,679,987</u>
<u>\$ 6,145,043</u>	<u>\$ 515,695</u>	<u>\$ 120,726,775</u>	<u>\$ 290,477</u>	<u>\$ 127,677,990</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

The following component units are presented discretely from the County:

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

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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

Government-wide and Fund Financial Statements

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Note I - Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

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

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

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.

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

The County reports the following major proprietary funds:

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 and grant monies for the airport expansion.

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

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 job training services, child care services, family counseling, Friend of the Court, Small Cities Community Development Block Grant, survey and remonumentation, drug law enforcement activities, prosecutor's drug enforcement, criminal and OUIL forfeitures, Law and County Library Funds, community corrections, social welfare, soldiers and sailors relief, Veterans Trust Fund, register of deeds, Local Law Enforcement Block Grant activities, Homestead Property Exemption Fund, Correction Officer's Training, Lutz County Park, and Community Development Block Grant/OLSHA funds.

Debt Service Funds - Debt Service Funds account for the debt retirement activity of the governmental activities of the County for the Road Commission refunding bonds issued in 1995 and 2001, mental health bonds issued in 1999, 2000, and 2002, building improvement bonds issued for various capital projects of the County, and the Building Authority Mental Health Fund.

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

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

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

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

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

Note I - Summary of Significant Accounting Policies (Continued)

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

Assets, Liabilities, and Net Assets or Equity

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

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

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

The 2006 taxable valuation of the County totaled \$8.35 billion, on which ad valorem taxes levied December 1, 2006 consisted of 0.2799 mills for ambulance operating purposes. On July 1, 2007, the general operating millage for the 2007 fiscal year, or 3.3897 mills, was levied on the 2007 taxable valuation of \$8.79 billion for general operating purposes. The ad valorem taxes raised were approximately \$29.5 million for general operations and \$2.3 million for ambulance operations. These amounts are recorded in their respective funds as tax revenue. The amount recorded as revenue includes other miscellaneous revenue and other tax-related items and is net of amounts distributed to local DDAs and TIFAs.

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

Note I - Summary of Significant Accounting Policies (Continued)

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

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

Buildings	33 to 50 years
Improvements other than buildings	20 to 40 years
Equipment and furniture	3 to 10 years
Machinery and equipment	5 to 20 years
Vehicles	5 to 10 years

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Note 2 - Stewardship, Compliance, and Accountability

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

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

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

During the year, the General Fund budget was amended for the following:

- Recognition of board actions regarding (1) recognition of position vacancy savings in various departments; (2) recommended budget amendments/transfers between departments presented at the Sheriff’s calendarized budget meeting to maintain compliance with authorized budget; (3) general increases for the settlement of the Deputies/Correction Officers, Sergeants labor contracts and wage study for court employees; and, (4) transfer of \$2.0 million of General Fund fund balance to: \$500,000 to Fund 677 - Benefit Fund to cover projected unfunded healthcare costs and \$1.5 million to Fund 466 - Corrections Facility to mitigate the cost of a jail expansion

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

- Recognition of increases/decrease in grant revenues
- Creation of a new General Fund department No. 601 - Health Department for the Livingston health plan

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

- Creation of the Lutz County Park Fund budget
- Amendments for capital purchases
- Recognition of position vacancy savings and/or lay-offs in various departments because of reduction in demand for services.

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

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

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.

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

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

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

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

Accumulated Net Asset and Fund Balance Deficits - At December 31, 2007, the Airport Enterprise Fund had total net assets of \$26,846,243. The investment in capital assets, net of related debt, totaled \$28,921,795 at year end. Offsetting the investment in capital assets, net of related debt, is an unrestricted net deficit balance of \$2,075,552.

Additionally, the Community Corrections nonmajor Special Revenue Fund had an unreserved fund deficit of \$26,150 at December 31, 2007. This was due to the fact that a state grant reimbursement was not received until after the period of availability.

Note 3 - Deposits and Investments

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

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

The County has designated 13 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment as allowed under state statutory authority as listed above.

The County holds cash and investments on behalf of its component units. These cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires that it shall diversify its investments by security type and institution. No more than 60 percent of the total investment portfolio will be invested in a single security type or with a single financial institution. At year end, the County had bank deposits of \$63,559,761, of which \$1,248,138 is covered by federal depository insurance and \$62,311,623 was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Government-wide

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
Commercial paper	\$ 8,272,095	\$ 8,272,095	\$ -	\$ -
U.S. agency bonds or notes	7,425,647	4,315,539	2,610,108	500,000

Component Units

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Less than One Year</u>
Commercial paper	\$ 416,125	\$ 416,125

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

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

Government-wide

Investment	Fair Value	Rating	Rating Organization
Commercial paper	\$ 8,272,095	A-I +	S&P
Federal Home Loan Bank	1,994,380	AAA	S&P
Federal Home Loan Mortgage Corp.	1,822,719	AAA	S&P
Fannie Mae	994,060	AAA	S&P
Fannie Mae	2,114,488	AAA	Fitch
Fowlerville Downtown Development Bond	500,000	NR	N/A
Money market	1,813,190	AAA	S&P
Money market	7,170,256	A-I +	S&P
Money market	429,498	A-I	S&P
Money market	8,543,186	NR	N/A
Other Employee Benefits Trust Fund - Mutual funds	6,841,303	NR	N/A

Component Units

Investment	Fair Value	Rating	Rating Organization
Commercial paper	\$ 416,125	A-I +	S&P
Money market	18,534	A-I +	S&P

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The County's investment policy requires it shall diversify its investment by security type and institution by allowing no more than 60 percent of the total investment portfolio to be invested in a single security type, or with a single financial institution. The following shows individual investments held by the County with a balance that is greater than 5 percent of the County's total investments (not including certificates of deposits). These listed investments account for 42 percent of the County's total investments (not including certificates of deposits).

Government-wide

Investment	Fair Value
Commercial paper - CitiGroup	\$ 1,386,305
Commercial paper - LaSalle	5,822,100
Federal Home Loan Bank	3,817,099
Fannie Mae	1,992,500
Federal National Mortgage Association	1,116,048

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets

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

Primary Government

Governmental Activities	Balance January 1, 2007	Additions	Disposals and Adjustments	Balance December 31, 2007
Capital assets not being depreciated:				
Land	\$ 8,236,801	\$ -	\$ -	\$ 8,236,801
Construction in progress	-	251,899	-	251,899
Subtotal	8,236,801	251,899	-	8,488,700
Capital assets being depreciated:				
Buildings	55,147,881	76,482	-	55,224,363
Improvements other than building	2,040,466	-	-	2,040,466
Equipment and furniture	18,095,610	304,176	35,293	18,364,493
Vehicles	3,700,032	556,291	365,929	3,890,394
Subtotal	78,983,989	936,949	401,222	79,519,716
Accumulated depreciation:				
Buildings	12,642,598	1,104,996	-	13,747,594
Improvements other than building	1,694,961	72,274	-	1,767,235
Equipment and furniture	12,060,321	1,236,055	35,293	13,261,083
Vehicles	2,151,112	655,939	313,910	2,493,141
Subtotal	28,548,992	3,069,264	349,203	31,269,053
Net capital assets being depreciated	50,434,997	(2,132,315)	52,019	48,250,663
Net capital assets	<u>\$ 58,671,798</u>	<u>\$ (1,880,416)</u>	<u>\$ 52,019</u>	<u>\$ 56,739,363</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2007	Additions	Disposals and Adjustments	Balance December 31, 2007
Capital assets not being depreciated:				
Land	\$ 10,946,813	\$ -	\$ -	\$ 10,946,813
Construction in progress	-	14,564	-	14,564
Subtotal	10,946,813	14,564	-	10,961,377
Capital assets being depreciated:				
Buildings	3,551,485	2,457,904	-	6,009,389
Improvements other than buildings	16,116,342	1,903,716	-	18,020,058
Vehicles	1,105,966	566,911	-	1,672,877
Machinery and equipment	323,985	974,094	-	1,298,079
Subtotal	21,097,778	5,902,625	-	27,000,403
Accumulated depreciation:				
Buildings	942,404	117,318	-	1,059,722
Improvements other than buildings	291,052	333,069	-	624,121
Vehicles	550,479	212,990	-	763,469
Machinery and equipment	273,770	81,738	-	355,508
Subtotal	2,057,705	745,115	-	2,802,820
Net capital assets being depreciated	19,040,073	5,157,510	-	24,197,583
Net capital assets	<u>\$ 29,986,886</u>	<u>\$ 5,172,074</u>	<u>\$ -</u>	<u>\$ 35,158,960</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

<u>Component Units</u>	Balance January 1, 2007	Additions	Disposals and Adjustments	Balance December 31, 2007
Capital assets not being depreciated:				
Land	\$ 25,523,524	\$ 33,221	\$ -	\$ 25,556,745
Construction in progress	<u>1,917,323</u>	<u>-</u>	<u>1,917,323</u>	<u>-</u>
Subtotal	27,440,847	33,221	1,917,323	25,556,745
Capital assets being depreciated:				
Land improvements	159,393	-	-	159,393
Buildings and improvements	7,008,423	-	-	7,008,423
Drains and septic systems	4,378,988	-	-	4,378,988
Machinery, equipment, and vehicles	10,652,438	996,716	1,049,500	10,599,654
Infrastructure - Roads and bridges	152,663,066	6,006,206	-	158,669,272
Depletable assets	<u>488,543</u>	<u>-</u>	<u>-</u>	<u>488,543</u>
Subtotal	175,350,851	7,002,922	1,049,500	181,304,273
Accumulated depreciation:				
Land improvements	133,072	-	-	133,072
Buildings and improvements	2,290,338	151,530	-	2,441,868
Drains and septic systems	1,652,959	174,531	-	1,827,490
Machinery, equipment, and vehicles	7,648,702	1,062,945	1,007,107	7,704,540
Infrastructure - Roads and bridges	66,037,902	6,775,269	-	72,813,171
Depletable assets	<u>118,985</u>	<u>-</u>	<u>-</u>	<u>118,985</u>
Subtotal	<u>77,881,958</u>	<u>8,164,275</u>	<u>1,007,107</u>	<u>85,039,126</u>
Net capital assets being depreciated	<u>97,468,893</u>	<u>(1,161,353)</u>	<u>42,393</u>	<u>96,265,147</u>
Net capital assets	<u>\$ 124,909,740</u>	<u>\$ (1,128,132)</u>	<u>\$ 1,959,716</u>	<u>\$ 121,821,892</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

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

Primary Government

Governmental activities:

General government	\$ 915,621
Public safety	1,166,863
Health and welfare	433,641
Community and economic development	1,353
Public works	130,766
Internal Service Funds	421,020

Total governmental activities \$ 3,069,264

Business-type activities:

Building and safety	\$ 1,833
Airport	383,956
Septage receiving station	91,275
L.E.T.S.	268,051

Total business-type activities \$ 745,115

Component Units

Component unit activities:

Drain Commission districts	\$ 287,667
Road Commission	7,876,608

Total component unit activities \$ 8,164,275

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

Construction Commitments - The County has an active construction project at year end. The project relates to the construction of the Hillcrest Security Facility. At year end, the County's remaining commitment is \$254,318 while a total of \$244,287 has been spent to date.

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

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

The composition of interfund balances is as follows:

Due to/from Other Funds

Fund Transferred From	Fund Transferred To	Amount
General Fund	Airport Fund	\$ 40,000
	Internal Service Fund	35,780
	Nonmajor governmental funds	6,744
	Total General Fund	82,524
Delinquent Tax Revolving Fund	Airport Fund	17,112
Internal Service Funds	Nonmajor governmental funds	86,500
Nonmajor governmental funds	Internal Service Fund	24,324
	Total	<u>\$ 210,460</u>

Interfund balances represent routine and temporary cash flow assistance.

Fund Transferred From	Fund Transferred To	Amount
Interfund Transfers		
General Fund	Health Fund	\$ 396,605
	Nonmajor governmental funds	4,115,194
	Internal Service Funds	586,500
	Total General Fund	5,098,299
Revenue Sharing Reserve Fund	General Fund	2,757,592
Nonmajor governmental funds	General Fund	35,270
	Internal Service Funds	55,170
	Total nonmajor governmental funds	90,440
	Total operating transfers out from governmental funds	7,946,331
Delinquent Tax Revolving Fund	Nonmajor governmental funds	1,565,713
	Total operating transfers out	<u>\$ 9,512,044</u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

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

Transfers from the General Fund to the Health Fund, nonmajor governmental funds, and the Internal Service Funds provide for operations of those funds, capital projects, and capital acquisitions. The transfer from the Revenue Sharing Reserve Fund provides for operations of the General Fund per Public Act 357 of 2004. The transfers from the nonmajor governmental funds to the General Fund were to cover costs of eligible expenditures made by the General Fund. The transfers from the nonmajor governmental funds to the Internal Service Funds and other nonmajor governmental funds were to provide funding for capital improvements. The transfer from the Delinquent Tax Revolving Fund to the nonmajor governmental funds provides for debt payments and capital improvements.

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

Receivable Fund	Payable Fund	Amount
Advances		
General Fund	Health Fund	\$ 304,372
	Nonmajor governmental funds	58,086
	Airport Fund	<u>14,521</u>
	Total General Fund	376,979
Delinquent Tax Revolving Fund	Airport Fund	2,402,186
Nonmajor governmental funds	Internal Service Funds	<u>218,913</u>
	Total advances	<u>\$ 2,998,078</u>

Note 6 - Long-term Debt

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

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 6 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

Primary Government	Matures	Interest Rate	Beginning Balance			Ending Balance	Due Within One Year
			(As Restated)	Additions	Reductions		
Governmental Activities							
General obligation bonds:							
1995 Building Authority - Road Commission refunding bonds	2008	4.25%-5.80%	\$ 915,000	\$ -	\$ (445,000)	\$ 470,000	\$ 470,000
1999 Building Authority - Mental health bonds	2010	4.20% - 4.50%	370,000	-	(85,000)	285,000	90,000
2000 Building Authority - Building improvement projects	2010	5.00%-5.25%	2,955,000	-	(685,000)	2,270,000	720,000
2001 Building Authority - Road Commission refunding bonds	2010	4.50%	1,110,000	-	-	1,110,000	-
2002 Capital improvement bonds	2012	3.00% - 4.00%	3,210,000	-	(485,000)	2,725,000	500,000
2005 Mental health refunding bonds	2024	3.00% - 5.00%	2,155,000	-	(5,000)	2,150,000	10,000
2005 Building Authority - Mental health refunding bonds	2014	3.00% - 5.00%	3,725,000	-	(20,000)	3,705,000	20,000
Subtotal			14,440,000	-	(1,725,000)	12,715,000	1,810,000
Other obligations:							
Drain at large assessments			612,731	-	(152,268)	460,463	128,240
Landfill postclosure liability			1,716,000	-	(133,500)	1,582,500	133,500
Employee compensated absences			1,658,483	553,634	-	2,212,117	309,508
Total governmental activities			\$ 18,427,214	\$ 553,634	\$ (2,010,768)	\$ 16,970,080	\$ 2,381,248
Business-type Activities							
Regional Waste (Septage Receiving Station) Contractual agreement - MDOT - Bureau of Aeronautics loan	2028	4.00%-4.25%	\$ 3,165,000	\$ -	\$ -	\$ 3,165,000	\$ 90,000
	2007	4.70%	23,627	-	(23,627)	-	-
Total business-type activities			\$ 3,188,627	\$ -	\$ (23,627)	\$ 3,165,000	\$ 90,000
Component Units							
Component Unit Debt							
Drain Commission districts	2008-2026	2.00%-7.25%	\$ 35,220,748	\$ 280,000	\$ (3,354,285)	\$ 32,146,463	\$ 3,389,194
Department of Public Works	2009-2030	2.70%-10.25%	61,795,000	4,155,000	(7,345,000)	58,605,000	3,475,000
Road Commission	2007-2012	3.00%-8.08%	4,566,250	315,067	(1,003,356)	3,877,961	1,264,844
Total component unit debt			\$ 101,581,998	\$ 4,750,067	\$ (11,702,641)	\$ 94,629,424	\$ 8,129,038

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
2008	\$ 1,810,000	\$ 564,091	\$ 2,374,091	\$ 90,000	\$ 127,798	\$ 217,798	\$ 8,129,038	\$ 3,834,351	\$ 11,963,389
2009	1,945,000	476,466	2,421,466	95,000	124,098	219,098	7,735,544	3,547,921	11,283,465
2010	2,035,000	387,019	2,422,019	100,000	120,198	220,198	7,326,126	3,292,794	10,618,920
2011	1,545,000	292,606	1,837,606	105,000	116,098	221,098	6,567,398	2,983,496	9,550,894
2012	1,600,000	230,806	1,830,806	110,000	111,798	221,798	6,094,794	2,729,766	8,824,559
2013-2017	2,575,000	457,806	3,032,806	630,000	487,388	1,117,388	27,846,525	9,920,452	37,766,977
2018-2022	830,000	188,796	1,018,796	795,000	345,500	1,140,500	20,155,000	4,525,355	24,680,355
2023-2027	375,000	24,500	399,500	1,005,000	160,405	1,165,405	8,975,000	1,277,100	10,252,100
2028-2032	-	-	-	235,000	4,994	239,994	1,800,000	136,219	1,936,219
Total	\$ 12,715,000	\$ 2,622,090	\$ 15,337,090	\$ 3,165,000	\$ 1,598,277	\$ 4,763,277	\$ 94,629,424	\$ 32,247,454	\$ 126,876,878

Note 6 - Long-term Debt (Continued)

Defeased Debt - During 2007, the County issued \$4,155,000 in Livingston County Sanitary Sewer Improvement Refunding Bonds, Tyrone Township, Series 2007 (Limited Tax Obligation) with an average interest rate of 4.00 percent. The proceeds of these bonds were used to advance refund \$3,975,000 of outstanding Livingston County Sanitary Sewer Improvement Bonds, Series Limited Tax Obligation Bonds with an average interest rate of 4.125 percent. The net proceeds of \$4,083,263 million (after payment of \$107,404 in underwriting fees, insurance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the DPW's general ledger. The advance refunding reduced total debt service payments over the next 15 years by approximately \$162,000, which represents an economic gain of approximately \$119,000. The deferred amount on refunding is the difference between the reacquisition price of \$4,083,263 and the net carrying value of the old debt of \$3,975,000.

The net deferred accounting loss on refunding of \$72,596 will be amortized using the straight-line method over the life of the new bonds.

At December 31, 2007, approximately \$21.475 million of bonds outstanding are considered defeased.

Note 7 - Revenues Pledged in Connection with Local Unit Debt

The County has pledged, as security for bonds issued by various local units within the County's borders, the amounts collected for debt service payments from local unit contributions. The bonds, issued by the County are to provide funding for various drain and department of public works projects, and are payable through 2030. The County has committed to appropriate each year the total amount contributed by local units. Each local unit has pledged, as the primary security for the bonds, the annual debt service requirements of its related debt, as an appropriation to the County. Total principal and interest remaining on the debt at December 31, 2007 is \$122,655,202 with annual requirements ranging from \$10,586,438 in 2008 to \$496,375 in the final year. The local unit contributions from which the appropriations will be made have averaged approximately \$15.1 million over the last five years. For the current year, the principal and interest paid on behalf of the local units and the total local unit contributions recognized by the County were \$10,763,924 and \$11,031,069, respectively.

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 8 - Restricted Net Assets

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

	Governmental Activities
Health and welfare expense	\$ 6,612,637
Public safety expense	3,167,978
Community and economic development expense	1,559,499
Revenue-sharing reserve	<u>15,122,228</u>
Total restricted assets	<u>\$ 26,462,342</u>

Note 9 - Reserved and Designated Fund Balances

Fund balances have been reserved and designated as follows:

	Reserved	Designated
General Fund - Reserved for:		
Advance - Health Fund	\$ 304,372	\$ -
Advance - Job Training Services Fund	36,304	-
Advance - Community Corrections Fund	21,782	-
Advance - Airport Fund	14,521	-
Prepaid costs and other assets	<u>192,581</u>	<u>-</u>
Total General Fund	569,560	-

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 9 - Reserved and Designated Fund Balances (Continued)

	<u>Reserved</u>	<u>Designated</u>
Special Revenue Fund - Reserved for:		
Lutz County Park	\$ 19,587	\$ -
Revenue Sharing Reserve Fund	<u>15,122,228</u>	<u>-</u>
Total Special Revenue Funds	15,141,815	-
Debt Service Funds - Reserved for debt service	56,223	-
Capital Projects Funds - Designated for:		
Mobile command	-	1,984
Jail expansion	-	1,582,109
Courthouse improvements	-	105
Administration building renovations	-	28,294
Capital replacement	-	3,330,920
West complex construction grant	<u>-</u>	<u>15,635</u>
Total Capital Projects Funds	-	4,959,047
Permanent Fund - Reserved for cemetery care	<u>26,385</u>	<u>-</u>
Total	<u>\$ 15,793,983</u>	<u>\$ 4,959,047</u>

Note 10 - Risk Management

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

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

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 10 - Risk Management (Continued)

At December 31, 2007, the County's Member Retention Fund with the Authority includes approximately \$64,000 reserved for claims and claims adjustment expenses. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the County.

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

Unpaid Claims - Beginning of year	\$ 291,856
Incurred claims (including claims incurred but not reported)	101,126
Claim payments	<u>(252,002)</u>
Unpaid Claims - End of year	<u>\$ 140,980</u>

In addition to the claims paid, the County incurred an additional \$845,300 for insurance expense for the year ended December 2007.

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

Note 11 - Defined Benefit Pension Plan

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

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

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 11 - Defined Benefit Pension Plan (Continued)

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

Annual Pension Costs - For the year ended December 31, 2007, the County's annual pension cost was \$3,137,004 for the plan. The required and actual contribution to the plan was \$3,078,134. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age actuarial funding method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, attributable to inflation, and (c) additional projected salary increases of 0 percent to 8.40 percent per year, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 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, 2007, the County's annual pension cost and net pension asset are as follows:

Annual required contribution	\$ 3,078,134
Interest on net pension obligation	(142,814)
Adjustment to annual required contribution	<u>201,684</u>
Annual pension cost	3,137,004
Contributions	<u>(3,078,134)</u>
Decrease in net pension asset	58,870
Net pension asset - Beginning of year	<u>1,785,184</u>
Net pension asset - End of year	<u><u>\$ 1,726,314</u></u>

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 11 - Defined Benefit Pension Plan (Continued)

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
2005	\$ 2,862,837	100	\$ 2,913,308	98	\$ 1,839,693
2006	3,089,598	100	3,144,107	98	1,785,184
2007	3,078,134	100	3,137,004	98	1,726,314

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
12/31/2004	\$ 48,623,767	\$ 66,664,830	\$ 18,041,063	73%	\$ 25,024,051	72%
12/31/2005	52,613,632	69,394,484	16,780,852	76%	23,856,630	70%
12/31/2006	57,441,045	75,524,909	18,083,864	76%	23,335,744	77%

Note 12 - Other Postemployment Benefits

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

Livingston County Retiree Health Care Plan - The County Retiree Health Care Plan (defined benefit) is for eligible employees including employees from the Sheriff's Office collective bargaining agreement, elected officials, and nonunion employees elected or hired on or before March 17, 2003 who have elected to remain in this program. Beginning on the effective date, the County shall provide healthcare benefits to each eligible retiree and their spouse. Currently, the plan has 334 members, including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits.

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 12 - Other Postemployment Benefits (Continued)

This is a single employer defined benefit plan administered by the County. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement. The collective bargaining agreements require no contributions from the Sheriff's Office employees. For elected officials and nonunion employee, the County and eligible participants will share health insurance costs as follows:

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

The County has no obligation to make contributions in advance of when the healthcare expenditures are incurred. However, the County has established a Post Employment Health Care Trust (the "Trust") and annually contributes the actuarial determined annual required contribution (ARC). For the fiscal year ended December 31, 2007, the County contributed \$1.9 million to the Trust; and approximately, \$500,000 was paid for actual retiree healthcare costs. The Post Employment Health Care Trust is reported in the financial statement as a Pension and Other Employee Benefit Trust Fund type.

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

Valuation as of December 31, 2006	\$ 31,010,338
Actuarial value of assets	5,129,503
Actuarial accrued liability	26,079,268
Unfunded AAL	20,949,765
Funded ratio	20%
Annual covered payroll	9,463,581
Ratio of UAAL to covered payroll	221%

Note 12 - Other Postemployment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2006 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 8.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 10 percent initially, reduced by 0.5 percent decrements to an ultimate rate of 4.5 percent after 10 years. Both rates included a 4.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2006 was 30 years.

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

Note 12 - Other Postemployment Benefits (Continued)

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 his or her 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 \$536 per year (prorated); beginning with the sixth year of service with the County until termination of participation - up to \$1,607 per year (prorated). Adjustments may be made annually consistent with the nonunion salary schedule adjustment. The County match shall be distributed over a 12-month period.

For those employees participating in the defined contribution retiree healthcare plan, the County contributed approximately \$217,000 during the current year.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ended December 31, 2008.

Note 13 - Prior Period Adjustment

During the year ended December 31, 2006, certain amounts related to the initial set up of the septage receiving station were recorded in a fund under the Department of Public Works. During the year ended December 31, 2007, the County determined that assets and liabilities would belong to the County, as opposed to the DPW, and as such, should be recorded as an Enterprise Fund of the County. The following prior period adjustments were recorded to separate the financial activity of the Septage Receiving Station Fund from the DPW component unit.

Livingston County, Michigan

Notes to Financial Statements December 31, 2007

Note 13 - Prior Period Adjustment (Continued)

Septage Receiving Station

Net Assets - January 1, 2007	\$ -
Adjustment to record prior year activity recorded in DPW component unit	72,486
Adjustment to record fixed assets which were expensed	<u>207,081</u>
Net Assets - January 1, 2007, as restated	<u><u>\$ 279,567</u></u>

DPW Component Unit

Net Assets - January 1, 2007	\$ 2,590,800
Adjustment to remove prior year septage receiving station activity	<u>(72,486)</u>
Net Assets - January 1, 2007, as restated	<u><u>\$ 2,518,314</u></u>

Required Supplemental Information

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes				
Property taxes	\$ 30,185,461	\$ 31,139,579	\$ 29,170,184	\$ (1,969,395)
Mobile home taxes	20,000	20,000	16,943	(3,057)
Industrial facilities taxes	225,000	225,000	224,031	(969)
Penalties and interest	35,000	85,000	90,350	5,350
Total taxes	30,465,461	31,469,579	29,501,508	(1,968,071)
Licenses and Permits	375,000	375,000	325,269	(49,731)
Federal Grants				
Child support grant	1,055,616	1,055,616	1,068,365	12,749
COPS grant	11,000	11,000	15,710	4,710
Emergency services	910,000	668,000	667,872	(128)
Other federal grants	15,000	27,462	32,121	4,659
Total federal grants	1,991,616	1,762,078	1,784,068	21,990
State Sources				
Court-related grants	776,910	821,910	812,067	(9,843)
Public safety grants	260,728	260,728	315,648	54,920
Alcohol and convention tax	810,467	810,467	801,937	(8,530)
MSHDA/OLSHA grant	150,000	150,000	63,885	(86,115)
Cigarette tax distribution	25,336	25,336	22,277	(3,059)
Liquor licenses	-	-	13,215	13,215
Other state grants	196,180	196,180	212,767	16,587
Total state sources	2,219,621	2,264,621	2,241,796	(22,825)

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue (Continued)				
Contributions from Local Units	\$ 1,017,169	\$ 1,058,819	\$ 1,056,626	\$ (2,193)
Charges for Services				
Court-related charges	3,444,115	3,929,115	4,396,139	467,024
Sheriff service contracts	465,354	412,216	526,957	114,741
Jail services	152,950	152,950	158,184	5,234
Plat, site, and construction reviews	105,400	105,400	30,814	(74,586)
Equalization services	60,000	60,000	66,662	6,662
Register of Deeds	817,000	817,000	811,053	(5,947)
Real estate transfer tax	804,000	804,000	831,242	27,242
Other charges for services	155,750	200,750	203,236	2,486
Total charges for services	6,004,569	6,481,431	7,024,287	542,856
Fines and Forfeitures	402,200	402,200	417,940	15,740
Interest and Rent				
Interest and investments	504,000	654,000	1,298,785	644,785
Rent	9,000	9,000	-	(9,000)
Total interest and rent	513,000	663,000	1,298,785	635,785
Other Revenue				
Refunds	184,800	184,800	248,868	64,068
Donations	2,750	2,750	25,450	22,700
Reimbursements of clerk's office costs	20,000	49,923	54,696	4,773
Reimbursements of court-related costs	304,400	259,400	271,648	12,248
Reimbursements from other funds	399,800	399,800	338,481	(61,319)
Reimbursements of public safety costs	317,350	317,350	412,080	94,730
Reimbursements of treasurer's office costs	104,400	104,400	45,057	(59,343)
Gain on sale	750	750	1,119	369
Operating transfers in	2,749,584	2,757,584	2,792,862	35,278
Total other revenue	4,083,834	4,076,757	4,190,261	113,504
Total revenue	47,072,470	48,553,485	47,840,540	(712,945)

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures				
Public safety:				
Court systems:				
Circuit Court	\$ 1,526,587	\$ 1,528,587	\$ 1,406,022	\$ 122,565
District Court	2,283,456	2,370,037	2,222,771	147,266
Friend of the Court	2,095,270	2,095,270	2,090,788	4,482
Probate Court	676,821	676,821	650,424	26,397
Juvenile Court	1,347,542	1,347,542	1,355,994	(8,452)
Guardianship services	49,800	49,800	48,472	1,328
Circuit Court probation	65,127	71,217	66,806	4,411
Appellate Court	57,600	57,600	55,494	2,106
Central services - Judicial center	2,197,345	2,304,504	2,242,640	61,864
Prosecuting attorney	2,007,018	2,016,018	1,982,407	33,611
Total court systems	12,306,566	12,517,396	12,121,818	395,578
Sheriff and jail:				
Sheriff and Road Patrol	8,886,191	9,010,347	8,721,839	288,508
Road Patrol	287,085	287,085	230,990	56,095
Jail	6,356,677	6,501,925	6,325,347	176,578
Marine	112,456	112,456	100,811	11,645
Drug enforcement	-	12,462	11,557	905
START	40,000	40,000	23,322	16,678
Total sheriff and jail	15,682,409	15,964,275	15,413,866	550,409
Other public safety:				
Family support	299,865	299,865	299,830	35
Emergency services	925,300	21,300	11,348	9,952
Animal shelter	575,297	575,297	531,092	44,205
Health department	-	493,000	492,500	500
Medical examiner	179,320	218,320	202,430	15,890
Total other public safety	1,979,782	1,607,782	1,537,200	70,582
Total public safety	29,968,757	30,089,453	29,072,884	1,016,569

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Economic development:				
Equalization	\$ 669,279	\$ 672,764	\$ 646,041	\$ 26,723
Register of Deeds	730,772	730,772	729,640	1,132
Plat Board	2,530	2,530	1,120	1,410
Drain Commission	2,099,156	2,118,640	2,013,165	105,475
County share of drain costs	285,000	260,570	260,569	1
Planning	557,414	557,414	465,061	92,353
Solid waste/DPW/Landfill	139,906	139,906	140,247	(341)
Transfer to Capital Improvement	890,000	890,000	890,000	-
	<u>5,374,057</u>	<u>5,372,596</u>	<u>5,145,843</u>	<u>226,753</u>
Total economic development				
Human services:				
MSU co-op extension	322,163	322,163	302,460	19,703
Contagious diseases	5,000	5,000	5,000	-
OLHSA	150,000	90,000	63,885	26,115
Community action programs	648,401	648,401	644,136	4,265
Mental health	600,470	600,470	600,470	-
Senior services	148,532	148,532	148,336	196
Veterans' burials	25,000	25,000	24,084	916
Veterans' affairs	220,025	221,025	218,896	2,129
Rental fees	706,835	806,835	706,836	99,999
Transfer to jail expansion	-	1,500,000	1,500,000	-
Transfer to building services	-	86,500	86,500	-
Transfer to child care	1,747,000	1,747,000	1,627,168	119,832
Transfer to social welfare	10,500	10,500	10,500	-
Transfer to health - Operating	836,605	396,605	396,605	-
Transfer to soldier and sailor relief	6,000	6,000	6,000	-
Transfer to benefits	84,089	584,089	500,000	84,089
Transfer to employee fringe benefits	65,000	-	-	-
Transfer to community corrections	124,852	103,271	81,526	21,745
	<u>5,700,472</u>	<u>7,301,391</u>	<u>6,922,402</u>	<u>378,989</u>
Total human services				

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
General government:				
Board of Commissioners	\$ 541,429	\$ 566,429	\$ 553,417	\$ 13,012
County administration	527,365	545,365	529,963	15,402
Elections	57,200	65,700	49,869	15,831
Civil counsel	140,000	140,000	124,775	15,225
County Clerk	891,831	891,831	875,766	16,065
Auditing services	151,595	161,595	154,360	7,235
Personnel	407,035	407,035	376,862	30,173
Purchasing	157,139	157,139	147,972	9,167
Tax allocation	1,600	1,600	1,070	530
County treasurer	927,095	969,546	943,136	26,410
Information technology management	361,036	361,036	361,038	(2)
Insurance	1,100,000	949,158	845,300	103,858
Other	855,858	573,611	21,489	552,122
	<u>6,119,183</u>	<u>5,790,045</u>	<u>4,985,017</u>	<u>805,028</u>
Total general government				
	<u>6,119,183</u>	<u>5,790,045</u>	<u>4,985,017</u>	<u>805,028</u>
Total General Fund expenditures	<u>47,162,469</u>	<u>48,553,485</u>	<u>46,126,146</u>	<u>2,427,339</u>
Excess of Revenue (Under) Over Expenditures	(89,999)	-	1,714,394	1,714,394
Fund Balance - Beginning of year	<u>13,937,671</u>	<u>13,937,671</u>	<u>13,937,671</u>	-
Fund Balance - End of year	<u>\$ 13,847,672</u>	<u>\$ 13,937,671</u>	<u>\$ 15,652,065</u>	<u>\$ 1,714,394</u>

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule Ambulance Special Revenue Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 2,219,800	\$ 2,219,800	\$ 2,269,738	\$ 49,938
Charges for services	3,715,900	3,715,900	4,144,268	428,368
Interests and rents	100,500	100,500	194,342	93,842
Other revenue	-	-	5,178	5,178
Total revenue	6,036,200	6,036,200	6,613,526	577,326
Expenditures - Health and welfare	5,655,428	5,743,428	5,586,937	156,491
Excess of Revenue Over Expenditures	380,772	292,772	1,026,589	733,817
Fund Balance - Beginning of year	3,585,662	3,585,662	3,585,662	-
Fund Balance - End of year	\$ 3,966,434	\$ 3,878,434	\$ 4,612,251	\$ 733,817

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule Health Special Revenue Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Licenses and permits	\$ 268,728	\$ 167,828	\$ 165,363	\$ (2,465)
Federal grants	1,002,385	1,311,983	1,270,008	(41,975)
State grants	881,053	870,933	837,607	(33,326)
Charges for services	847,408	1,279,779	1,393,722	113,943
Operating transfers from other funds	<u>836,605</u>	<u>396,605</u>	<u>396,605</u>	<u>-</u>
Total revenue	3,836,179	4,027,128	4,063,305	36,177
Expenditures - Environmental health and personal protective services				
	<u>3,883,415</u>	<u>4,027,128</u>	<u>3,942,420</u>	<u>84,708</u>
Excess of Expenditures Over Revenue	(47,236)	-	120,885	120,885
Fund Balance - Beginning of year	<u>412,753</u>	<u>412,753</u>	<u>412,753</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 365,517</u>	<u>\$ 412,753</u>	<u>\$ 533,638</u>	<u>\$ 120,885</u>

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule 911 Service Special Revenue Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ -	\$ 39,365	\$ 39,365
State grants	268,000	268,000	281,201	13,201
Charges for services	3,003,300	3,003,300	3,296,804	293,504
Interest and rents	59,000	59,000	131,378	72,378
 Total revenue	 3,330,300	 3,330,300	 3,748,748	 418,448
Expenditures - Public safety expense	<u>3,891,191</u>	<u>3,891,191</u>	<u>3,322,695</u>	<u>568,496</u>
Excess of Revenue (Under) Over Expenditures	(560,891)	(560,891)	426,053	986,944
Fund Balance - Beginning of year	<u>2,368,143</u>	<u>2,368,143</u>	<u>2,368,143</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,807,252</u>	<u>\$ 1,807,252</u>	<u>\$ 2,794,196</u>	<u>\$ 986,944</u>

Livingston County, Michigan

Required Supplemental Information Budgetary Comparison Schedule Revenue Sharing Revolving Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Interest on investments	\$ 400,000	\$ 489,000	\$ 574,889	\$ 85,889
Expenditures - Operating transfers out	<u>2,669,499</u>	<u>2,758,499</u>	<u>2,757,592</u>	<u>907</u>
Excess of Expenditures (Under) Over Revenue	(2,269,499)	(2,269,499)	(2,182,703)	86,796
Fund Balance - Beginning of year	<u>17,304,931</u>	<u>17,304,931</u>	<u>17,304,931</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 15,035,432</u>	<u>\$ 15,035,432</u>	<u>\$ 15,122,228</u>	<u>\$ 86,796</u>

Other Supplemental Information

Livingston County, Michigan

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.

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

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

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

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

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

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

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

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

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

Livingston County, Michigan

Special Revenue Funds (Continued)

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

Law Library Fund - This fund accounts for the maintenance of the County law library. The fund's primary revenue is a specified portion of the penal fines collected each year by the County courts. This fund is required by MCL 600.485 I.

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.

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

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

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

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

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

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

Livingston County, Michigan

Special Revenue Funds (Continued)

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

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

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

Livingston County, Michigan

Debt Service Funds

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

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

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

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

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

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

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

Livingston County, Michigan

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.

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.

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

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

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

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

Livingston County, Michigan

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

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 sources are charges for services and grants received from federal and state sources.

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

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

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

Livingston County, Michigan

Internal Service Funds

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

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

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

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

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

Livingston County, Michigan

Component Units

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

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

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

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

Livingston County, Michigan

	Special Revenue Funds					
	Job Training Services	Child Care	Family Counseling	Friend of the Court	Small Cities Community Development Block Grant	Survey and Remonumen- tation
Assets						
Cash and investments	\$ (289,761)	\$ 1,274,519	\$ 36,306	\$ 270,176	\$ 525,388	\$ 879,905
Due from other governments	609,972	401	-	201,613	-	91,261
Due from other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Other assets	-	-	-	655	690	3,732
Total assets	\$ 320,211	\$ 1,274,920	\$ 36,306	\$ 472,444	\$ 526,078	\$ 974,898
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 145,127	\$ 127,441	\$ 5,896	\$ 14,638	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Accrued liabilities	11,170	-	-	-	-	365
Due to other governmental units	-	3,856	-	-	-	-
Advances from other funds	36,304	-	-	-	-	-
Deferred revenue	62,384	-	-	201,613	-	91,115
Total liabilities	254,985	131,297	5,896	216,251	-	91,480
Fund Balances						
Reserved or designated	-	-	-	-	-	-
Unreserved	65,226	1,143,623	30,410	256,193	526,078	883,418
Total fund balances	65,226	1,143,623	30,410	256,193	526,078	883,418
Total liabilities and fund balances	\$ 320,211	\$ 1,274,920	\$ 36,306	\$ 472,444	\$ 526,078	\$ 974,898

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

Special Revenue Funds

Prosecutor's Drug Enforcement	Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	County Library	Community Corrections
\$ 23,806	\$ 130,795	\$ 8,781	\$ 7,818	\$ 21,770	\$ -	\$ 6,965
-	-	-	-	-	-	47,685
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	9	-	-
<u>\$ 23,806</u>	<u>\$ 130,795</u>	<u>\$ 8,781</u>	<u>\$ 7,818</u>	<u>\$ 21,779</u>	<u>\$ -</u>	<u>\$ 54,650</u>
\$ -	\$ -	\$ -	\$ -	\$ 367	\$ -	\$ 5,658
-	-	-	-	-	-	-
-	-	-	-	-	-	5,675
-	-	-	-	-	-	-
-	-	-	-	-	-	21,782
-	-	-	-	-	-	47,685
-	-	-	-	367	-	80,800
-	-	-	-	-	-	-
23,806	130,795	8,781	7,818	21,412	-	(26,150)
<u>23,806</u>	<u>130,795</u>	<u>8,781</u>	<u>7,818</u>	<u>21,412</u>	<u>-</u>	<u>(26,150)</u>
<u>\$ 23,806</u>	<u>\$ 130,795</u>	<u>\$ 8,781</u>	<u>\$ 7,818</u>	<u>\$ 21,779</u>	<u>\$ -</u>	<u>\$ 54,650</u>

Livingston County, Michigan

Special Revenue Funds

	Social Welfare	Soldiers and Sailors Relief	Veterans' Trust	Register of Deeds	Federal Equitable Sharing Fund	Homestead Property Exemption Fund
Assets						
Cash and investments	\$ 39,333	\$ 8,106	\$ 1,424	\$ 795,399	\$ 229,222	\$ 15,232
Due from other governments	19,739	-	-	375	-	-
Due from other funds	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Other assets	-	-	-	1,518	-	-
Total assets	\$ 59,072	\$ 8,106	\$ 1,424	\$ 797,292	\$ 229,222	\$ 15,232
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 75	\$ 5	\$ 5,034	\$ 490	\$ -
Due to other funds	-	-	-	-	-	6,744
Accrued liabilities	-	-	-	-	-	-
Due to other governmental units	32,000	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	32,000	75	5	5,034	490	6,744
Fund Balances						
Reserved or designated	-	-	-	-	-	-
Unreserved	27,072	8,031	1,419	792,258	228,732	8,488
Total fund balances	27,072	8,031	1,419	792,258	228,732	8,488
Total liabilities and fund balances	\$ 59,072	\$ 8,106	\$ 1,424	\$ 797,292	\$ 229,222	\$ 15,232

**Other Supplemental Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
December 31, 2007**

Special Revenue Funds			Debt Service Funds						
Correction Officers Training	Lutz County Park	Community Development Block Grant OLSHA	1995 Road Commission Refunding Bonds	Mental Health Bonds	2000 Building Improvements Bonds	2001 Bonds - Road Commission Refunding Bonds	2002 Capital Improvement Bonds	Refunding Building Authority Mental Health Fund	
\$ 46,232	\$ 23,736	\$ 24,439	\$ 15,499	\$ 3,154	\$ -	\$ 29,128	\$ -	\$ 8,373	
-	100	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	1,824	598,164	26	-	-	43	-	-	
\$ 46,232	\$ 25,660	\$ 622,603	\$ 15,525	\$ 3,154	\$ -	\$ 29,171	\$ -	\$ 8,373	
\$ 521	\$ 6,073	\$ 15,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	598,153	-	-	-	-	-	-	
521	6,073	613,698	-	-	-	-	-	-	
-	19,587	-	15,525	3,154	-	29,171	-	8,373	
45,711	-	8,905	-	-	-	-	-	-	
45,711	19,587	8,905	15,525	3,154	-	29,171	-	8,373	
\$ 46,232	\$ 25,660	\$ 622,603	\$ 15,525	\$ 3,154	\$ -	\$ 29,171	\$ -	\$ 8,373	

Livingston County, Michigan

Capital Projects Funds						
	Mobile Command	Jail Expansion	Courthouse Improvement	Administration Building Renovations	Capital Replacement	West Complex Construction Grant
Assets						
Cash and investments	\$ 1,984	\$ 1,576,987	\$ 105	\$ 3,968	\$ 3,091,228	\$ 15,635
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	24,324	-	-
Advances to other funds	-	-	-	-	218,913	-
Other assets	-	5,122	-	2	20,779	-
Total assets	\$ 1,984	\$ 1,582,109	\$ 105	\$ 28,294	\$ 3,330,920	\$ 15,635
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund Balances						
Reserved or designated	1,984	1,582,109	105	28,294	3,330,920	15,635
Unreserved	-	-	-	-	-	-
Total fund balances	1,984	1,582,109	105	28,294	3,330,920	15,635
Total liabilities and fund balances	\$ 1,984	\$ 1,582,109	\$ 105	\$ 28,294	\$ 3,330,920	\$ 15,635

**Other Supplemental Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
December 31, 2007**

Permanent Fund

<u>Cemetery</u>	<u>Total Nonmajor Funds</u>
\$ 26,385	\$ 8,852,037
-	971,146
-	24,324
-	218,913
<u>13</u>	<u>632,577</u>
<u>\$ 26,398</u>	<u>\$ 10,698,997</u>

\$ -	\$ 326,870
-	6,744
-	17,210
13	35,869
-	58,086
<u>-</u>	<u>1,000,950</u>
13	1,445,729
26,385	5,061,242
<u>-</u>	<u>4,192,026</u>
<u>26,385</u>	<u>9,253,268</u>
<u>\$ 26,398</u>	<u>\$ 10,698,997</u>

Livingston County, Michigan

Special Revenue Funds

	Job Training Services	Child Care	Family Counseling	Friend of the Court	Small Cities Community Development Block Grant	Survey and Remonumen- tation	Prosecutor's Drug Enforcement
Revenue							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	2,119,187	-	-	61,719	-	-	-
State sources	444,483	1,091,374	-	-	-	211,743	-
Charges for services	17,820	166,498	-	91,732	-	83,943	-
Contributions from local units	-	-	-	-	-	-	-
Interest earned	-	-	-	10,816	27,180	46,308	-
Other	-	-	14,670	-	-	-	9,620
Total revenue	2,581,490	1,257,872	14,670	164,267	27,180	341,994	9,620
Expenditures							
Current:							
Public safety	-	-	5,896	63,679	-	-	38,137
Community and economic development	-	-	-	-	17,000	224,988	-
Health and welfare	2,458,240	2,582,767	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	2,458,240	2,582,767	5,896	63,679	17,000	224,988	38,137
Excess of Revenue Over (Under)							
Expenditures	123,250	(1,324,895)	8,774	100,588	10,180	117,006	(28,517)
Other Financing Sources (Uses)							
Operating transfers in	-	1,627,168	-	-	-	-	-
Operating transfers out	-	-	-	(28,526)	-	-	-
Total other financing sources (uses)	-	1,627,168	-	(28,526)	-	-	-
Net Change in Fund Balances	123,250	302,273	8,774	72,062	10,180	117,006	(28,517)
Fund Balances - Beginning of year	(58,024)	841,350	21,636	184,131	515,898	766,412	52,323
Fund Balances - End of year	\$ 65,226	\$ 1,143,623	\$ 30,410	\$ 256,193	\$ 526,078	\$ 883,418	\$ 23,806

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2007

Special Revenue Funds

Drug Law Enforcement	Criminal Forfeiture	OUIL Forfeiture	Law Library	County Library	Community Corrections
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	209,538
-	-	-	-	-	-
-	-	-	1,123	1,133	-
<u>104,547</u>	<u>2,862</u>	<u>2,558</u>	<u>6,500</u>	<u>-</u>	<u>-</u>
104,547	2,862	2,558	7,623	1,133	209,538
11,810	2,420	-	-	-	325,790
-	-	-	8,147	37,632	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,810</u>	<u>2,420</u>	<u>-</u>	<u>8,147</u>	<u>37,632</u>	<u>325,790</u>
92,737	442	2,558	(524)	(36,499)	(116,252)
-	-	-	-	-	81,526
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	81,526
92,737	442	2,558	(524)	(36,499)	(34,726)
<u>38,058</u>	<u>8,339</u>	<u>5,260</u>	<u>21,936</u>	<u>36,499</u>	<u>8,576</u>
<u>\$ 130,795</u>	<u>\$ 8,781</u>	<u>\$ 7,818</u>	<u>\$ 21,412</u>	<u>\$ -</u>	<u>\$ (26,150)</u>

Livingston County, Michigan

Special Revenue Funds						
	Social Welfare	Soldiers and Sailors Relief	Veterans' Trust	Register of Deeds	Federal Equitable Sharing Fund	Homestead Property Exemption Fund
Revenue						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	119,481	-
State sources	124,451	-	29,708	-	-	-
Charges for services	30,963	-	-	205,270	-	-
Contributions from local units	-	-	-	-	-	-
Interest earned	-	-	-	34,653	9,068	808
Other	-	-	-	-	-	545
Total revenue	155,414	-	29,708	239,923	128,549	1,353
Expenditures						
Current:						
Public safety	-	-	-	-	57,996	-
Community and economic development	-	-	-	-	-	-
Health and welfare	157,950	5,437	30,506	58,963	-	1,180
Capital outlay	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	157,950	5,437	30,506	58,963	57,996	1,180
Excess of Revenue Over (Under) Expenditures	(2,536)	(5,437)	(798)	180,960	70,553	173
Other Financing Sources (Uses)						
Operating transfers in	10,500	6,000	-	-	-	-
Operating transfers out	-	-	-	-	-	(6,744)
Total other financing sources (uses)	10,500	6,000	-	-	-	(6,744)
Net Change in Fund Balances	7,964	563	(798)	180,960	70,553	(6,571)
Fund Balances - Beginning of year	19,108	7,468	2,217	611,298	158,179	15,059
Fund Balances - End of year	\$ 27,072	\$ 8,031	\$ 1,419	\$ 792,258	\$ 228,732	\$ 8,488

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds (Continued)
Year Ended December 31, 2007

Special Revenue Funds			Debt Service Funds						
Correction Officers Training	Lutz County Park	Community Development Block Grant OLSHA	1995 Road Commission Refunding Bonds	Mental Health Bonds	2000 Building Improvements Bonds	2001 Bonds - Road Commission Refunding Bonds	2002 Capital Improvement Bonds	Refunding Building Authority Mental Health Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	
31,712	23,699	-	-	-	-	-	-	-	
-	-	-	485,665	101,223	-	50,088	-	-	
-	1,406	1,425	26	408	-	243	-	237	
-	10,000	19,436	-	-	-	-	-	95,294	
31,712	35,105	20,861	485,691	101,631	-	50,331	-	95,531	
11,938	-	-	-	-	-	-	-	-	
-	31,682	44,600	500	300	300	24,975	138	224	
-	-	-	-	-	-	-	-	-	
-	-	-	445,000	85,000	685,000	-	485,000	25,000	
-	484	-	53,070	15,924	153,750	138	61,725	250,094	
11,938	32,166	44,600	498,570	101,224	839,050	25,113	546,863	275,318	
19,774	2,939	(23,739)	(12,879)	407	(839,050)	25,218	(546,863)	(179,787)	
-	-	-	-	-	839,050	-	546,863	179,800	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	839,050	-	546,863	179,800	
19,774	2,939	(23,739)	(12,879)	407	-	25,218	-	13	
25,937	16,648	32,644	28,404	2,747	-	3,953	-	8,360	
\$ 45,711	\$ 19,587	\$ 8,905	\$ 15,525	\$ 3,154	\$ -	\$ 29,171	\$ -	\$ 8,373	

Livingston County, Michigan

Capital Projects Funds

	Mobile Command	Jail Expansion	Courthouse Improvement	Administration Building Renovations	Capital Replacement
Revenue					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-
State sources	-	-	-	-	-
Charges for services	-	-	-	-	102,744
Contributions from local units	-	-	-	-	-
Interest earned	-	60,106	-	2,054	145,898
Other	-	-	-	-	-
Total revenue	-	60,106	-	2,054	248,642
Expenditures					
Current:					
Public safety	-	-	-	-	-
Community and economic development	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	555	-	25,435	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	555	-	25,435	-
Excess of Revenue Over (Under)					
Expenditures	-	59,551	-	(23,381)	248,642
Other Financing Sources (Uses)					
Operating transfers in	-	1,500,000	-	-	890,000
Operating transfers out	-	-	-	-	(55,170)
Total other financing sources (uses)	-	1,500,000	-	-	834,830
Net Change in Fund Balances	-	1,559,551	-	(23,381)	1,083,472
Fund Balances - Beginning of year	1,984	22,558	105	51,675	2,247,448
Fund Balances - End of year	\$ 1,984	\$ 1,582,109	\$ 105	\$ 28,294	\$ 3,330,920

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds (Continued)
Year Ended December 31, 2007

Permanent Fund

West Complex Construction Grant	Cemetery	Total Nonmajor Funds
\$ -	\$ -	\$ -
-	-	2,300,387
-	-	2,111,297
-	-	754,381
-	-	636,976
-	-	342,892
-	-	266,032
-	-	6,411,965
-	-	517,666
-	-	390,486
-	17	5,295,060
20,755	-	46,745
-	-	1,725,000
-	-	535,185
<u>20,755</u>	<u>17</u>	<u>8,510,142</u>
(20,755)	(17)	(2,098,177)
-	-	5,680,907
-	-	(90,440)
-	-	5,590,467
(20,755)	(17)	3,492,290
<u>36,390</u>	<u>26,402</u>	<u>5,760,978</u>
<u>\$ 15,635</u>	<u>\$ 26,385</u>	<u>\$ 9,253,268</u>

Livingston County, Michigan

Other Supplemental Information Combining Statement of Net Assets Internal Service Funds December 31, 2007

	Building Services	Information Technology	Carpool	Benefits	Total
Assets					
Cash and investments	\$ 113,756	\$ 369,303	\$ 1,572,463	\$ 2,047,953	\$ 4,103,475
Accounts receivable	18,953	1,399	-	-	20,352
Due from other funds	86,500	-	-	-	86,500
Equipment - Net	-	270,552	431,704	-	702,256
Other assets	-	157,749	-	40,356	198,105
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	219,209	799,003	2,004,167	2,088,309	5,110,688
Liabilities					
Accounts payable	126,872	134,079	35,476	17,336	313,763
Due to other funds	-	24,324	35,780	-	60,104
Advances to other funds	-	218,913	-	-	218,913
Other current liabilities	92,157	126,619	-	-	218,776
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	219,029	503,935	71,256	17,336	811,556
Net Assets					
Investment in capital assets - Net of related debt	-	270,552	431,704	-	702,256
Unrestricted	180	24,516	1,501,207	2,070,973	3,596,876
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	<u>\$ 180</u>	<u>\$ 295,068</u>	<u>\$ 1,932,911</u>	<u>\$ 2,070,973</u>	<u>\$ 4,299,132</u>

Livingston County, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets (Deficit) Internal Service Funds Year Ended December 31, 2007

	Building Services	Information Technology	Carpool	Benefits	Total
Operating Revenue - Charges for services	\$ 2,556,557	\$ 2,872,353	\$ 873,756	\$ 7,051,021	\$ 13,353,687
Operating Expenses					
Personnel	1,319,858	1,250,543	-	6,733,887	9,304,288
Operating expenses	1,331,132	1,399,792	604,412	-	3,335,336
Depreciation expense	-	120,879	300,141	-	421,020
Gain on sale of assets	-	-	(3,469)	-	(3,469)
Total operating expenses	<u>2,650,990</u>	<u>2,771,214</u>	<u>901,084</u>	<u>6,733,887</u>	<u>13,057,175</u>
Operating Income (Loss)	(94,433)	101,139	(27,328)	317,134	296,512
Operating Transfers In	<u>141,670</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>641,670</u>
Net Income (Loss)	47,237	101,139	(27,328)	817,134	938,182
Net Assets (Deficit) - January 1, 2007	<u>(47,057)</u>	<u>193,929</u>	<u>1,960,239</u>	<u>1,253,839</u>	<u>3,360,950</u>
Net Assets - December 31, 2007	<u>\$ 180</u>	<u>\$ 295,068</u>	<u>\$ 1,932,911</u>	<u>\$ 2,070,973</u>	<u>\$ 4,299,132</u>

Livingston County, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended December 31, 2007

	Building Services	Information Technology	Carpool	Benefits	Total
Cash Flows from Operating Activities					
Receipts from other funds	\$ 2,463,612	\$ 3,057,692	\$ 880,605	\$ 7,084,825	\$ 13,486,734
Payments to suppliers	(1,297,621)	(1,549,156)	(602,144)	(7,198)	(3,456,119)
Payments to employees	(1,306,749)	(1,219,624)	-	(6,733,887)	(9,260,260)
Net cash (used in) provided by operating activities	(140,758)	288,912	278,461	343,740	770,355
Cash Flows from Capital and Related Financing Activities					
Purchase of capital assets	-	(208,367)	(156,632)	-	(364,999)
Proceeds from sale of assets	-	-	55,487	-	55,487
Net cash used in capital financing activities	-	(208,367)	(101,145)	-	(309,512)
Cash Flows from Noncapital Financing Activities -					
Operating transfer in	141,670	-	-	500,000	641,670
Net Increase (Decrease) in Cash and Cash Equivalents	912	80,545	177,316	843,740	1,102,513
Cash and Cash Equivalents - January 1, 2007	112,844	288,758	1,395,147	1,204,213	3,000,962
Cash and Cash Equivalents - December 31, 2007	\$ 113,756	\$ 369,303	\$ 1,572,463	\$ 2,047,953	\$ 4,103,475
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating income (loss)	\$ (94,433)	\$ 101,139	\$ (27,328)	\$ 317,134	\$ 296,512
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	-	120,879	300,141	-	421,020
Gain on sale of fixed assets	-	-	(3,469)	-	(3,469)
Changes in asset and liability balances:					
Accounts receivable	(6,445)	6,511	-	-	66
Due from other funds	(86,500)	60,000	-	-	(26,500)
Other assets	-	(157,749)	2,837	33,804	(121,108)
Accounts payable	33,510	(8,559)	2,268	(7,198)	20,021
Accrued liabilities	13,110	41,352	-	-	54,462
Advances to other funds	-	101,015	-	-	101,015
Due to other funds	-	24,324	4,012	-	28,336
Net cash (used in) provided by operating activities	\$ (140,758)	\$ 288,912	\$ 278,461	\$ 343,740	\$ 770,355

Livingston County, Michigan

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2007

	Agency Funds		
	Trust and	Library Penal	
	Agency	Fines	Total
Assets			
Cash	\$ 2,524,482	\$ 398,432	\$ 2,922,914
Other assets	<u>4,226</u>	<u>3,197</u>	<u>7,423</u>
Total assets	<u>\$ 2,528,708</u>	<u>\$ 401,629</u>	<u>\$ 2,930,337</u>
Liabilities			
Due to other governmental units	\$ 686,090	\$ -	\$ 686,090
Other liabilities	<u>1,842,618</u>	<u>401,629</u>	<u>2,244,247</u>
Total liabilities	<u>\$ 2,528,708</u>	<u>\$ 401,629</u>	<u>\$ 2,930,337</u>

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Operating, Nonoperating, and Other Revenue Sources Year Ended December 31, 2007

	January 1, 2007 to September 30, 2007	October 1, 2007 to December 31, 2007	Total
Operating Revenues			
Demand-response - Passenger fares	\$ 70,154	\$ 24,630	\$ 94,784
Special transit fares - Contracts	91,175	45,454	136,629
Rent - EMS	49,032	24,516	73,548
Other:			
Sale of fuel to EMS	27,703	12,683	40,386
Outside services	22,330	9,537	31,867
Insurance reimbursement	4,297	-	4,297
Miscellaneous reimbursement	270	250	520
Donations	486	-	486
Total other	55,086	22,470	77,556
Less insurance proceeds used for transportation	-	(4,297)	(4,297)
Net other revenue	55,086	18,173	73,259
Total operating revenues	<u>\$ 265,447</u>	<u>\$ 112,773</u>	<u>\$ 378,220</u>
Nonoperating Revenues			
Federal Operating and Capital Grants:			
U.S. DOT Operating Grant - Section 5307 (2007 and 2008)	\$ 599,251	\$ 273,911	\$ 873,162
U.S. DOT Operating Grant - Section 5307 (2005 and 2006)	-	16,619	16,619
U.S. DOT Capital Grant - Section 5307	534,244	-	534,244
U.S. DOT Capital Grant - Preventative Maintenance - Section 5307	128,000	105,581	233,581
Federal Capital Grant - Capital Assistance - Section 5309	79,176	1,914	81,090
Non Transportation Revenue - SDNT Planning Grant	20,350	-	20,350 A
State Operating and Capital Grants:			
State Operating Reconciliations - Prior Year Underpayments	46,599	139,469	186,068
State Capital Matching Grant	48,877	50,130	99,007
Transit Operating Assistance	431,019	198,666	629,685
Transit Operating Assistance - State Withholdings for Prior Year Overpayments	(28,190)	(21,357)	(49,547)
Total nonoperating revenue	<u>\$ 1,859,326</u>	<u>\$ 764,933</u>	<u>\$ 2,624,259</u>

A - Expenses incurred to generate this revenue were not included in eligible expenses. As such, this item will also be excluded from ineligible expenses.

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Operating Expenses Year Ended December 31, 2007

	Operations	Maintenance	General Administration	Total
Labor	\$ 827,685	\$ 40,538	\$ 107,695	\$ 975,918
Pension	88,027	4,738	11,554	104,319
Other fringe benefits	304,325	16,382	39,944	360,651
Services	88,434	170,987	233,790	493,211
Materials and supplies consumed:				
Fuel and lubricants	188,105	-	-	188,105
Other materials and supplies	18,338	346	12,504	31,188
Utilities	-	-	55,489	55,489
Casualty and liability costs	184	-	-	184
Miscellaneous	6,136	590	33,518	40,244
Operating leases and rentals	19,028	-	11,523	30,551
Ineligible costs:				
Depreciation	268,051	-	-	268,051
Other	6,172	-	-	6,172
Total operating expenses	1,814,485	233,581	506,017	2,554,083
Nonoperating planning grant	-	-	12,075	12,075
Total expenses	<u>\$ 1,814,485</u>	<u>\$ 233,581</u>	<u>\$ 518,092</u>	<u>\$ 2,566,158</u>

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Net Eligible Cost Computations of General Operations Year Ended December 31, 2007

	January 1, 2007 to September 30, 2007	October 1, 2007 to December 31, 2007	Total
Labor	\$ 701,297	\$ 274,621	\$ 975,918
Pension	82,753	21,566	104,319
Other fringe benefits	277,701	82,950	360,651
Services	281,750	217,633	499,383
Materials and supplies consumed:			
Fuel and lubricants	121,475	66,630	188,105
Other materials and supplies	18,367	12,821	31,188
Utilities	31,819	23,670	55,489
Casualty and liability costs	184	-	184
Depreciation	201,055	66,996	268,051
Operating leases and rentals	22,186	8,365	30,551
Miscellaneous	33,574	6,670	40,244
Total operating expenses	1,772,161	781,922	2,554,083
Ineligible operating expenses:			
Revenue associated with fuel sold to County EMS	27,702	12,683	40,385
Revenue associated with rentals	49,032	24,516	73,548
Ineligible association dues	107	-	107
U.S. DOT capital grant - Preventitive maintenance Section 5307	128,000	105,581	233,581
Grant reimbursed building repairs	6,173	-	6,173
Salary and wage reimbursements from other departments	22,330	9,537	31,867 A
Depreciation	201,055	66,996	268,051
Total ineligible expenses	434,399	219,313	653,712
Total eligible expenses	<u>\$ 1,337,762</u>	<u>\$ 562,609</u>	<u>\$ 1,900,371</u>

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

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

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Revenues and Eligible and Ineligible Expenditures Year Ended December 31, 2007

	October 1, 2006 to December 31, 2006	January 1, 2007 to September 30, 2007	Total
Operating Revenues			
Demand-response - Passenger fares	\$ 23,174	\$ 70,154	\$ 93,328
Special transit fares - Contracts	51,261	91,175	142,436
Rent - EMS	18,378	49,032	67,410
Other:			
Sale of fuel to EMS	7,761	27,703	35,464
Outside services	9,833	22,330	32,163
Insurance reimbursement	(41,032)	4,297	(36,735)
Miscellaneous reimbursement	-	270	270
Sale of vehicles	15,560	-	15,560
Donations	-	486	486
Total other revenue	(7,878)	55,086	47,208
Less insurance proceeds used for transportation	-	(4,297)	(4,297)
Net other revenue	(7,878)	50,789	42,911
Total operating revenues	\$ 84,935	\$ 261,150	\$ 346,085
Operating Expenses			
Labor	\$ 254,713	\$ 701,297	\$ 956,010
Other fringe benefits	94,403	359,031	453,434
Services	102,700	281,750	384,450
Materials and supplies consumed:			
Fuel and lubricants	42,402	121,475	163,877
Other materials and supplies	12,468	18,367	30,835
Utilities	17,356	31,819	49,175
Casualty and liability costs	-	184	184
Depreciation	52,205	201,055	253,260
Operating leases and rentals	20,749	22,186	42,935
Miscellaneous	8,490	33,574	42,064
Total operating expenses	605,486	1,770,738	2,376,224
Less Ineligible Expenses			
Fuel sold to EMS	7,761	27,703	35,464
Rent from EMS	18,387	49,032	67,419
MPTA dues	-	107	107
Preventative maintenance	-	128,000	128,000
Bldg repairs reimbursed by grants	-	6,173	6,173
Reimbursement from car pool	9,833	22,330	32,163
Depreciation	52,205	201,055	253,260
Total ineligible expenses	88,186	434,400	522,586
Total eligible expenses	\$ 517,300	\$ 1,336,338	\$ 1,853,638

Livingston County, Michigan

Livingston Essential Transportation System Schedule of Property and Equipment December 31, 2007

		Cost	Accumulated Depreciation	Total
Buildings and building improvements	Intermodel Building	\$ 2,302,676	\$ 344,362	\$ 1,958,314
Vehicles and vehicle equipment:				
Grant Agreement - 99-0426 & 99-0787 (paid by State)	2 Eldorado National Busses	157,182	148,594	8,588
Grant MI-03-0169 Fed 5307 & 2000-0485 (State Match)	3 Eldorado National Busses	246,543	166,023	80,520
Grant MI-03-0189 Fed 5307 & 2002-0060 (State Match)	3 Eldorado National Busses	260,721	168,812	91,909
Grant MI 90-X425 Fed Sec 5307 & 2002-0060 Z14 (State Match)	3 Dodge Mini-Vans	46,518	22,705	23,813
Grant MI-03-0189 & MI-03-0192 - Fed 5309 (2002) & 2002-0060 Z11 (State Match)	3 Ford E-350 Cut-Away Busses	141,822	59,036	82,786
Grant MI-03-0192 Fed 5309 (2003) & 2002-0060 Z11 (State Match)	3 Eldorado National Busses	153,048	62,495	90,553
Grant MI-03-0212 Fed 5309 (2004) & 2002-0060 Z11 (State Match)	1 Eldorado National Bus	79,541	19,851	59,690
Grant MI-03-0212 Fed 5309 (2004) & 2002-0060-Z11 R1 (State Match)	1 Ford E-350 Passenger Van	20,591	2,996	17,595
Grant MI 90-X425 & MI 90-X453 Fed Sec 5307 & 2002-0060 Z14 & Z15 (State Match)	3 Eldorado National Busses	244,344	75,954	168,390
Grant MI 90-x425 Fed Sec 5307 & MI 90-x453 Fed Sec 5307 & MI 90-x453 Fed Sec 5307 & 2002-0060 Z15 (State Match)	1 Eldorado National Bus	81,449	9,957	71,492
Grant MI 90-x453 Fed Sec 5307 & 2002-0060 Z15 (State Match)	1 Eldorado National Bus	80,941	9,957	70,984
Grant MI 90-X453 Fed Sec 5307	1 Eldorado National Bus	79,161	8,913	70,248
Grant MI 030-0226 Fed Sec 5307 & 2002-0060 Z16 (State Match)	1 Eldorado National Bus	79,161	9,317	69,844
Grant MI 90-X425 Fed Sec 5307 & 2002-0060 Z14 (State Match)	Bus Back up Cameras	13,585	1,359	12,226
Grant MI 90-X453 Fed Sec 5307 & 2002-0060 Z15 (State Match)	Bus Radios	1,855	2,264	(409)
Total vehicles and vehicle equipment		1,686,462	768,232	918,230
Office furniture - Purchased with local funds		43,210	33,913	9,297
Total property and equipment		<u>\$ 4,032,348</u>	<u>\$ 1,146,507</u>	<u>\$ 2,885,841</u>

Livingston County, Michigan

Livingston Essential Transportation System Statistical Data - Public Transportation Mileage Data (Unaudited) December 31, 2007

	<u>Total Mileage</u>	<u>Passenger Trips</u>
Demand - Response mileage data (unaudited):		
First quarter	182,328	22,820
Second quarter	184,505	24,514
Third quarter	182,997	23,490
Fourth quarter	<u>173,863</u>	<u>24,315</u>
Total	<u>723,693</u>	<u>95,139</u>

Livingston County, Michigan

Statistical Information Financial Trends (Unaudited) December 31, 2007

Financial Position (Status of Assets, Liabilities, and Equity)	2003	2004	2005	2006	2007
General Fund:					
Unreserved fund balance compared to expenditures	25.6%	23.2%	27.1%	33.3%	36.8%
Current ratio (assets/liabilities, excluding deferred revenue)	5.9	6.8	6.6	9.9	10.1
All governmental activities:					
Unreserved fund balance compared to expenditures	28.3%	25.9%	31.0%	42.1%	51.6%
Current ratio (assets/liabilities, excluding deferred revenue)	6.4	7.4	9.2	15.4	17.1
Fiscal Capacity (Measures of Ability to Raise Revenue, Incur Debt, and Meet Obligations)					
General Fund:					
Property taxes per capita (operating millage only)	\$ 123	\$ 129	\$ 140	\$ 150	\$ 154
Millage capacity (ability to levy additional taxes without a vote)	None	None	None	None	None
Expenditures per capita	\$ 197	\$ 211	\$ 208	\$ 214	\$ 215
Ratio of revenues compared to expenditures	1.09	1.03	1.06	1.08	1.10
All governmental activities:					
Total property taxes levied per capita (with extra voted mills)	\$ 138	\$ 145	\$ 149	\$ 161	\$ 166
County taxes paid per household	\$ 275	\$ 278	\$ 283	\$ 299	\$ 309
County taxes paid per household as a percentage of household income	0.410%	0.413%	0.397%	0.444%	0.461%
Taxable value (in 000s)	\$ 6,592,435	\$ 7,155,612	\$ 7,757,535	\$ 8,348,502	\$ 8,793,696
Annual change in taxable value	8.2%	8.5%	8.4%	7.6%	5.3%
State equalized value (SEV)	\$ 8,538,149	\$ 9,324,352	\$ 10,060,876	\$ 10,641,862	\$ 10,617,612
Annual change in SEV	11.5%	9.2%	17.8%	24.6%	24.4%
Debt information:					
County-funded debt per capita	\$ 95	\$ 89	\$ 91	\$ 85	\$ 79
Debt saturation (percent of debt limitation utilized)	3.0%	2.4%	2.1%	1.7%	1.4%