

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>District Court Funds of District No. 16 City of Livonia, Michigan</u>	County Wayne
Audit Date November 30, 2003	Opinion Date January 22, 2004	Date Accountant Report Submitted To State: April 8, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>Plante &amp; Moran, PLLC</b>			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature 			

# **District Court Funds of District No. 16 City of Livonia, Michigan**

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**Financial Report  
with Additional Information  
November 30, 2003**

# **District Court Funds of District No. 16 City of Livonia, Michigan**

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## Independent Auditor's Report

To the District Judges of the 16th District Court  
Honorable Kathleen McCann and  
Honorable Robert Brzezinski  
Livonia, Michigan

We have audited the financial statements of the District Court Funds of District No. 16, City of Livonia, Michigan as of November 30, 2003. These financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District Court Funds of District No. 16, City of Livonia, Michigan at November 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the District Court Funds of District 16, City of Livonia'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.

*Plante & Moran, PLLC*

January 22, 2004



# District Court Funds of District No. 16

## City of Livonia, Michigan

### Statement of Net Assets Fiduciary Funds November 30, 2003

	Agency Funds		Total
	Depository Account	Bond Account	
<b>Assets</b>			
Cash and investments (Note 2)	\$ 370,302	\$ 325,518	\$ 695,820
Due from bond account	256	-	256
Total assets	<u>\$ 370,558</u>	<u>\$ 325,518</u>	<u>\$ 696,076</u>
<b>Liabilities</b>			
Due to:			
Depository account	\$ -	\$ 256	\$ 256
City of Livonia	245,226	7,741	252,967
State of Michigan	119,334	-	119,334
Wayne County	5,998	-	5,998
Bond deposits, voluntary work program, and other	-	317,521	317,521
Total liabilities	<u>\$ 370,558</u>	<u>\$ 325,518</u>	<u>\$ 696,076</u>

# District Court Funds of District No. 16

## City of Livonia, Michigan

**Notes to Financial Statements**  
**November 30, 2003**

### **Note 1 - Significant Accounting Policies**

The accounting policies of the District Court Funds of District No. 16, City of Livonia, Michigan (the "District Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District Court is governed by two elected judges. There are no component units.

The following is a summary of the significant accounting policies used by the District Court Funds of District No. 16:

The funds of the District Court are Agency Funds. The financial activities of the funds are limited to collections of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors within the City limits.

### **Note 2 - Cash and Cash Equivalents**

The District Court is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. The cash and investments of the District Court are classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

Deposits in financial institutions (checking accounts, savings accounts, and money market accounts)	\$ 608,253
Investments in bank investment pools	<u>87,567</u>
Total	<u>\$ 695,820</u>

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$637,443. Of that amount, up to \$211,062 may be covered by federal depository insurance and the remainder would be uninsured and uncollateralized.

The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the District Court evaluates each financial institution with which it deposits District Court funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# District Court Funds of District No. 16

## City of Livonia, Michigan

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**Notes to Financial Statements**  
**November 30, 2003**

### **Note 2 - Cash and Cash Equivalents (Continued)**

The bank investment pools are regulated by the Michigan Banking Act and the fair value of the position in the pool is the same as the value of the pool shares. Investments are normally categorized to give an indication of the level of risk assumed by the component units; however, bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. The District Court believes that the investments in these funds comply with the investment authority noted above.

### **Note 3 - Court Operations**

The costs relating to the operation of the District Court (including risk management) are a budgeted item of the City of Livonia, Michigan General Fund and, accordingly, such costs are paid by the General Fund.

The District Court 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.

**General Liability** - The District Court participates in the Michigan Municipal Risk Management Authority for claims relating to general and auto liability, auto physical damage, and property loss claims.

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 City of Livonia. In addition to the losses retained, the City of Livonia is responsible for certain defense costs.

**Workers' Compensation** - The District Court employees are covered under the City of Livonia's self-insured workers' compensation program. However, the workers assigned to the Court Voluntary Work Program in lieu of jail are not covered. The District Court does have a policy that covers up to the first \$1,000 per occurrence and the City of Livonia's self-insured plan covers claims in excess of \$1,000.

**Medical Claims** - The District Court participates in the City of Livonia health care coverage plan in the same manner as the City of Livonia employees.

**District Court Funds of District No. 16  
City of Livonia, Michigan**

**Other Supplemental Information  
Schedules of Cash Receipts and Disbursements  
Year Ended November 30, 2003**

	Depository Account	Bond Account
<b>Cash and Cash Equivalents - December 1, 2002</b>	\$ 288,715	\$ 330,334
<b>Receipts</b>		
Fines and fees collected	4,210,787	-
Bond receipts	-	1,233,242
Wayne County penal fines	102,136	-
Work program	-	159,796
Garnishments	-	2,663
Restitution, judgments, and other	255,332	100,248
Interest income	7,475	3,240
	<u>4,575,730</u>	<u>1,499,189</u>
Total receipts	4,575,730	1,499,189
<b>Disbursements</b>		
Transfers:		
City of Livonia	3,253,859	-
State of Michigan	1,047,392	-
Wayne County	116,088	-
Judges' retirement system	44,731	-
Bond transfers and refunds	-	1,103,070
Bond forfeitures	-	141,402
Work program	-	175,179
Garnishments	-	2,663
Restitution, judgments, and other	32,073	81,691
	<u>4,494,143</u>	<u>1,504,005</u>
Total disbursements	4,494,143	1,504,005
<b>Cash and Cash Equivalents - November 30, 2003</b>	<b><u>\$ 370,302</u></b>	<b><u>\$ 325,518</u></b>