



CITY OF
SAGINAW

Michigan

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended

June 30, 2015

City of Saginaw, Michigan
Comprehensive Annual Financial Report

June 30, 2015

Prepared by the Department of Fiscal Services

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CITY OF SAGINAW

1315 S. Washington Avenue
Saginaw, MI 48601
(989) 759-1401



December 10, 2015

To the Honorable Mayor, Members of the City Council,
And Citizens of the City of Saginaw:

In compliance with Section 52 of the City Charter, the comprehensive annual financial report of the City of Saginaw, Michigan for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law requires that all local governments, subject to a certain size criteria, publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally

accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report.

Generally accepted accounting principles require that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Saginaw, Michigan has operated under a Council/Manager form of government since January 6, 1936.

As required by City Charter, the nine member City Council is elected at-large on a non-partisan basis to serve four-year terms of office. The Council is vested with all legislative powers of the City except as otherwise provided by state law or the charter. The Mayor is selected from the nine members of the Council via a vote at the first meeting following the election and serves as the executive head of the City for a two-year term. The Mayor presides at all meetings of the Council, and may speak and vote in such meetings as any other member of the Council. The Mayor Pro-Tem is also selected by a vote during the first meeting following the election and performs the duties of the Mayor in his or her absence. The City Manager is appointed by the Council and is the Chief Administrative Officer and the head of the administrative branch of the City government. The City Manager is responsible for administering the policies and ordinances of the Council, for appointing the department heads of the City's various departments, and overseeing the day-to-day operations of the City.

The City of Saginaw is located in east central Michigan near the Saginaw Bay, and covers 18.09 square miles within Saginaw County. The cities of Saginaw, Midland, and Bay City form a metropolitan region known as the Great Lakes Bay Region. Saginaw is the largest of the three cities with a population of approximately 51,508 (2010 census).

The City provides a full range of services to its citizens. These services include law enforcement; fire protection and protective inspection; sanitation; water and wastewater treatment; maintenance of highways, streets, and infrastructure; parks; planning and zoning; other general administrative services; and other services as mandated by law.

Economic Conditions and Outlook

The City remains in stable financial condition, as is demonstrated by the financial statements and schedules included in this report. The top three revenues for the City are generated by the following, in order of revenue generated: City income tax, grants/donations/ and contributions, and State Shared Revenue; property tax is the fourth highest revenue. It is important to note that the City is limited in property tax collection due to a 1979 Charter amendment that placed a property tax cap on general operating collections. The City may only assess 7.5 mills or collect \$3.8 million, whichever is less, for general operations.

As the economy in Michigan and nationally has declined in recent years, so has the level of state shared revenue allocated to the City by the state government. As this trend continues, the City has had to direct additional efforts to collections of delinquent funds owed to the City, such as delinquent income taxes. The management team is determined to continue to improve processes and efficiencies to manage and collect all sources of revenue that are due to the City. Furthermore, the continuing development of a fee based service delivery system, where applicable, for the City will be a priority in the upcoming fiscal year as the City will depend more upon service fees as a means to provide the current level of services to the community.

The City of Saginaw has seen a transformation in its economic base. Until recently, manufacturing associated with the auto industry provided the primary source of employment for the region. The City's economy relied heavily on General Motors and Delphi Automotive Systems, which accounted for approximately a quarter of the City's taxable valuation and City income tax revenue. In the past few years, the City has

experienced a shift in the economy from automotive manufacturing to medical services and the health care industry. Three of the top five major employers, in terms of withholding, are now in the health care industry (Covenant Health Care, St. Mary's of Michigan, and the Department of Veterans Affairs - VA Medical Center).

The City's Office of the City Manager and Saginaw Future Inc. are currently working on projects to bring new businesses to the City of Saginaw to further diversify the economic base. The new Central Michigan University College of Medicine has opened and the first class is now attending school in Saginaw. The school is located at Covenant Medical Center and St. Mary's of Michigan Medical Center, both located in the city. Additionally, the city is experiencing growth in the downtown area, where two significant market rate apartment buildings have been renovated for both residential and commercial use, and have high occupancy rates for the residential units. The other significant downtown area, Old Town, is also experiencing growth, as renovations are taking place on historic buildings to provide housing in the form of condominiums and apartments. Additionally, a new market rate condominium project is under construction on a formerly vacant lot in the heart of Old Town. In the coming years the City expects to announce more exciting additions to the local economy.

Long-term Financial Planning

The City anticipates that fiscal year 2016 will be another challenging year as state shared revenue and other City revenues have leveled off; however, expenses continue to grow. The most significant are those related to retirees (healthcare and pension). This situation is not unique to the City of Saginaw, but is one that faces most communities in

Michigan. Many cities have been forced to reduce services in recent years to deal with the changing conditions. The City has made several changes in the past few years to impact the long-term liability related to post-employment benefits – both pension and health care. Saginaw has eliminated the defined benefit pension plan for new hires, eliminated retiree health care for employees hired after 2009, and we continue to evaluate and work toward additional changes.

The City of Saginaw has taken a proactive approach in addressing the issue of reduced revenue. As stated previously, the City has a renewed focus on collections and timeliness related to accounts receivable, and added a collections coordinator position in the Department of Fiscal Services approximately four years ago. Additionally, a City Manager created Management Review team continues to review city operations and make recommendations to reduce expenses and improve efficiency. The Management Review team has evolved from an implementation project team for the citywide staffing and efficiency study to a management group that meets with the City Manager regularly to review city operations and staffing levels. Since implementing many of the recommendations from that study, the team has continued to review operations and make additional recommendations and changes. Finally, the City continues to update or develop fees for service and will continue to review all user fees generated by services provided to the public.

As has been typical for the past several years, the Fiscal Year 2016 budget has been developed in a year of financial challenges. Local units of government throughout the country are struggling to find ways to maintain services, particularly those cities that once relied heavily on the manufacturing industry. One of the City's main goals is to help build the city for the future and to develop it into what we believe it can and

will be going forward. We have to look to the past at our city's history; however, it is more imperative that we look to the future to see what Saginaw can become rather than what it once was. We are seeing the future develop at our core. Collaborative efforts have brought and retained jobs in the downtown area, at AT&T, Catholic Federal Credit Union, CMU College of Medicine, Michigan CardioVascular Institute, Tri City Urology, FirstMerit Bank, Garber Management Group, Midwestern Surgical Associates, and many others. The first market rate housing development in Downtown Saginaw in over twenty years is complete. Downtown businesses and philanthropists have also developed entertainment venues, such as the Temple Theatre, Dow Event Center, and FirstMerit Bank Event Park. Cultural attractions like the Castle Museum and Children's Museum are convenient to the downtown location. Recently the Delta College Board of Trustees voted to select Downtown Saginaw as the area for a new Delta College Center, which will be a natural fit for Downtown. Saginaw is on the move and we are seeing the future develop.

City administration is taking a holistic approach to financial planning, organizational development, and citizen engagement initiatives. The City is increasing our presence in the community, while maintaining a budget that is solvent and sustainable. Legacy costs continue to be an issue for the city, and the City must work with our union groups and retirees to reduce those costs so that we can continue to move forward.

As our community changes so does the City of Saginaw as an organization. The recent national economy has forced everyone to make adjustments to the way they live. It has been more difficult than ever to make ends meet. The City of Saginaw is no exception. What will be realized in your review of the budget and year-end financials is that revenues have continued to decrease while expenditures have drastically

increased from the previous year. Saginaw must continue to evolve in order for it to provide the same full service delivery system to the residents that it currently does. This change comes in the form of active management and review of city organization. The budget is balanced; however, we need to make changes and monitor our situation throughout the year. This is more important now than ever.

In June of 2009, the City's Controller prepared a five-year financial forecast and presented it to the City Council in July of that year. The forecast illustrated what may happen to the City's financial position if it were to continue operating as if the economic climate has not changed. The forecast has been updated semi-annually since the initial forecast in 2009 and is an integral part of the prudent financial management of the City.

For the past several years the City has been dedicated to developing balanced budgets, establishing and maintaining strategic reserve funds, responsible review of capital improvement plans, and the efficient use of resources. At this point, many of the reserves have been depleted; therefore, the city will make necessary changes to service levels to decrease expenses. The goal is to provide the public with the service levels that the city can afford. Expenditures will continue to be reduced through the extensive review of operations, cost containment initiatives, and the strategic use of resources. Revenue will continue to be enhanced as the City seeks new and alternative methods of funding and focuses on the collection of past due receivables.

In the coming years, the City will have to continue to implement bold and innovative measures in order to remain operationally and fiscally sound. Current planning takes this

into account and provides a basis from which to focus on change through reforms and related difficult decision making.

Strategic Planning

The City of Saginaw management team and Council believe that long-term planning is vitally important to ensure the City's fiscal viability. The City of Saginaw's City Council and management team meet annually, in January, to discuss and prioritize the City's goals and objectives for the year. At a retreat in January 2009, the following five goals and objectives were established and remain priorities even now in fiscal year 2016:

- ◇ Crime and Public Safety – the primary goal is to create a safe place to live, work, and play for all citizens in the City of Saginaw
- ◇ Neighborhood Revitalization and City Beautification – to emphasize the elimination of blight, improve the quality of life, continue to build strong relationships between the City and Neighborhood Associations, attract new businesses through promoting the City, and build a stable, livable, clean community
- ◇ Recreational Activities – the primary goal is to provide recreational activities to the youth and citizens of the City of Saginaw
- ◇ Maintain and Enhance City Revenue Efforts – to improve and focus revenue efforts to ensure the financial health of the City of Saginaw

- ◇ Organizational Development – to reorganize and structure departments to operate efficiently and provide world-class service to the citizens of the City of Saginaw

Financial Information

Budgetary Controls

The City Charter requires the City Council, by resolution, to determine and adopt the budget and make the appropriations for the next fiscal year. It also requires, by resolution, for a tax levy amount necessary to be raised by taxation at least 30 days prior to the first day of the upcoming fiscal year.

Budgetary control is exercised at the department level (appropriation center) in the General Fund and at the fund level for all other funds. An encumbrance is placed on funds as purchase orders are issued as a way of accomplishing budgetary controls. Purchase orders that would exceed activity balances are not released until additional appropriations are made by City Council, or budget transfers, within the scope of authority granted by City Council, are executed. Actual expenditures are compared to anticipated expenditures and significant variances are identified and monitored monthly.

General fund line item budget transfers from one account to another with the same appropriation center (General Government, Fiscal Services, Police, Fire, Neighborhood Services, Public Service – general fund, and Other General Fund) can be made without City Council approval. All budget transfers from one appropriation center to another must be approved by City Council. In all other funds, line item budget transfers from one account to another within the same department and fund can be made without City Council

approval. These adjustments are reflected in the budget amounts in the financial statements.

Internal Controls

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the City assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the City's internal controls provide reasonable assurance of the proper recording of financial transactions. Because of inherent limitations in any internal accounting control, errors or irregularities nevertheless may occur and not be detected.

Single Audit

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that adequate controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by the City's management team.

As part of the City's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal awards, as well as to determine that the City has complied with applicable laws and regulations.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of achievement for Excellence in Financial Reporting to the City of Saginaw for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation and completion of the comprehensive annual financial report could not be accomplished on a timely basis without the dedicated services of the entire Department of Fiscal Services. Additionally, we would like to thank all members of City departments who assisted and contributed to its preparation.

We would also like to thank the Mayor, members of the City Council, and various City Departments for their leadership and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in black ink that reads "Timothy Morales". The signature is written in a cursive style with a prominent loop at the end of the last name.

Timothy Morales
City Manager



**The Government Finance Officers Association
of the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Controller's Office
Department of Fiscal Services
City of Saginaw, Michigan



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date July 21, 2015

CITY OF SAGINAW

Citizens

City Council

City Manager

Office of Management & Budget

**City Attorney
Andre Borrello**

Inspections and Neighborhood Services

**Economic Development
Saginaw Future, Inc.**



**CDBG/
SEDC**

- **Health Officer**

City of Saginaw
List of Elected and Appointed Officials
June 30, 2015

City Council

Dennis Browning – Mayor

Amos O'Neal – Mayor Pro-Tem

Michael D. Balls – Council Member

Annie Boensch – Council Member

Larry Coulouris – Council Member

Dan Fitzpatrick – Council Member

Floyd Kloc – Council Member

Brenda Moore – Council Member

Demond Tibbs – Council Member

Administrative Staff

Tim Morales – City Manager



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Independent Auditors' Report

To the Honorable Mayor and City Council
City of Saginaw

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saginaw, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 the City of Saginaw, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Community Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards:

As described in Note 1 to the financial statements, during the year ended June 30, 2015, the City of Saginaw adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, retirement system information and other postemployment benefit information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saginaw's basic financial statements. The introductory section, statistical section, and other supplementary information, as identified in the table of contents, are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

The introductory and statistical section, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the City of Saginaw's basic financial statements as of and for the year ended June 30, 2014, which are not presented with the accompanying basic financial statements. In our report dated December 17, 2014, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, the business-type activities, the aggregate discretely present component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City of Saginaw's financial statements as a whole. The 2014 information in the comparative other supplementary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 on our consideration of the City of Saginaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Saginaw's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, Michigan
December 10, 2015

City of Saginaw, Michigan
Management's Discussion And Analysis
June 30, 2015

As management of the **City of Saginaw, Michigan**, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments and accrued interest expense).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and

intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, general services, and community and economic development. The business-type activities of the City include the Water and Sewer services.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a Tax Increment Finance Authority, Downtown Development Authority, Saginaw Economic Development Corporation, Local Development Finance Authority, and a Brownfield Redevelopment Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 3 - 1 through 3 - 3 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the

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information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Community Development Fund, both of which are considered to be major funds.

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 3 - 4 through 3 - 12 of this report.

Proprietary funds. The City maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Saginaw uses internal service funds to account for its Information Systems operations, Geographic Information

Services, Radio Revolving activities, Motor Pool operations, Public Works Building, and Risk Management program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, and Sewer Fund, each of which are considered to be major funds. Data from the other proprietary funds are combined and presented separately. Individual fund data for each of these nonmajor enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 3 - 13 through 3 - 18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 3 - 19 through 3 - 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 3 - 23 through 3 - 56 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found in section 5 of this report.

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Government-wide Financial Analysis

The City of Saginaw has combined net position of (\$23,536,249). Business type activities comprise \$75,468,015 and governmental activities make up (\$99,004,264) of the total net position.

The table below shows, in a condensed format, a comparison of the net position as for the current date to the prior year.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 18,283,398	\$ 17,240,030	\$ 48,469,945	\$ 49,164,104	\$ 66,753,343	\$ 66,404,134
Capital assets	41,735,113	41,522,452	112,744,999	117,019,840	154,480,112	158,542,292
Total assets	60,018,511	58,762,482	161,214,944	166,183,944	221,233,455	224,946,426
Deferred outflows	9,430,631	-	3,909,234	-	13,339,865	-
Total assets and deferred outflows	69,449,142	58,762,482	165,124,178	166,183,944	234,573,320	224,946,426
Current Liabilities	4,086,467	3,394,611	6,333,624	7,790,979	10,420,091	11,185,590
Long-term liabilities	160,538,030	56,708,643	83,322,539	42,151,882	243,860,569	98,860,525
Total liabilities	164,624,497	60,103,254	89,656,163	49,942,861	254,280,660	110,046,115
Deferred inflows	3,828,909	-	-	-	3,828,909	-
Total liabilities and deferred inflows	168,453,406	60,103,254	89,656,163	49,942,861	258,109,569	110,046,115
Net position:						
Net investment in capital assets	40,458,812	41,522,452	78,165,624	78,362,788	118,624,436	119,885,240
Restricted	7,871,497	7,177,028	-	-	7,871,497	7,177,028
Unrestricted (Deficit)	(147,334,573)	(50,040,252)	(2,697,609)	37,878,295	(150,032,182)	(12,161,957)
Total net position	\$ (99,004,264)	\$ (1,340,772)	\$ 75,468,015	\$ 116,241,083	\$ (23,536,249)	\$ 114,900,311

Net position was restated at the beginning of the year for the recording of the long-term obligation for pension benefits. Business-type activities beginning net position was reduced by \$41,652,534 and increased \$879,466 during the year. Governmental activities beginning net position was reduced by \$95,400,997 and decreased \$2,262,495 during the year. The primary cause of the increase in

business-type activities net position is due to a decrease in salaries in the Sewer Fund, caused by vacancies in the remote facilities', equipment and safety, and utilities person positions. The decrease in governmental activities net position is primarily due to the increase in the OPEB liability. Long-term liabilities in both the governmental activities and business-type activities increased due to the recording of the pension liabilities.

The following table shows the revenue and expense components of changes in net position for the year ended June 30, 2015.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$ 10,372,280	\$ 10,127,343	\$ 35,913,217	\$ 36,085,540	\$ 46,285,497	\$ 46,212,883
Operating Grants & Contributions	9,953,308	10,307,440	-	-	9,953,308	10,307,440
Capital Grants and Contributions	31,657	66,026	-	-	31,657	66,026
General Revenues:						
Property Taxes	6,757,018	6,766,599	-	-	6,757,018	6,766,599
Income Taxes	12,252,323	12,309,181	-	-	12,252,323	12,309,181
State Shared Revenue	7,811,423	7,632,423	-	-	7,811,423	7,632,423
Grants not restricted	671,645	456,904	-	-	671,645	456,904
Unrestricted invest earnings	403,947	399,525	54,881	65,475	458,828	465,000
Misc	312,535	46,025	1,019,374	934,243	1,331,909	980,268
Gain on Sale of Cap Assets	3,064	55,018	-	-	3,064	55,018
Total Revenues	48,569,200	48,166,484	36,987,472	37,085,258	85,556,672	85,251,742
Expenses						
General Government	3,058,270	4,047,430	-	-	3,058,270	4,047,430
Administration	2,924,638	2,785,134	-	-	2,924,638	2,785,134
Public Safety	24,581,179	26,474,924	-	-	24,581,179	26,474,924
Highway Streets	8,170,990	5,363,157	-	-	8,170,990	5,363,157
Other General Services	7,314,167	8,490,446	-	-	7,314,167	8,490,446
Community Services	1,788,139	1,788,892	-	-	1,788,139	1,788,892
Economic Development	3,127,457	2,800,707	-	-	3,127,457	2,800,707
Interest on Long-term Debt:	7,708	2,308	-	-	7,708	2,308
Water	-	-	15,746,762	15,837,475	15,746,762	15,837,475
Sewer	-	-	20,220,391	21,636,346	20,220,391	21,636,346
Total Expenses	50,972,548	51,752,998	35,967,153	37,473,821	86,939,701	89,226,819
Increase (decrease) in net position						
before transfers	(2,403,348)	(3,586,514)	1,020,319	(388,563)	(1,383,029)	(3,975,077)
Transfers	140,853	21,853	(140,853)	(21,853)	-	-
Increase (Dec) in net position	(2,262,495)	(3,564,661)	879,466	(410,416)	(1,383,029)	(3,975,077)
Net position - beginning (restated)	(96,741,769)	2,223,889	74,588,549	116,651,499	(22,153,220)	118,875,388
Total net position	\$ (99,004,264)	\$ (1,340,772)	\$ 75,468,015	\$ 116,241,083	\$ (23,536,249)	\$ 114,900,311

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Governmental Activities

General revenues for governmental activities totaled approximately \$28.4 million for the year ended June 30, 2015. This is a slight increase from the prior year due to increases in grant revenues received from the United States – Department of Veteran's Affairs for the parking lot at the VA Hospital and funds from the Department of Natural Resources for the Boulder Climbing Park. Income tax generated approximately \$12.3 million from residents and non-residents who live or work in the City respectively. Intergovernmental revenues, in the form of state shared revenues, continue to be of concern. While they provided approximately \$7.8 million, it is uncertain what will happen in the next several years, given the increase in sales tax collections over the last year and the State's recent inability to balance the budget timely.

General government expenses decreased by about \$1 million due to a reduction in the retiree healthcare, demolition expenditures, vacancies within the Departments of Fiscal Services, Public Services, Police, and Fire. Highway and Streets expenses increased by about \$600,000 due to additional cost for street and road materials due to a major winter storm that occurred during the fiscal year, a large capital purchase that was made for Major Streets and Rubbish Collection, and various street construction projects.

Business-type Activities

Business-type activities operated by the City include the water and sewer system. Program revenues from business-type activities were approximately \$36 million. Significant items include sewer service - \$21 million and water supply - \$15 million.

There were multiple vacancies in the Sewer Fund, remote facilities, equipment and safety, and utilities person positions, which caused the sewer expenses to decrease significantly from prior year.

Raw water from Lake Huron is provided via the Saginaw-Midland Municipal Water Supply Corporation (SMMWSC), a joint venture between the City of Saginaw and the City of Midland. The SMMWSC pipeline supplies the City's water treatment plant as well as Midland's

large industrial customers. The City owns and operates its own sanitary sewer collection and treatment system. In accordance with regulations promulgated by the Michigan Department of Environmental Quality, the sewer treatment system is operated by the City of Saginaw.

Current economic events

As of the date of this analysis, several issues are worth noting in evaluating the financial condition of the City of Saginaw.

Property tax cap – In 1979, the citizens of Saginaw froze the maximum dollar levy to that of the previous year, which stands to date at \$3,828,788. Therefore the corporate millage rate must be adjusted annually with each change in taxable value to ensure adherence to the imposed dollar levy cap or 7.5 mills, whichever is lower.

Renaissance Zones – Development in Renaissance Zones has increased and allows for residents of the zone to be assessed immaterial property taxes, and no local or state income taxes. Businesses located in the Renaissance Zone are exempt from local and state corporate taxes. Recent medical activity in zones has resulted in job movement from inside and outside of the City into the zones. Property ownership and tax filing status may impact income taxes because some of the higher paying jobs may be exempt from income taxes.

Economic growth – The City continues to experience moderate economic growth. The Saginaw Housing Commission and Habitat for Humanity continue to provide scattered public housing and building blitz within the City of Saginaw.

Future State of Michigan Public Act 425 Agreements or corresponding service agreements are being negotiated with other communities as they increase business and residential development. These agreements will provide a direct revenue flow to the general fund. The most promising Public Act 425 Agreement revenue stream is local income tax.

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Local income tax – The City of Saginaw receives approximately 39% of its general fund revenue from local income tax. Economic conditions have had a negative impact on this revenue source, but recently there has been more activity in the city, with new businesses and employers, causing the income tax to turn upwards. For the 2015-2016 budget, the revenue from income taxes is expected to increase approximately \$139,000 from the 2014-2015 budget amount.

State shared revenues – The City of Saginaw receives approximately 25% of its general fund revenue from state revenue sharing. The State of Michigan is experiencing significant budget problems, which it is attempting to partially remedy by cutting payments of shared sales tax revenues to local units of government. However, projections from the State for the 2015-2016 budget show increases in State shared revenue of approximately \$100,000.

Financial analysis of City funds and budgets

The general fund ended 2014-2015 with a fund balance of approximately \$1.9 million, of which \$258,819 is nonspendable for prepaids and inventory, and \$110,869 is restricted for grants and public safety.

The unassigned fund balance is \$1,532,968 as of June 30, 2015. The unassigned amount represented 5% of the June 30, 2015 general fund expenditures and other financing uses. That same number represents 4.9% of the fiscal year 2015-2016 budget (prior to 2015-2016 budget amendments).

Several factors affected general fund operating results:

- State shared revenue increased \$176,270
- Property tax revenue increased \$131,982
- Sales of materials and services increased \$352,497

The general fund budget is amended throughout the year. Revenues were \$877,997 under budget while expenditures were \$1,669,989 under budget.

The City's June 30, 2015, \$217 million in unfunded health care liability impacts all funds per the December 31, 2013, actuary valuation. Prior to the 2003-2004 fiscal year, the general fund was the single contributing fund to this liability. After receiving the June 30, 2001 actuary report, other funds were budgeted to contribute. The city is currently reviewing its options on reducing the OPEB liability. No contribution was made to the fund in 2015.

Capital asset and debt administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounted to \$154,480,112 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles.

The total decrease in the City's investment in capital assets for the current fiscal year was 2.6%.

Major capital asset events during the current fiscal year included the following

- Coarse Screen Improvements - \$2,686,413
- 3 Tandem Axle trucks - \$593,573
- Michigan Avenue Construction - \$469,400
- Fire Pumper Truck - \$334,404

However, depreciation expense well exceeded the capital improvements that were incurred during the year, therefore, resulting in the decrease noted above to the City's total investment in capital assets.

Additional information on the City's capital assets can be found beginning on page 3 - 35 of this report.

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Long-term debt

At the end of the current fiscal year, the City of Saginaw had total debt outstanding of \$36.5 million in principal and \$9 million in interest. The City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) as well as installment contracts and capital leases for equipment.

	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Loans	\$ 1,313,473	\$ 225,368	\$ -	\$ -	\$ 1,313,473	\$ 225,368
Revenue Bonds	-	-	35,213,415	8,796,515	35,213,415	8,796,515
Capital lease	45,707	5,024	-	-	45,707	5,024
Total	\$ 1,313,473	\$ 225,368	\$ 35,213,415	\$ 8,796,515	\$ 36,526,888	\$ 9,021,883

The City maintains an "BBB-" bond rating with Standard & Poor's for its general obligation debt.

State statutes (Article 7, Section II, Michigan Constitution of 1963) limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for the City is \$49,752,800, which is significantly higher than the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found on pages 3 - 39 through 3 - 41 of this report.

Economic factors and next year's budget

The following factors were considered in preparing the City's budget for the 2016 fiscal year:

- Loss of property tax revenue for the police and fire tax levy and general operations
- Continued increase in annual pension contributions
- Continued increase in retiree and active healthcare
- Reduction in fund reserves
- Loss of grant sources

Contacting the City of Saginaw

This report is intended to aid our residents and other interested parties in understanding the City of Saginaw's financial condition. Questions and comments should be directed to the Fiscal Services Department at the Saginaw City Hall, 1315 South Washington Avenue, Saginaw, Michigan 48601. Fiscal Services staff can be reached at 989-759-1443 or at saginaw-mi@domino.com.

City of Saginaw
Statement of Net Position
June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 12,220,271	\$ 13,866,009	\$ 26,086,280	\$ 5,238,442
Investments	-	6,799,242	6,799,242	-
Receivables, net	5,166,473	6,647,328	11,813,801	1,763,214
Due from other units of government	2,756,412	-	2,756,412	-
Internal balances	(5,271,620)	5,271,620	-	-
Inventories	603,623	1,236,226	1,839,849	-
Prepaid items	279,051	15,876	294,927	-
Investment in Saginaw-Midland Municipal Water Supply Corporation	-	14,069,524	14,069,524	-
Restricted assets				
Cash and cash equivalents	85,870	564,120	649,990	-
Investments	2,443,318	-	2,443,318	-
Capital assets not being depreciated	17,714,282	5,464,802	23,179,084	-
Capital assets, net of accumulated depreciation	24,020,831	107,280,197	131,301,028	-
Total assets	<u>60,018,511</u>	<u>161,214,944</u>	<u>221,233,455</u>	<u>7,001,656</u>
Deferred outflows of resources				
Deferred amount of pension expense related to net pension liability - MERS	2,853,286	3,909,234	6,762,520	-
Deferred amount of pension expense related to net pension liability - Policemen and Firemen Pension	6,577,345	-	6,577,345	-
Total deferred outflows	<u>9,430,631</u>	<u>3,909,234</u>	<u>13,339,865</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>69,449,142</u>	<u>165,124,178</u>	<u>234,573,320</u>	<u>7,001,656</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Statement of Net Position
June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 1,429,442	\$ 918,895	\$ 2,348,337	\$ 29,516
Accrued and other liabilities	2,056,765	1,595,397	3,652,162	-
Due to other units of government	35,431	-	35,431	-
Unearned revenue	435,258	-	435,258	-
Noncurrent liabilities				
Debt due within one year	129,571	3,819,332	3,948,903	-
Debt due in more than one year	8,695,665	32,507,852	41,203,517	-
Net pension liability-MERS	31,509,445	43,170,551	74,679,996	-
Net pension liability-Policemen and Firemen Pension	68,813,477	-	68,813,477	-
Other postemployment benefit obligations	51,519,443	7,644,136	59,163,579	-
Total liabilities	<u>164,624,497</u>	<u>89,656,163</u>	<u>254,280,660</u>	<u>29,516</u>
Deferred inflows of resources				
Deferred amount of pension expense related to net pension liability - Policemen and Firemen Pension	3,828,909	-	3,828,909	-
Total liabilities and deferred inflows of resources	<u>168,453,406</u>	<u>89,656,163</u>	<u>258,109,569</u>	<u>29,516</u>
Net position				
Net investment in capital assets	40,458,812	78,165,624	118,624,436	-
Restricted for				
Endowments	2,443,318	-	2,443,318	-
Roads	3,206,675	-	3,206,675	-
Public safety	261,618	-	261,618	-
Rubbish	1,108,167	-	1,108,167	-
Police grants	56,636	-	56,636	-
Drug forfeiture	187,641	-	187,641	-
Clean energy	3,155	-	3,155	-
Economic development	64,105	-	64,105	-
Community development grants	315,763	-	315,763	-
Permanent fund	224,419	-	224,419	-
Unrestricted (deficit)	<u>(147,334,573)</u>	<u>(2,697,609)</u>	<u>(150,032,182)</u>	<u>6,972,140</u>
Total net position	<u>\$ (99,004,264)</u>	<u>\$ 75,468,015</u>	<u>\$ (23,536,249)</u>	<u>\$ 6,972,140</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Statement of Activities
For the Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Functions/Programs								
Primary government								
Governmental activities								
General government	\$ 3,058,270	\$ 2,077,205	\$ 184,069	\$ -	\$ (796,996)	\$ -	\$ (796,996)	\$ -
Administration	2,924,638	2,671,729	-	-	(252,909)	-	(252,909)	-
Public safety	25,629,789	515,894	1,266,913	31,657	(23,815,325)	-	(23,815,325)	-
Highways and streets	5,982,262	192,975	5,408,437	-	(380,850)	-	(380,850)	-
General services	8,391,961	3,909,242	-	-	(4,482,719)	-	(4,482,719)	-
Community services	1,788,139	665,170	215,002	-	(907,967)	-	(907,967)	-
Economic development	3,189,781	340,065	2,878,887	-	29,171	-	29,171	-
Interest on long-term debt	7,708	-	-	-	(7,708)	-	(7,708)	-
Total governmental activities	<u>50,972,548</u>	<u>10,372,280</u>	<u>9,953,308</u>	<u>31,657</u>	<u>(30,615,303)</u>	<u>-</u>	<u>(30,615,303)</u>	<u>-</u>
Business-type activities								
Sewer	20,220,391	20,864,429	-	-	-	644,038	644,038	-
Water	15,746,762	15,048,788	-	-	-	(697,974)	(697,974)	-
Total business-type activities	<u>35,967,153</u>	<u>35,913,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,936)</u>	<u>(53,936)</u>	<u>-</u>
Total primary government	<u>\$ 86,939,701</u>	<u>\$ 46,285,497</u>	<u>\$ 9,953,308</u>	<u>\$ 31,657</u>	<u>(30,615,303)</u>	<u>(53,936)</u>	<u>(30,669,239)</u>	<u>-</u>
Component units	<u>\$ 223,726</u>	<u>\$ -</u>	<u>\$ 85,084</u>	<u>\$ -</u>				<u>(138,642)</u>
General revenues								
Property taxes					6,757,018	-	6,757,018	94,771
City income taxes					12,252,323	-	12,252,323	-
State shared revenue					7,811,423	-	7,811,423	-
Grants not restricted to specific programs					671,645	-	671,645	-
Investment earnings					403,947	54,881	458,828	76,030
Gain on sale of capital assets					3,064	-	3,064	-
Miscellaneous					312,535	1,019,374	1,331,909	-
Transfers					140,853	(140,853)	-	-
Total general revenues					<u>28,352,808</u>	<u>933,402</u>	<u>29,286,210</u>	<u>170,801</u>
Change in net position					(2,262,495)	879,466	(1,383,029)	32,159
Net position - beginning of year, as restated					<u>(96,741,769)</u>	<u>74,588,549</u>	<u>(22,153,220)</u>	<u>6,939,981</u>
Net position - end of year					<u>\$ (99,004,264)</u>	<u>\$ 75,468,015</u>	<u>\$ (23,536,249)</u>	<u>\$ 6,972,140</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2015

	<u>General</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 2,912,641	\$ 562,476	\$ 3,663,288	\$ 7,138,405
Receivables, net of allowance	1,751,500	325,961	2,361,617	4,439,078
Due from other units of government	1,404,485	330,386	1,021,541	2,756,412
Due from other funds	1,611,445	-	-	1,611,445
Inventories	220,325	-	188,995	409,320
Prepaid items	38,494	1,290	174,865	214,649
Notes and contracts receivable	-	724,882	-	724,882
Restricted assets				
Cash and cash equivalents	-	85,870	-	85,870
Investments	-	-	2,443,318	2,443,318
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 7,938,890</u>	<u>\$ 2,030,865</u>	<u>\$ 9,853,624</u>	<u>\$ 19,823,379</u>
Liabilities				
Accounts payable	\$ 281,900	\$ 227,371	\$ 757,899	\$ 1,267,170
Accrued and other liabilities	1,319,680	25,540	640,941	1,986,161
Due to other funds	4,315,391	1,037,421	875,976	6,228,788
Due to other units of government	35,431	-	-	35,431
Unearned revenue	10,488	424,770	-	435,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>5,962,890</u>	<u>1,715,102</u>	<u>2,274,816</u>	<u>9,952,808</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2015

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Deferred inflows of resources				
Accounts receivable	\$ 24,811	\$ -	\$ 1,132,081	\$ 1,156,892
Notes and contracts receivable	-	728,988	-	728,988
Grants	48,533	253,647	-	302,180
Total deferred inflows of resources	<u>73,344</u>	<u>982,635</u>	<u>1,132,081</u>	<u>2,188,060</u>
Fund balances				
Non-spendable				
Inventories	220,325	-	188,995	409,320
Prepaid items	38,494	1,290	174,865	214,649
Endowments	-	-	2,443,318	2,443,318
Restricted for				
Roads	-	-	3,017,680	3,017,680
Public safety	110,869	-	150,749	261,618
Police grants	-	-	56,636	56,636
Drug forfeiture	-	-	187,641	187,641
Economic development	-	-	64,105	64,105
Clean energy	-	-	3,155	3,155
Permanent fund	-	-	224,419	224,419
Assigned	-	-	133,943	133,943
Unassigned (deficit)	1,532,968	(668,162)	(198,779)	666,027
Total fund balances (deficit)	<u>1,902,656</u>	<u>(666,872)</u>	<u>6,446,727</u>	<u>7,682,511</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,938,890</u>	<u>\$ 2,030,865</u>	<u>\$ 9,853,624</u>	<u>\$ 19,823,379</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to the Net Position of Governmental Activities
June 30, 2015

Total fund balances for governmental funds	\$ 7,682,511
Total net position for governmental activities in the statement of net position is different because	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	24,020,831
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	17,012,418
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,188,060
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(3,839,250)
Net other post employment obligation	(51,519,443)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability - Policemen and Firemen Pension	6,577,345
Deferred outflows of resources resulting from net pension liability - MERS	2,397,081
Deferred inflows of resources resulting from net pension liability - Policemen and Firemen Pension	(3,828,909)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Long-term debt	(1,313,473)
Net pension liability - Policemen and Firemen Pension	(68,813,477)
Net pension liability - MERS	(26,471,479)
Internal service funds are included as part of governmental activities.	(3,096,479)
Net position of governmental activities	\$ (99,004,264)

City of Saginaw
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	<u>General</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
General operating property taxes	\$ 3,415,085	\$ -	\$ 3,021,068	\$ 6,436,153
City income tax	12,252,323	-	-	12,252,323
State shared revenues	7,897,387	-	4,554,516	12,451,903
Licenses, permits and fees	1,696,596	-	2,873,031	4,569,627
Fines, penalties and forfeitures	420,371	-	22,620	442,991
Grants, donations and contributions	3,463,365	3,203,232	2,219,702	8,886,299
Interest on loans and investments	323,293	12,225	68,660	404,178
Rents and privileges	31,081	3,883	51,955	86,919
Sale of materials and services	1,624,947	129,014	-	1,753,961
Loan repayments	-	167,142	-	167,142
Miscellaneous	-	76,687	277,255	353,942
	<u>31,124,448</u>	<u>3,592,183</u>	<u>13,088,807</u>	<u>47,805,438</u>
Total revenues				

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

	<u>General</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Expenditures				
Current				
General government	\$ 3,118,285	\$ -	\$ -	\$ 3,118,285
Administration	3,009,909	-	-	3,009,909
Public safety	18,985,508	-	4,745,578	23,731,086
Highways and streets	-	-	5,958,084	5,958,084
General services	3,646,202	-	4,018,721	7,664,923
Community services	1,447,167	-	307,462	1,754,629
Economic development	-	3,075,198	144,246	3,219,444
Debt service				
Principal retirement	29,175	-	37,356	66,531
Interest and fiscal charges	-	-	7,708	7,708
Total expenditures	<u>30,236,246</u>	<u>3,075,198</u>	<u>15,219,155</u>	<u>48,530,599</u>
Excess (deficiency) of revenues over expenditures	<u>888,202</u>	<u>516,985</u>	<u>(2,130,348)</u>	<u>(725,161)</u>
Other financing sources (uses)				
Transfers in	-	-	1,196,966	1,196,966
Transfers out	(512,747)	(186,615)	(338,953)	(1,038,315)
Issuance of debt	-	-	596,403	596,403
Total other financing sources and uses	<u>(512,747)</u>	<u>(186,615)</u>	<u>1,454,416</u>	<u>755,054</u>
Net change in fund balance	375,455	330,370	(675,932)	29,893
Fund balance (deficit) - beginning of year	<u>1,527,201</u>	<u>(997,242)</u>	<u>7,122,659</u>	<u>7,652,618</u>
Fund balance (deficit) - end of year	<u>\$ 1,902,656</u>	<u>\$ (666,872)</u>	<u>\$ 6,446,727</u>	<u>\$ 7,682,511</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - Total governmental funds	\$ 29,893
<p>Total change in net position reported for governmental activities in the statement of activities is different because Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation expense	(2,487,977)
Capital outlay	2,947,461
Sale of capital assets (net book value)	(560)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Special assessments	1,119,636
Grants	(309,204)
Notes receivable	(46,110)
<p>Expenses are recorded when incurred in the statement of activities</p>	
Compensated absences	137,630
Net other post employment obligation	(4,104,859)
<p>The statement of net position reports the net pension liability and deferred outflows and deferred inflows of resources related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.</p>	
Net change in the deferred outflows of resources related to the net pension liability - Policemen and Firemen Pension	63,762
Net change in the deferred outflows of resources related to the net pension liability - MERS	777,850
Net change in the deferred inflows of resources related to the net pension liability - Policemen and Firemen Pension	(3,828,909)
Net change in net pension liability - Policemen and Firemen Pension	3,899,717
Net change in net pension liability - MERS	(564,998)
<p>Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>	
Debt issued	(596,403)
Repayments of long-term debt	66,531
Internal service funds are also included as governmental activities	634,045
Change in net position of governmental activities	\$ (2,262,495)

See Accompanying Notes to the Financial Statements

City of Saginaw
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
General operating property taxes	\$ 4,226,497	\$ 4,226,497	\$ 3,415,085	\$ (811,412)
City income tax	11,626,000	11,626,000	12,252,323	626,323
State shared revenues	7,918,839	7,937,929	7,897,387	(40,542)
Licenses, permits and fees	1,774,775	1,770,337	1,696,596	(73,741)
Fines, penalties and forfeitures	608,700	527,468	420,371	(107,097)
Grants, donations and contributions	3,174,701	3,500,531	3,463,365	(37,166)
Interest	358,000	358,000	323,293	(34,707)
Rents and privileges	32,000	22,000	31,081	9,081
Sale of materials and services	1,748,242	2,033,683	1,624,947	(408,736)
	<u>31,467,754</u>	<u>32,002,445</u>	<u>31,124,448</u>	<u>(877,997)</u>
Total revenues				

See Accompanying Notes to the Financial Statements

City of Saginaw
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Expenditures				
General government	\$ 3,611,840	\$ 3,804,399	\$ 3,118,285	\$ (686,114)
Administration	3,140,509	3,138,173	3,009,909	(128,264)
Public safety	19,053,656	19,646,783	19,014,683	(632,100)
General services	3,601,061	3,788,395	3,646,202	(142,193)
Community services	1,542,838	1,528,485	1,447,167	(81,318)
Total expenditures	<u>30,949,904</u>	<u>31,906,235</u>	<u>30,236,246</u>	<u>(1,669,989)</u>
Revenue over (under) expenditures	<u>517,850</u>	<u>96,210</u>	<u>888,202</u>	<u>791,992</u>
Other financing sources (uses)				
Transfers out	<u>(517,850)</u>	<u>(517,850)</u>	<u>(512,747)</u>	<u>(5,103)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ (421,640)</u>	375,455	<u>\$ 797,095</u>
Fund balance - beginning of year			<u>1,527,201</u>	
Fund balance - end of year			<u>\$ 1,902,656</u>	

See Accompanying Notes to the Financial Statements

City of Saginaw
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Community Development Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Federal grants	\$ 3,307,942	\$ 3,549,954	\$ 3,063,916	\$ (486,038)
Other state grants	130,000	130,000	80,435	(49,565)
Local contributions	-	58,881	58,881	-
Interest income	11,600	11,600	12,225	625
Loan repayments	80,400	80,400	167,142	86,742
Rental income	5,412	5,412	3,883	(1,529)
Sale of materials and services	-	90,167	129,014	38,847
Miscellaneous	-	1,247	76,687	75,440
	<u>3,535,354</u>	<u>3,927,661</u>	<u>3,592,183</u>	<u>(335,478)</u>
Expenditures				
Current				
Economic development	3,284,141	3,741,046	3,075,198	(665,848)
Transfers out	251,213	186,615	186,615	-
	<u>3,535,354</u>	<u>3,927,661</u>	<u>3,261,813</u>	<u>(665,848)</u>
Excess of revenues over expenditures	-	-	330,370	330,370
Fund balance - beginning of year (deficit)	<u>(1,005,361)</u>	<u>(1,005,361)</u>	<u>(997,242)</u>	<u>8,119</u>
Fund balance - end of year (deficit)	<u>\$ (1,005,361)</u>	<u>\$ (1,005,361)</u>	<u>\$ (666,872)</u>	<u>\$ 338,489</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Net Position
June 30, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 7,232,773	\$ 6,633,236	\$ 13,866,009	\$ 5,081,866
Investments	1,127,325	5,671,917	6,799,242	-
Receivables				
Customers	4,344,779	1,748,860	6,093,639	2,514
Special assessments, current	377,743	173,583	551,326	-
Accrued interest and other	-	2,363	2,363	-
Due from other funds	4,315,391	-	4,315,391	301,952
Inventories	-	1,236,226	1,236,226	194,303
Prepaid items	1,195	14,681	15,876	64,402
Restricted cash - bond proceeds	-	564,120	564,120	-
	<u>17,399,206</u>	<u>16,044,986</u>	<u>33,444,192</u>	<u>5,645,037</u>
Total current assets				
Noncurrent assets				
Investment in Saginaw-Midland Municipal Water Supply Corporation	-	14,069,524	14,069,524	-
Capital assets not being depreciated	1,182,738	4,282,064	5,464,802	-
Capital assets, net of accumulated depreciated	<u>62,801,429</u>	<u>44,478,768</u>	<u>107,280,197</u>	<u>701,864</u>
	<u>63,984,167</u>	<u>62,830,356</u>	<u>126,814,523</u>	<u>701,864</u>
Total noncurrent assets				
	<u>81,383,373</u>	<u>78,875,342</u>	<u>160,258,715</u>	<u>6,346,901</u>
Total assets				
Deferred outflows of resources				
Deferred amount of pension expense related to net pension liability - MERS	<u>2,331,075</u>	<u>1,578,159</u>	<u>3,909,234</u>	<u>456,205</u>
	<u>83,714,448</u>	<u>80,453,501</u>	<u>164,167,949</u>	<u>6,803,106</u>
Total assets and deferred outflows of resources				

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Net Position
June 30, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 378,500	\$ 540,395	\$ 918,895	\$ 162,273
Accrued and other liabilities	346,161	1,249,236	1,595,397	70,604
Current portion of compensated absences	347,052	325,660	672,712	-
Current portion of long-term debt	2,236,620	910,000	3,146,620	10,715
Total current liabilities	3,308,333	3,025,291	6,333,624	243,592
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	2,531,891
Insurance claims payable	-	-	-	894,459
Accrued compensated absences	263,585	247,392	510,977	200,456
Other postemployment benefits	4,160,044	3,484,092	7,644,136	-
Net pension liability	25,742,586	17,427,965	43,170,551	5,037,966
Long-term debt net of current portion	15,161,795	16,835,080	31,996,875	34,992
Total noncurrent liabilities	45,328,010	37,994,529	83,322,539	8,699,764
Total liabilities	48,636,343	41,019,820	89,656,163	8,943,356
Net position				
Net investment in capital assets	46,585,752	31,579,872	78,165,624	656,157
Unrestricted (deficit)	(11,507,647)	7,853,809	(3,653,838)	(2,796,407)
Total net position	\$ 35,078,105	\$ 39,433,681	74,511,786	\$ (2,140,250)
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			956,229	
Net position of business-type activities			\$ 75,468,015	

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Operating revenue				
User charges	\$ 20,864,429	\$ 15,048,788	\$ 35,913,217	\$ 6,611,870
Other revenue	150,457	7,164	157,621	467,883
 Total operating revenue	 <u>21,014,886</u>	 <u>15,055,952</u>	 <u>36,070,838</u>	 <u>7,079,753</u>
Operating expenses				
Salaries and benefits	8,522,493	6,678,408	15,200,901	1,998,488
Supplies	982,717	1,345,660	2,328,377	470,807
Contractual services	3,193,435	3,066,872	6,260,307	2,547,380
Claims	-	-	-	593,400
Utilities	79,790	88,283	168,073	118,229
Repairs and maintenance	160,420	168,110	328,530	46,427
Other expenses	713,046	661,587	1,374,633	22,446
Amortization	-	5,413	5,413	-
Depreciation	6,345,237	1,721,354	8,066,591	304,661
 Total operating expenses	 <u>19,997,138</u>	 <u>13,735,687</u>	 <u>33,732,825</u>	 <u>6,101,838</u>
 Operating income	 <u>1,017,748</u>	 <u>1,320,265</u>	 <u>2,338,013</u>	 <u>977,915</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Nonoperating revenue (expenses)				
Gain on sale of investments	\$ 10,291	\$ 44,590	\$ 54,881	\$ 2,470
Gain on sale of capital assets	13,558	-	13,558	-
Contractual obligations to SMWSC	-	(1,334,636)	(1,334,636)	-
Increase in investment in SMWSC	-	861,753	861,753	-
Interest expense	(420,910)	(820,270)	(1,241,180)	(612)
	(397,061)	(1,248,563)	(1,645,624)	1,858
Total nonoperating revenues (expenses)				
Income before transfers	620,687	71,702	692,389	979,773
Transfers out	-	(140,853)	(140,853)	(17,798)
Change in net position	620,687	(69,151)	551,536	961,975
Net position - beginning of year, as restated	34,457,418	39,502,832		(3,102,225)
Net position - end of year	\$ 35,078,105	\$ 39,433,681		\$ (2,140,250)
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			327,930	
Change in net position of business-type activities			\$ 879,466	

See Accompanying Notes to the Financial Statements

**City of Saginaw
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Cash flows from operating activities				
Receipts from customers	\$ 20,913,864	\$ 14,993,002	\$ 35,906,866	\$ -
Receipts from interfund users	-	-	-	7,325,058
Receipts from other funds	92,977	-	92,977	1,421,388
Payments to other funds	-	-	-	(33,634)
Payments to suppliers	(5,929,836)	(5,638,426)	(11,568,262)	(4,551,927)
Payments to employees	(9,026,450)	(6,529,643)	(15,556,093)	(2,196,965)
Net cash provided by operating activities	<u>6,050,555</u>	<u>2,824,933</u>	<u>8,875,488</u>	<u>1,963,920</u>
Cash flows from noncapital financing activities				
Transfers to other funds	-	(140,853)	(140,853)	(17,798)
Cash flows from capital and related financing activities				
Proceeds from issuance of long term debt	714,194	-	714,194	58,397
Purchases/construction of capital assets	(903,500)	(2,888,247)	(3,791,747)	(58,397)
Principal and interest paid on long-term debt	(4,416,996)	(1,620,270)	(6,037,266)	(13,302)
Contractual obligations to Saginaw-Midland Water Supply Corporation	-	(1,334,636)	(1,334,636)	-
Proceeds from sale of capital assets	13,558	-	13,558	-
Net cash used by capital and related financing activities	<u>(4,592,744)</u>	<u>(5,843,153)</u>	<u>(10,435,897)</u>	<u>(13,302)</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Cash flows from investing activities				
Purchases of investments	\$ (5,165)	\$ (10,634)	\$ (15,799)	\$ -
Interest received	10,291	44,590	54,881	2,470
Net cash provided by investing activities	<u>5,126</u>	<u>33,956</u>	<u>39,082</u>	<u>2,470</u>
Net change in cash and cash equivalents	1,462,937	(3,125,117)	(1,662,180)	1,935,290
Cash and cash equivalents - beginning of year	<u>5,769,836</u>	<u>9,758,353</u>	<u>15,528,189</u>	<u>3,146,576</u>
Cash and cash equivalents - end of year	<u>\$ 7,232,773</u>	<u>\$ 6,633,236</u>	<u>\$ 13,866,009</u>	<u>\$ 5,081,866</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,017,748	\$ 1,320,265	\$ 2,338,013	\$ 977,915
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	6,345,237	1,726,767	8,072,004	304,661
Noncash change - net pension liability	(868,083)	(217,310)	(1,085,393)	(183,315)
Changes in assets and liabilities				
Restricted cash - bond proceeds	-	(1,198)	(1,198)	-
Receivables (net)	(101,022)	(61,560)	(162,582)	245,305
Due from other funds	1,000,000	-	1,000,000	1,421,388
Inventories	-	322,686	322,686	101,924
Prepaid items	(520)	(13,901)	(14,421)	140,098
Deferred outflows	(765,672)	(540,156)	(1,305,828)	(149,061)
Accounts payable	(1,720)	(195,035)	(196,755)	104,956
Accrued and other liabilities	(1,185)	118,492	117,307	6,987
Due to other funds	(907,023)	-	(907,023)	(33,634)
Unearned revenue	-	(192)	(192)	-
Customer deposits payable	-	-	-	(971,222)
Other post employment benefit obligation	364,126	318,634	682,760	-
Compensated absences	(31,331)	47,441	16,110	(2,082)
Net cash provided by operating activities	<u>\$ 6,050,555</u>	<u>\$ 2,824,933</u>	<u>\$ 8,875,488</u>	<u>\$ 1,963,920</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 785,814	\$ 2,282,901
Investments		
Common equity securities	35,011,611	-
Equity mutual funds	11,610,332	-
Other investments	17,005,270	-
Accounts receivable	441,743	111,866
Accrued interest and other	25,002	-
Prepaid insurance	-	27,883
	<u>64,879,772</u>	<u>\$ 2,422,650</u>
Liabilities		
Checks written against future deposits	7,431,752	-
Accounts payable	13,384	289,721
Accrued and other liabilities	362,771	1,053,861
Due to other units of government	-	312,270
Claims payable	-	766,798
	<u>7,807,907</u>	<u>\$ 2,422,650</u>
Net position		
Restricted for pension and other employee benefits	<u>\$ 57,071,865</u>	

See Accompanying Notes to the Financial Statements

City of Saginaw
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 6,110,120
Current premium contributions	10,476,304
Plan members	<u>467,816</u>
Total contributions	<u>17,054,240</u>
Investment earnings	
Interest	626,004
Dividends	958,648
Mutual fund rebates	93,655
Change in fair value	5,212,025
Investment expenses	<u>(69,696)</u>
Total investment earnings	<u>6,820,636</u>
Total additions	<u>23,874,876</u>
Deductions	
Benefits	8,036,882
Transfer to MERS	60,376,893
Refunds of contributions	6,881,128
Retiree healthcare premium payments	11,658,770
Administrative expenses	<u>332,205</u>
Total deductions	<u>87,285,878</u>
Change in net position	(63,411,002)
Net position - beginning of year	<u>120,482,867</u>
Net position - end of year	<u>\$ 57,071,865</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Combining Statement of Net Position
Component Units
June 30, 2015

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
Assets						
Cash and cash equivalents	\$ 31,286	\$ 156,155	\$ 3,949,017	\$ 855,345	\$ 246,639	\$ 5,238,442
Receivables	-	-	1,670	-	-	1,670
Notes and contracts receivable	-	-	-	1,761,544	-	1,761,544
 Total assets	 <u>31,286</u>	 <u>156,155</u>	 <u>3,950,687</u>	 <u>2,616,889</u>	 <u>246,639</u>	 <u>7,001,656</u>
Liabilities						
Accounts payable	-	18,682	-	10,834	-	29,516
Net position						
Unrestricted	<u>\$ 31,286</u>	<u>\$ 137,473</u>	<u>\$ 3,950,687</u>	<u>\$ 2,606,055</u>	<u>\$ 246,639</u>	<u>\$ 6,972,140</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue
TIFA Activities	\$ 4	\$ -	\$ -	\$ (4)
DDA Activities	138,481	-	67,312	(71,169)
LDFA Activities	104	-	-	(104)
Saginaw Economic Development Corporation	44,266	-	17,772	(26,494)
Brownfield Activities	40,871	-	-	(40,871)
Total component unit activities	\$ 223,726	\$ -	\$ 85,084	\$ (138,642)

Component Units

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
Changes in net position						
Net expense	\$ (4)	\$ (71,169)	\$ (104)	\$ (26,494)	\$ (40,871)	\$ (138,642)
General revenues:						
Property taxes	-	23,562	-	-	71,209	94,771
Unrestricted investment earnings	-	-	3,632	72,398	-	76,030
Total general revenues	-	23,562	3,632	72,398	71,209	170,801
Change in net position	(4)	(47,607)	3,528	45,904	30,338	32,159
Net position, beginning of year	31,290	185,080	3,947,159	2,560,151	216,301	6,939,981
Net position, end of year	\$ 31,286	\$ 137,473	\$ 3,950,687	\$ 2,606,055	\$ 246,639	\$ 6,972,140

See Accompanying Notes to the Financial Statements

City of Saginaw
Notes to the Financial Statements
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Saginaw, Michigan (the "City") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the City of Saginaw:

Reporting entity

City of Saginaw is governed by an elected seven-member Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Discretely presented component units

The component unit column in the entity wide financial statements include the financial data of the City's thirteen component units. These units are reported in a separate column to emphasize that they are legally separate from the City. Separately issued financial statements are not prepared for any of the discretely presented component units except the Saginaw Economic Development Corporation.

Tax Increment Finance Authority (TIFA) – Two component units – City Council established TIFA districts pursuant to Act 450 of the public Acts of 1980 for the Saginaw Division Tower and Morley Building projects. Property tax revenues received from the "captured" portion of these properties are restricted to pay project expenditures or set aside for future development within the districts

depending on the development plan adopted for each project. The members of the governing Board of the TIFA are appointed by City Council and development agreements of the TIFA districts are also approved by City Council. The City has the ability to significantly influence the operations of the TIFA.

Downtown Development Authority (DDA) – Three component units – The members of the governing Board of the DDA are appointed by City Council and development agreements of the DDA districts are also approved by City Council. Districts were established for the Commerce Center, Sils Island and the DDA. The City has the ability to significantly influence the operations of the DDA.

Local Development Finance Authority (LDFA) – Six component units – When legislation expired for TIFA projects (above), City Council established LDFA districts pursuant to Act 281 of the Public Acts of 1986 for the following economic development projects: Thomson Saginaw Ball Screw Company, Sexton, Baker Perkins, Treasure Island, Saginaw Machine Systems and Saginaw Tool and Die. Property tax revenues received from the "captured" portion of these properties are restricted to pay project expenditures or set aside for future development within the districts depending on the development plan adopted for each project. The members of the governing Board of the LDFA are appointed by City Council and development agreements of the LDFA districts are also approved by City Council. The City has the ability to significantly influence the operations of the LDFA.

Saginaw Economic Development Corporation (SEDC) – One component unit – The members of the governing Board of the SEDC are appointed by City Council and they review and approve loans to businesses located within the City limits. The City has the ability to significantly influence the operations of the SEDC. Complete financial statements of the SEDC can be obtained at the City of Saginaw, 1315 S. Washington Avenue, Saginaw, Michigan, 48601.

City of Saginaw
Notes to the Financial Statements
June 30, 2015

Brownfield Redevelopment Authority – One component unit – Property tax revenues received from the “captured” portion of these properties are restricted to pay site cleanup expenditures and future development depending on the development plan adopted for each project. The members of the governing Board of the Authority are appointed by City Council and they review and approve development plans for businesses relocating within designated areas of the City where property was once contaminated. The City has the ability to significantly influence the operations of the Brownfield Redevelopment Authority.

Joint venture – Saginaw-Midland Municipal Water Supply Corporation (SMWSC)

The City of Saginaw purchases raw water from the SMWSC. This corporation brings water from Lake Huron, beginning at Whitestone Point, through a joint supply line, to Junction Station, at which point it is pumped through separate lines to Midland and Saginaw. The joint line is operated and maintained by the Corporation, which is an inter-governmental body composed of six members. Three members each are appointed by the Saginaw and Midland City Councils. The City of Saginaw owns 23/43rds of the Saginaw-Midland Municipal Water Supply Corporation and the City of Midland owns 20/43rds.

This joint venture is accounted for in the Water Fund using the equity method. The City reported an increase in equity of \$861,753 as nonoperating revenues. At June 30, 2015, total outstanding bonded debt and loans of the SMWSC was \$11,230,000. The City was obligated for \$6,006,744 of this total. During fiscal year 2015, the City paid the Corporation \$1,334,636 to finance its share of the contractual obligations. The City’s equity of \$14,069,524 in the SMWSC is recorded as an Investment within the Noncurrent Assets section on the statement of net position of the Water Fund.

The financial information for the year ended June 30, 2015, for the SMWSC is as follows:

Total assets and deferred outflows of resources	\$ 40,442,055
Total liabilities	<u>14,138,163</u>
Net position:	
City of Saginaw	14,069,524
City of Midland	<u>12,234,368</u>
Total net position	<u><u>\$ 26,303,892</u></u>
Total revenues	\$ 6,483,704
Total expenses	<u>3,677,574</u>
Net income	2,806,130
Net position at beginning of year, as restated	<u>23,497,762</u>
Total net position	<u><u>\$ 26,303,892</u></u>

Complete financial statements can be obtained at the Saginaw-Midland Municipal Water Supply Corporation, 4678 Three Mile Road, Bay City, Michigan 48706.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are 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.

City of Saginaw
Notes to the Financial Statements
June 30, 2015

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants 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 revenues*.

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. However, agency funds have no measurement focus. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or

soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The Community Development Fund accounts for the grant revenues and related community development projects under the grants.

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's water distribution and treatment system.

The Sewer Fund accounts for the activities of the City's sewage disposal and treatment system.

City of Saginaw
Notes to the Financial Statements
June 30, 2015

Additionally, the City reports the following:

Internal service funds account for fringe benefit, information services, radio equipment, geographic information systems, and fleet management services provided to other departments or agencies of the City on a cost reimbursement basis.

The pension and other employee benefits trust funds account for the activities of the Policemen and Firemen Pension Fund and Public Employee Healthcare Fund, which accumulate resources for pension and health benefit payments for qualified employees.

Agency funds are used to account for assets held for other governments in an agency capacity, including tax collections.

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 City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water funds and the internal service funds are charges to customers for sales and services. The enterprise funds also recognizes as operating revenue

the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net position or equity

Deposits and investments – For purposes of the statement of cash flows, the City considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Receivables and payables – All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

City of Saginaw
Notes to the Financial Statements
June 30, 2015

All receivables are shown as net of allowance for uncollectible amounts.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis (Special Revenue Funds) or average cost (Enterprise and Internal Service Funds) methods. 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. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

Restricted assets – Restricted assets result from revenue bond ordinance reserve requirements and proceeds of bond issues stipulated for construction of capital assets. They also result from other legal and contractual requirements which restrict the use of resources.

Capital assets – Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Streets system infrastructure	7 to 50 years
Buildings and improvements	50 years
Combined sewer overflow facilities	25 years
Plan equipment	15 years
Radio equipment	8 years
Office and data processing equipment	5 years
Vehicles	5 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense. The City also reports deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

City of Saginaw
Notes to the Financial Statements
June 30, 2015

Compensated absences – The liability for unused sick and vacation/paid time off (PTO) hours as earned by employees at various rates has been recorded as long-term liabilities in the governmental and business-type activities. AFSCME, SEIU and non-union management employees are paid for all of their accumulated PTO days, up to a maximum of 1,312 hours, upon death, termination or retirement. Fire fighters are paid for all of their accumulated PTO days, up to a maximum of 2,148 hours, upon death, termination or retirement. POAM union employees are paid for one-half of their accumulated unused sick days upon death or retirement up to a maximum of 1,312 hours in addition to their unused vacation hours. Certain employee groups are allowed to accumulate overtime hours and later use these accumulated hours as time off in lieu of a cash payment. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The City reports deferred inflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense.

Pensions and other postemployment benefit (OPEB) costs – The City offers both pension and retiree healthcare benefits to retirees. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and the City of Saginaw Firemen Retirement System and additions to/deductions from MERS and the City of Saginaw Firemen Retirement System's fiduciary net position have been determined on the same basis as they are reported to the systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City receives actuarial-based calculations to compute the annual required contributions (ARC) necessary to fund the obligations over the remaining amortization periods. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contributions, adjusted for interest and "adjustment to the ARC" on the beginning of the year underpaid amount, if any.

City of Saginaw
Notes to the Financial Statements
June 30, 2015

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the City’s highest level of decision-making, the City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

Assigned – amounts intended to be used for specific purposes. The City Council has authorized the City Manager to assign fund balance for a specific purpose. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

The following is a detail of the assigned fund balance as of June 30, 2015:

Anderson Center Operation	\$ 6,366
Arts and Enrichment Commission	81,663
Boat Launch	<u>45,914</u>
 Total assigned fund balance	 <u>\$ 133,943</u>

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City’s policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City’s policy is

to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Comparative data

The financial information for the year ended June 30, 2014, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Adoption of new accounting standards

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, and Statement 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The net pension liability is recorded on the government-wide statements and, if applicable, the proprietary fund statements. Statement 71 amends Statement 68 to address an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities. Statements 68 and 71 are effective for the year ending June 30, 2015.

Upcoming accounting and reporting changes

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 72 *Fair Value Measurements and Applications*. Statement 72 addresses accounting and financial reporting issues related to fair value measurements. Fair value is defined as an exit price (what a government would get to sell the asset), and fair value measurements primarily apply to investments. The statement enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. This statement requires additional disclosures about fair value measurements, the level of fair value hierarchy, and valuation

City of Saginaw
Notes to the Financial Statements
June 30, 2015

techniques. Statement 72 is effective for the year ending June 30, 2016, although earlier application is allowed.

In addition, the Governmental Accounting Standards Board has released the following three Statements.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The purpose of this Statement is to provide the readers of the financial statements information about the effects of the pension-related transactions on the financial statements of state and local government employers. It will assist in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period in addition to providing information about the government's pension obligation. The first objective of this Statement is to improve the information about financial support provided by certain nonemployer entities for pensions that are provided to the employees of other entities that are not within the scope of Statement No. 68. These requirements are effective for the fiscal year ending June 30, 2017. The second objective is to improve the quality of information associated with governments that hold assets accumulated for purposes of providing defined benefit pensions that are not within the scope of Statement 68 and the third objective is to clarify the application of certain provisions of Statement No. 67 and 68. These two requirements are effective for the fiscal year ending June 30, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefits plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts.

This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

The City is evaluating the impact GASB 72 through 75 will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information

The City Charter requires the City Council, by resolution, to determine and adopt the budget and make the appropriations for the next fiscal year and to provide, by resolution, for a tax levy of the amount necessary to be raised by taxation at least 30 days prior to the first day of the upcoming fiscal year. The Community Policing Fund, Local Law Enforcement Fund, Auto Theft Prevention Grant, Police Training Fund and Youth Initiative Grant funds are budgeted as one fund. Budgetary control is exercised at the department (appropriation center) level in the General Fund and at the fund level for all other budgeted funds. General Fund line item budget transfers from one account to another within the same appropriation center can be made without City Council approval. All budget transfers from one appropriation center to another or from the General Fund contingent

City of Saginaw
Notes to the Financial Statements
June 30, 2015

appropriation account must be approved by City Council. In all other funds, line item budget transfers from one account to another within the same department and fund can be made without City Council approval.

All unencumbered appropriations lapse at the end of the fiscal year unless specific requests to reserve funds for capital items are made by the departments and approved by the City Controller. The subsequent fiscal year's budget is then amended when these expenditures are recorded. Encumbrances outstanding at June 30 do not lapse but are brought forward to the new fiscal year.

The General Fund, Community Development, Major Streets, Local Streets, Clean Energy Coalition, Public Safety Millage, Rubbish Collection, Police Grants (all budgeted as one fund), Drug Forfeiture, Andersen Center Operation, GM Tower, Boat Launch Operation, Economic Development, and Celebration Park special revenue funds are under formal budgetary control as is required by Michigan Public Act 621. Budgets shown in the financial statements were prepared on the modified accrual basis. This is the same basis used to reflect actual results and consists only of those amounts contained in the formal budget approved by City Council. Special revenue funds are considered to be departments for budgetary purposes. All enterprise and internal service funds are budgeted annually for internal control purposes only. Budgetary information for these funds is not required in the financial statements. Budgetary control for the Capital Projects Fund is on a project basis because most exceed one fiscal year. Any funds not expended during the current fiscal year are carried forward until spent or reallocated. City Council does not formally adopt budgets for the trust and agency funds.

State construction code act

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection on building construction renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000,

the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

A summary of the current year activity and the cumulative shortfall generated since January 1, 2000, follows:

Shortfall at July 1, 2014	\$ (4,291,340)
Current year building permit revenue	214,936
Related expenditures	<u>(1,153,410)</u>
Cumulative shortfall at June 30, 2015	<u><u>\$ (5,229,814)</u></u>

City of Saginaw
Notes to the Financial Statements
June 30, 2015

Note 3 - Deposits and Investments

At year end the City's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments
Governmental activities	\$ 12,220,271	\$ -	\$ 85,870	\$ 2,443,318
Business-type activities	13,866,009	6,799,242	564,120	-
Total primary government	26,086,280	6,799,242	649,990	2,443,318
Fiduciary funds	3,068,715	63,627,213	-	-
Component unit	5,238,442	-	-	-
Total	<u>\$ 34,393,437</u>	<u>\$ 70,426,455</u>	<u>\$ 649,990</u>	<u>\$ 2,443,318</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 26,728,120	\$ 3,068,715	\$ 5,238,442
Investments in securities, mutual funds and similar vehicles	9,242,560	63,627,213	-
Petty cash and cash on hand	8,150	-	-
	<u>\$ 35,978,830</u>	<u>\$ 66,695,928</u>	<u>\$ 5,238,442</u>

As of year-end, the City had the following investments:

Investment	Fair Value	Rating	Rating Organization
Primary government			
Money market funds	<u>\$ 9,242,560</u>	N/A	N/A
Pension and other employee benefit funds			
Equity mutual funds	\$ 11,610,332	Not rated	-
Common stocks	35,011,611	N/A	-
Money market and other	17,005,270	N/A	-
Total pension and benefit	<u>\$ 63,627,213</u>		

Interest rate risk – The City does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates. The City uses the weighted average maturity method. The primary government has no investments with interest rate risk. The Pension Trust Fund has \$13,030,610 subject to interest rate risk with a weighted average maturity of 4.7 years.

Credit risk – Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks and credit unions that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature 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 Policemen and Firemen Retirement System is also authorized to invest a portion of its assets in stocks that are registered on a national

City of Saginaw
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securities exchange that have paid dividends for five of the last seven years and mutual funds of diversified investment companies having assets greater than \$100 million.

Concentration of credit risk – The City has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of bank failure, the City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of year-end, \$26,642,692 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. However, while uninsured and unregistered, the City’s funds are not exposed to custodial credit risk since the securities are held in the counterparty’s trust department in the City’s name.

Note 4 - Receivables

Receivables as of year-end for the City’s governmental and business-type activities in the aggregate, are as follows:

	Government Activities	Business Type Activities	Component Units
Primary government			
Income taxes	\$ 1,435,084	\$ -	\$ -
Accounts	4,652,418	6,258,411	-
Accrued interest and other	12,125	2,363	-
Assessments			
Due within one year	210,409	551,326	-
Notes			
Due within one year	61,917	-	-
Due after one year	662,965	-	1,763,214
Total receivables	7,034,918	6,812,100	1,763,214
Less allowance	(1,868,445)	(164,772)	-
Total receivables, net	<u>\$ 5,166,473</u>	<u>\$ 6,647,328</u>	<u>\$ 1,763,214</u>
Intergovernmental	<u>\$ 2,756,412</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Interfund Receivables, Payable, and Transfers

The composition of interfund balances is as follows:

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

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Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor	\$ 574,024
General Fund	Community Development	1,037,421
Sewer Fund	General Fund	4,315,391
Nonmajor	Nonmajor	<u>301,952</u>
		<u>\$ 6,228,788</u>

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor	\$ 512,747
Community Development	Nonmajor	186,615
Nonmajor	Nonmajor	338,953
Water Fund	Nonmajor	140,853
Internal service fund	Nonmajor	<u>17,798</u>
		<u>\$ 1,196,966</u>

Transfers are used to move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Transfers from the Community Development Fund and from the Water Fund offset the costs of community police officers. Transfers from the Water Fund and the Information Services Fund offset the costs of Celebrations Park. Transfers from the Major Streets Fund offset the costs of local road construction and maintenance.

City of Saginaw
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Note 6 - Capital Assets

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 15,274,595	\$ -	\$ -	\$ 15,274,595
Construction-in-progress	1,053,228	1,537,112	852,517	1,737,823
Total capital assets not being depreciated	<u>16,327,823</u>	<u>1,537,112</u>	<u>852,517</u>	<u>17,012,418</u>
Capital assets being depreciated				
Land improvements	1,407,044	-	-	1,407,044
Infrastructure	44,403,444	852,517	-	45,255,961
Buildings, additions and improvements	24,876,368	35,070	-	24,911,438
Machinery and equipment	9,988,266	432,874	8,350	10,412,790
Vehicles	10,828,099	1,000,803	-	11,828,902
Total capital assets being depreciated	<u>91,503,221</u>	<u>2,321,264</u>	<u>8,350</u>	<u>93,816,135</u>
Less accumulated depreciation for				
Land improvements	85,325	28,733	-	114,058
Infrastructure	29,216,713	1,572,830	-	30,789,543
Buildings, additions and improvements	18,965,194	319,830	-	19,285,024
Machinery and equipment	8,561,453	419,198	7,790	8,972,861
Vehicles	9,479,907	452,047	-	9,931,954
Total accumulated depreciation	<u>66,308,592</u>	<u>2,792,638</u>	<u>7,790</u>	<u>69,093,440</u>
Net capital assets being depreciated	<u>25,194,629</u>	<u>(471,374)</u>	<u>560</u>	<u>24,722,695</u>
Governmental activities capital assets, net	<u>\$ 41,522,452</u>	<u>\$ 1,065,738</u>	<u>\$ 853,077</u>	<u>\$ 41,735,113</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,479,047	\$ -	\$ -	\$ 1,479,047
Construction-in-progress	8,907,690	2,775,613	7,697,548	3,985,755
Total capital assets not being depreciated	10,386,737	2,775,613	7,697,548	5,464,802
Capital assets being depreciated				
Buildings, additions and improvements	168,399,530	4,318,102	-	172,717,632
CSO Facility	96,951,387	3,456,665	21,152	100,386,900
Machinery and equipment	9,738,630	850,078	-	10,588,708
Vehicle equipment	2,179,665	116,850	284,457	2,012,058
Total capital assets being depreciated	277,269,212	8,741,695	305,609	285,705,298
Less accumulated depreciation for				
Buildings, additions and improvements	93,169,209	2,865,559	-	96,034,768
CSO facility	69,383,925	4,726,433	-	74,110,358
Machinery and equipment	6,760,134	330,282	-	7,090,416
Vehicle equipment	1,322,839	144,317	277,597	1,189,559
Total accumulated depreciation	170,636,107	8,066,591	277,597	178,425,101
Net capital assets being depreciated	106,633,105	675,104	28,012	107,280,197
Business-type capital assets, net	<u>\$ 117,019,842</u>	<u>\$ 3,450,717</u>	<u>\$ 7,725,560</u>	<u>\$ 112,744,999</u>

City of Saginaw
Notes to the Financial Statements
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Depreciation expense was charged to programs of the primary government as follows:

Governmental activities

General government	\$ 45,972
Administration	7,618
Public safety	484,730
Highways and streets	1,600,878
General services	309,460
Community services	39,319
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>304,661</u>

Total governmental activities 2,792,638

Business-type activities

Sewer	6,345,237
Water	<u>1,721,354</u>

Total business-type activities 8,066,591

Total primary government \$ 10,859,229

Construction Commitments

The City has active construction projects as of June 30, 2015, consisting of the following:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Commitment Remaining</u>
Sewer Cleaning and Televising	\$ 540,000	\$ 523,289	\$ 16,711
Mackinaw Design	116,653	116,301	352
Window and Masonry	81,450	58,110	23,340
Niagara Design	99,541	98,412	1,130
1704 S. Jefferson Parking lot design	33,165	25,046	8,119
Kibbe VA Parking and Topographic Services	49,900	49,875	25
Water Meter Replacement	492,072	463,395	28,676
Hermansau and Weiss Construction	58,000	53,293	4,707
Hamilton Construction	655,787	645,787	10,000
Traffic Signal Optimization	160,520	101,194	59,326
Mason Design	67,927	52,015	15,912
Genesee: Harold to Hess	862,858	785,213	77,645
Line Leak WT	487,781	400,638	87,143
Williamson Street Design	94,957	68,337	26,620
Traffic Signal Design (Mason & Weiss)	13,262	8,895	4,367
Niagara" Genesee to Davenport	140,200	-	140,200
Throop and Niagara Regulator	6,600	-	6,600
Baum Street Improvement Design	14,827	11,877	2,951
Johnson Street Bridge	30,400	5,972	24,428
19th & Lapeer	195,900	19,251	176,649
Warren Design	57,412	389	57,024
Davis Road Water Main	134,323	-	134,323
Saw Grant	350,000	-	350,000
Hamilton Street Condos	106,135	-	106,135
Federal, Franklin and Baum Design	31,119	-	31,119
Malleable Iron Sewer Separation	241,738	-	241,738
Sewer Cleaning and Televising	<u>2,630,000</u>	<u>180,000</u>	<u>2,450,000</u>
Total	<u>\$ 7,752,528</u>	<u>\$ 3,667,288</u>	<u>\$ 4,085,239</u>

City of Saginaw
Notes to the Financial Statements
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Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

	<u>Unearned</u>
Primary government	
Grant drawdowns prior to meeting eligibility requirements	<u>\$ 435,258</u>

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Notes to the Financial Statements
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Note 8 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the City. City contractual agreements and Installment purchase agreements are also general obligations of the City. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Energy reduction revolving loan fund	2.50%	\$5,706 - \$7,894	\$ 88,729	\$ -	\$ 5,850	\$ 82,879	\$ 5,998
Notes payable	3.22 - 3.37%	\$29,530 - \$68,571	694,872	596,403	60,681	1,230,594	112,858
Accrued sick and vacation payable			4,179,417	1,371,371	1,511,082	4,039,706	-
Capital Lease		\$10,715 - \$12,159	-	58,397	12,690	45,707	10,715
Total governmental activities			<u>\$ 4,963,018</u>	<u>\$ 2,026,171</u>	<u>\$ 1,590,303</u>	<u>\$ 5,398,886</u>	<u>\$ 129,571</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities.

For the governmental activities, accrued sick and vacation/PTO compensatory time payable are generally liquidated by the general fund and certain special revenue funds.

City of Saginaw
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	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities							
General obligation bonds							
State of Michigan sewage disposal system bonds	2.00%	\$1,797,435	\$ 1,797,436	\$ -	\$ 1,797,436	\$ -	\$ -
State of Michigan sewage disposal system bonds	2.50%	\$151,714 - \$1,100,000	8,997,168	714,194	1,080,000	8,631,362	1,100,000
State of Michigan wastewater treatment improvement bonds	1.625%	\$290,000 - \$517,813	6,387,726	-	445,000	5,942,726	450,000
State of Michigan sewage disposal system bonds	2.25%	\$412,138 - \$605,569	2,667,977	-	588,650	2,079,327	601,620
Refunding Drake/Douglas sewage general obligation bonds	2.13%	\$85,000 - \$105,000	830,000	-	85,000	745,000	85,000
Revenue bonds							
2008 water revenue bonds	4.00 - 5.25%	\$500,000 - \$900,000	9,200,000	-	400,000	8,800,000	500,000
2011 water revenue bonds	4.00 - 5.25%	\$410,000 - \$780,000	9,415,000	-	400,000	9,015,000	410,000
Less deferred amounts							
For bond discount			(75,333)	-	(5,413)	(69,920)	-
Total bonds payable			39,219,974	714,194	4,790,673	35,143,495	3,146,620
Accrued sick and vacation payable			1,167,579	679,666	663,556	1,183,689	672,712
Total business-type activities			<u>\$ 40,387,553</u>	<u>\$ 1,393,860</u>	<u>\$ 5,454,229</u>	<u>\$ 36,327,184</u>	<u>\$ 3,819,332</u>

City of Saginaw
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The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2015, excluding capital leases, accrued sick and vacation/PTO compensatory time payable, workers' compensation claims payable and insurance claims payable are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 118,856	\$ 41,656	\$ 3,146,620	\$ 1,148,869
2017	122,765	37,747	3,208,539	1,065,079
2018	126,802	33,710	3,105,000	980,550
2019	130,972	29,539	3,220,945	896,013
2020	135,281	25,231	2,802,871	806,368
2021 - 2025	663,205	57,076	10,080,000	2,873,840
2026 - 2030	15,592	409	8,427,726	984,042
2031 - 2033	-	-	1,221,714	41,754
	<u>\$ 1,313,473</u>	<u>\$ 225,368</u>	<u>\$ 35,213,415</u>	<u>\$ 8,796,515</u>

State law and the City's revenue bond ordinances require that the City maintain such user charges and fees for service as may be required to meet all operating, reserve and debt service requirements. These ordinances also require various accounts be maintained to cover operation and maintenance; improvements and extension; repairs and replacements; and a reserve for bond and interest redemption. Annual contributions are made to these accounts as required and to the reserve for bond and interest redemption to maintain it at a level equal to the largest annual debt service payment outstanding. Any funds remaining after meeting these requirements may be placed in a surplus fund to be used to meet future debt or reserve requirements or to provide a means of financing further improvements and extensions to the water system.

Note 9 - Leases

Capital leases

The City has a capital lease for network switches. The future minimum lease payments are as follows:

<u>Year ending June 30,</u>	
2016	\$ 12,683
2017	12,683
2018	12,683
2019	<u>12,682</u>
Total minimum lease payments	50,731
Less amount representing interest	<u>5,024</u>
Present value of minimum lease payments	<u>\$ 45,707</u>
Asset	
Machinery and equipment	\$ 58,397
Less accumulated depreciation	<u>5,678</u>
Total	<u>\$ 52,719</u>

Operating leases

The City leases various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$109,347 for the year ended June 30, 2015.

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The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2016	\$ 138,000
2017	138,000
2018	138,000
2019	138,000
2020	138,000
	\$ 690,000

Note 10 - Risk Management

The City is a defendant in various civil and administrative legal actions arising during the normal course of its activities. In accordance with FASB Statement 5, *Accounting for Contingencies*, the City accrues for loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

The City Attorney protects the legal interests of the City by vigorously defending these actions and believes these actions will either be favorably resolved or that it is too early to estimate any possible loss upon the outcome of such cases. Often, the City Attorney negotiates expedient settlements on behalf of the City in amounts substantially less than the amount sought by the claimants. The City does not admit liability, however, in any of the cases settled.

The City is self-insured for workers' compensation. Over the past few years, the number of workers' compensation claims has greatly decreased. In accordance with GASB Statement No. 10, an estimate of the City's workers' compensation liability has been recorded in an Internal Service Fund.

Note 11 - Self Insurance

General liability

The City's insurance carriers are Lloyd's of London for general liability and automobile coverage, RSUI Indemnity Company for automobile

physical damage and Torus National Insurance Company for an additional umbrella policy. The City is insured up to \$20 million with a \$250,000 deductible per occurrence for general and automobile liability and a \$25,000 deductible for automobile physical damage. There were no reductions of insurance coverage from the prior year.

The self-insurance program for general liability is accounted for in the self-insurance internal service fund. The revenues for this fund's operation are reimbursements from various funds and a transfer from the general fund. Funds are charged for general liability insurance based on total budget. Losses, deductibles, legal and administrative fees are paid from this fund. The liability for known claims is estimated by ASC, a third-party claims administrator.

The changes in the claims liability for the fiscal years ended June 30, 2015 and 2014 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2014	\$ 1,489,186	\$ 1,154,877	\$ (1,062,718)	\$ 1,581,345
6/30/2015	1,581,345	81,262	(768,148)	894,459

Other types of risk are covered by commercial insurance. There were no insurance settlements that exceeded coverage in the last three years.

Health insurance

The self-insurance program for health insurance is accounted for in the employee benefits agency fund, with any claims charged to the applicable departments within the City's other funds, and the Public Employee Healthcare Fund (trust fund). An independent administrator (Blue Cross) is hired to process the daily claims. The City is responsible for individual claims up to \$90,000 and Blue Cross is responsible for paying the claims above this amount. There were no

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reductions of insurance coverage from the prior year. The City is also responsible for paying administrative charges and for actual prescription claims. The additions to this fund's operation are reimbursements from various funds. The liability at the end of the year is based on claims already incurred and reported and on estimates of incurred but not reported claims as provided by Blue Cross.

The changes in the claims liability for the fiscal years ended June 30, 2015 and 2014 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2014	\$ 754,553	\$ 11,050,702	\$ (11,119,125)	\$ 686,130
6/30/2015	686,130	12,523,968	(12,443,300)	766,798

Workers' compensation

The self-insurance program for workers' compensation is accounted for in the workers' compensation internal service fund. CMI administers this program. They are responsible for processing incident reports, claims investigation, payment of claims and coordinating workers' compensation cases with the City's employee services division. The revenues for this fund's operation are reimbursements from various funds and a transfer from the general fund. Funds are charged for workers' compensation insurance on a percentage of actual salaries. The percentages vary depending on the payroll classification of each employee and are a composite of the rates of several insurance companies. Deposits for claims and administrative expenses are paid from this fund. The liability for known claims is estimated by CMI. Incurred but not reported claims are judged to be immaterial by management.

The City also carries excess workers' compensation coverage for claims exceeding \$750,000 and employers' liability coverage in the

amount of \$1,000,000 through Safety National Insurance Company. The coverage will provide financial protection for the City in the event of a major employment-related catastrophe. The City currently has 5 workers' compensation claims that exceed \$300,000.

The changes in the claims liability for the fiscal years ended June 30, 2015 and 2014 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2014	\$ 2,951,497	\$ 791,206	\$ (926,476)	\$ 2,816,227
6/30/2015	2,816,227	227,802	(512,138)	2,531,891

Note 12 - Employee Retirement and Benefit Systems

Retirement systems

The City participates in four pension plans: the City of Saginaw Firemen Retirement System, a single-employer defined benefit system; the Michigan Municipal Employees Retirement System (MERS), a State administered agent multi-employer defined benefit public retirement system that acts as a common investment and administrative agent for virtually all Michigan municipal employees; a Hybrid defined benefit and defined contribution plan through MERS; and a defined contribution system through MERS and ICMA. Police officers were formerly included as part of the Policemen and Firemen Retirement System, but during the fiscal year ending June 30, 2015, the Police employees were transferred to MERS. Permanent, full time employees not covered under the Firemen Retirement System are covered under MERS if employed before June 30, 2000. After June 30, 2000, new permanent, full time employees not covered by the Policemen and Firemen Retirement System are covered under the defined contribution system that is held in trust by ICMA and MERS for the sole benefit of the participating employees or under the

City of Saginaw
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hybrid defined benefit and defined contribution plan in MERS. The Firemen pension plan is maintained as a Pension Trust Fund and is reported on herein as part of the City's reporting entity. The required supplementary 6-year historical trend information provides information about the progress made in accumulating sufficient assets to pay benefits when due.

Defined contribution pension plan

The City of Saginaw Employees Defined Contribution Pension Plan (the "Plan") is a single employer defined contribution pension plan, established by the City and administered by an outside third-party administrator. All City employees hired after July 1, 2000, with the exception of certain bargaining units, are required to participate in the Plan. All IAFF union employees hired after July 1, 2001 are also required to participate in the plan. POAM & COAM union employees hired after January 1, 2002, were required to participate in the plan until January 1, 2015, when POAM union employees began being required to participate in the hybrid plan. All other City employees that are not vested in the City's Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan.

Employees vest in the City's contributions according to years of service completed. Employees with 3 years of service are 20% vested. The vesting schedule increases 20% for each additional year of service, with the employee becoming fully vested upon 7 years of completed service.

At June 30, 2015, there were 164 general city plan members and 58 public safety plan members. The City is required to contribute 10% of the employees' gross wages and the eligible employee is required to contribute 5% of their gross wages for general city employees. The City is required to contribute 13% of the employees' gross wages and the eligible employee is required to contribute 8% of their gross wages for public safety employees. The contribution requirements of plan members and the City are established and may be amended by the City Council.

Employer contributions to the Plan for the year ended June 30, 2015, amounted to \$1,004,482 and employee contributions were \$533,070.

A stand-alone pension plan report has not been issued for the defined contribution plan.

Hybrid defined contribution and defined benefit pension plan

Beginning January 1, 2015, the City began participating in a hybrid defined contribution and defined benefit pension plan. All new POAM union employees hired after January 1, 2015 are required to participate in the plan. Police employees participating in the Defined Contribution pension plan have the option of joining the hybrid plan.

For the defined benefit portion of the Hybrid plan, participants are fully vested at 6 years of completed service. For the defined contribution portion, employees are 20% vested with 1 year of service. The vesting schedule increases 20% for each additional year of service.

At June 30, 2015, there were 15 public safety plan members. The City is required to contribute 13% of the employees' gross wages and the eligible employee is required to contribute 8% of their gross wages. The contribution requirements of plan members and the City are established and may be amended by the City Council.

Employer contributions to the Plan for the year ended June 30, 2015, amounted to \$33,539 and employee contributions were \$20,065.

Defined benefit pension plan

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the City. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. 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

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required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – At the December 31, 2014 valuation date, the benefits provided were as follows:

	<u>Gnrl AFSCME</u>	<u>Gnrl 466M</u>	<u>Gnrl NonUnion</u>
Status	Closed to new hires	Closed to new hires	Closed to new hires
Benefit Multiplier	2.50% (80% max)	2.50% (80% max)	2.50% (80% max)
Normal Retirement Age	60	60	60
Vesting	8 years	8 years	8 years
Early Retirement (Unreduced)	50/25	50/25	50/25
Early Retirement (Reduced)	55/15	55/15	55/15
Final Average Compensation	3 years	3 years	3 years
COLA for Future Retirees	N/A	N/A	2.50% (Non-Compound)
COLA for Current Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions	4.70%	4.70%	5.00%
DC Plan for New Hires	1/1/2000	7/1/2000	1/1/2000

	<u>City Manager</u>	<u>TSAE</u>
Status	Closed to new hires	Closed to new hires
Benefit Multiplier	2.50% (80% max)	2.50% (80% max)
Normal Retirement Age	60	60
Vesting	10 years	10 years
Early Retirement (Unreduced)	50/25	50/25
Early Retirement (Reduced)	55/15	55/15
Final Average Compensation	3 years	3 years
COLA for Future Retirees	2.50% (Non-Compound)	N/A
COLA for Current Retirees	2.50% (Non-Compound)	2.50% (Non-Compound) 3% under \$4,200; 5% over
Employee Contributions	0.00%	\$4,200
DC Plan for New Hires	N/A	1/1/2000

The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Employees covered by benefit terms – At the December 31, 2014 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	444
Inactive employees entitled to but not receiving benefits	18
Active employees	<u>83</u>
	<u>545</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. All defined benefit divisions are closed to new hires. Closed divisions to new employees had annual employer contributions ranging from \$0 to \$6,573,312.

Net pension liability – The employer's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 3-4%; 2) Salary increases 4.5% in the long-term (1%, 2%, and 3% for calendar years 2014, 2015, 2016, respectively); 3) Investment rate of return of 8%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

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Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Discount rate – The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return

on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>2015</u>
Total Pension Liability	
Service cost	\$ 575,614
Interest on the total pension liability	11,155,106
Other changes	1
Benefit payments and refunds	<u>(12,034,147)</u>
Net change in total pension liability	(303,426)
Total pension liability - beginning	<u>140,942,671</u>
Total pension liability - ending (a)	<u>\$ 140,639,245</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 10,025,340
Employee contributions	209,067
Pension plan net investment income	3,964,552
Benefit payments and refunds	(12,034,147)
Pension plan administrative expense	<u>(145,308)</u>
Net change in plan fiduciary net position	2,019,504
Plan fiduciary net position - beginning	<u>63,939,745</u>
Plan fiduciary net position - ending (b)	<u>\$ 65,959,249</u>
Net pension liability (a-b)	<u>\$ 74,679,996</u>
Plan fiduciary net position as a percentage of total pension liability	46.90%
Covered employee payroll	4,379,041
Net pension liability as a percentage of covered employee payroll	1,705.40%

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer,

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calculated using the discount rate of 8.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (7.25%) or 1% higher (9.25%) than the current rate.

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Total pension liability	\$ 153,293,234	\$ 140,639,245	\$ 129,709,515
Fiduciary net position	<u>65,959,249</u>	<u>65,959,249</u>	<u>65,959,249</u>
Net pension liability	<u>\$ 87,333,985</u>	<u>\$ 74,679,996</u>	<u>\$ 63,750,266</u>

Pension expense and deferred outflows of resources related to pensions – For the year ended June 30, 2015, the City recognized pension expense of \$6,718,215. The City reported deferred outflows related to pensions from the following sources:

	<u>Deferred outflows of resources</u>
Excess (deficit) investment returns	\$ 984,195
Contributions subsequent to the measurement date*	<u>5,778,325</u>
Total	<u>\$ 6,762,520</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2016.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended,</u>	
2016	\$ 246,049
2017	246,049
2018	246,049
2019	<u>246,048</u>
	<u>\$ 984,195</u>

Policemen and firemen retirement system

Plan description and contribution information – The City has a single-employer defined benefit contributory pension plan which provides retirement, death and disability benefits covering Police hired prior to January 1, 2002 and Fire personnel hired prior to July 1, 2001. Membership of the plan consisted of the following at June 30, 2013, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	412
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>70</u>
Total	<u>484</u>

Eligible members of the Plan are required to contribute eight percent (8%) for the fire department members, and eleven and a half percent (11.5%) for police members of their annual compensation to the Plan with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The annual required employer contribution is based upon a flat rate as determined by the actuary and was \$6,110,074 for the year ended June 30, 2015.

The City of Saginaw is the Administrator of the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan

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is included as a pension trust fund in the City's financial statements and a stand-alone financial report of the Plan has not been issued.

Plan amendments are under the authority of Ordinance D One, Chapter 5, Article One, of the Saginaw General Code which states all amendments are to be approved by City Council. Changes in required contributions are approved by the Policemen and Firemen Pension Board. The Plan does not issue a separate financial report.

Significant accounting policies

Basis of accounting – The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. The City's contributions to the Plan are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments – Investments are reported at fair value which is determined using selected bases as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments for which market quotations are not readily available are valued at fair market values as determined by the custodian under the direction of the City Council, with the assistance of a valuation service; and cash deposits are reported at carrying amounts which reasonably estimates fair value.

The following single investments comprised more than five percent of the total investments for the Fire Retirement System at June 30, 2014: Cube Global Multi Strategy Fund – 19%; DFA International Core Equity Fund – 13%; Blackrock Mid-Capitalization Fund – 16%; and MacKay Shields Core Opportunity Fund – 20%.

Long-term expected return on plan assets

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in our actuarial valuation report as of June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

Asset Allocation		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	35%	5.23%
International Equities	20%	5.57%
Fixed Income	25%	0.45%
Real Estate	10%	2.94%
Alternative Investments	10%	3.58%
Cash	0%	0.00%
Total	100%	

Single discount rate

A single discount rate of 7.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates

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equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net pension was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 100 basis points lower or 100 basis points higher:

	Current minus 100 basis points 6.75%	Current single rate 7.75%	Current plus 100 basis points 8.75%
Total pension liability	\$ 204,447,574	\$ 185,585,136	\$ 169,631,543
Plan fiduciary net position	116,771,659	116,771,659	116,771,659
Net pension liability	<u>\$ 87,675,915</u>	<u>\$ 68,813,477</u>	<u>\$ 52,859,884</u>

The employer reported deferred outflows related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Excess (deficit) investment returns	\$ -	\$ 3,828,909
Contributions subsequent to the measurement date*	<u>6,577,345</u>	<u>-</u>
Total	<u>\$ 6,577,345</u>	<u>\$ 3,828,909</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be

recognized as a reduction in the net pension liability for the year ending June 30, 2016.

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended,	
2016	\$ 957,227
2017	957,227
2018	957,227
2019	<u>957,228</u>
	<u>\$ 3,828,909</u>

Annual pension cost

The Plan's annual pension cost of \$6,110,074 was equal to the Plan's required and actual contributions for the current year.

Actuarial methods and assumptions

The annual required contribution for the current year was determined as part of a June 30, 2013, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.55% to 17.75% per year. Both (a) and (b) included an inflation component of 4.75%. The assumptions did not include postretirement benefits. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013, was 19 years. The mortality assumptions are based on 1994 uninsured pensioner mortality tables.

Funded status and funding progress

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial

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statements present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Substantially the general fund and public safety related special revenue funds typically have been used in prior years to liquidate the net pension obligation.

Changes in Net Pension Liability

	<u>Total Pension Liability</u>	<u>Pension Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Opening balances	\$ 185,541,544	\$ 112,828,350	\$ 72,713,194
Changes for the year			
Service cost	1,543,581	-	1,543,581
Interest	13,844,678	-	13,844,678
Employer contributions	-	6,046,358	(6,046,358)
Employee contributions	-	529,843	(529,843)
Net investment income	-	13,172,694	(13,172,694)
Benefit payments, including refunds of employee contributions	(15,344,667)	(15,344,667)	-
Administrative expenses	-	(489,395)	489,395
Other	-	28,476	(28,476)
Net changes	<u>43,592</u>	<u>3,943,309</u>	<u>(3,899,717)</u>
Ending balances	<u>\$ 185,585,136</u>	<u>\$ 116,771,659</u>	<u>\$ 68,813,477</u>

The City's annual money-weighted rate of return, net of investment expenses is 14.06%. The plans net position as a % of total pension liability is 62.92%. The City used June 30, 2014 as the measurement date. Subsequent to the June 30, 2014 measurement date, \$60,376,893 was transferred from this plan to the MERS plan. In October of 2015, City Council and the Saginaw Fire Department

members of the International Association of Fire Fighters approved that the plan be administered by MERS (Michigan Municipal Employees' Retirement System). It had been previously administered by the City. During 2016, the Fire Pension System's assets will be transferred to MERS.

Employee benefits

In addition to contributing to the Michigan Municipal Employees Retirement System described above, all full time City employees, except sworn Police and Fire personnel, contribute to Social Security (6.20%), up to a maximum of \$6,621, and Medicare (1.45%). All sworn Police and Fire personnel hired after April 1, 1986 contribute 1.45% to Medicare. All regular part time employees, those who work between twenty and thirty-two hours per week, contribute 1.45% to Medicare and 3.75% to a deferred compensation account in lieu of Social Security. The City contributes a matching 3.75%.

The City paid or accrued premiums, claims and administrative fees to third party administrators for its full time employees totaling \$3,570,829 , an increase of 105% from the prior fiscal year, as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>Change</u>
Health insurance	\$ 2,941,589	\$ 1,066,069	\$ 1,875,520
Dental insurance	238,329	262,994	(24,665)
Life insurance	100,675	116,683	(16,008)
Short/long term disability	232,580	230,542	2,038
Vision care	<u>57,656</u>	<u>63,199</u>	<u>(5,543)</u>
Total payments	<u>\$ 3,570,829</u>	<u>\$ 1,739,487</u>	<u>\$ 1,831,342</u>

The cost of these premiums is charged to City funds based on the actual cost for each employee.

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Other postemployment benefits

Plan description and contribution information – In addition to the pension benefits described previously, the City of Saginaw continues health insurance coverage to all employees upon retirement according to Union contracts negotiated with the various employee bargaining groups. Life insurance is also provided upon retirement as follows: \$6,000 for the fire fighters employee group; \$7,000 for the police command employee group; and \$10,000 for the nonunion management, supervisory, police patrol, salaried and hourly employee groups. Dental insurance is continued upon retirement only to the fire fighters covered by Delta Dental. Dental insurance for all other employee groups is terminated upon retirement.

In addition to the health care expenditures for full time employees above, expenditures in the amount of \$10,476,304 were recognized for postretirement health care benefits, an increase of 5%, from the prior fiscal year, as follows:

	No. of Retirees	6/30/2015	6/30/2014
Health insurance	718	\$ 10,137,300	\$ 9,586,556
Dental insurance	56	238,329	262,994
Life insurance	598	<u>100,675</u>	<u>116,683</u>
Total payments		<u>\$ 10,476,304</u>	<u>\$ 9,966,233</u>

The cost of these premiums is charged to City funds based on the actual cost for each retiree.

Significant accounting policies

Basis of accounting – The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. The City’s contributions to the Plan are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds

are recognized when due and payable in accordance with the terms of the Plan. The Plan does not issue a separate financial report.

Investments – Investments are reported at fair value which is determined using selected bases as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments for which market quotations are not readily available are valued at fair market values as determined by the custodian under the direction of the City Council, with the assistance of a valuation service; and cash deposits are reported at carrying amounts which reasonably estimates fair value.

Funding policy – The City has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City’s general fund. Certain plan participants are required to contribute to the plan.

Funding progress – For the year ended June 30, 2015, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2013. Such valuation computes the annual required contribution (ARC) that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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Annual OPEB cost and net OPEB obligation – For fiscal year ended June 30, 2015, the components of the City’s annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the plan (including pay-as-you-go amounts), and changes in the City’s net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 16,569,597
Interest on net OPEB obligation	2,175,038
Adjustment to annual required contribution	<u>(3,480,712)</u>
Annual OPEB cost	15,263,923
Contribution made	<u>(10,476,304)</u>
Increase in net OPEB obligation	4,787,619
Net OPEB obligation, beginning of year	<u>54,375,960</u>
Net OPEB obligation, end of year	<u><u>\$ 59,163,579</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of the current year were as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 20,635,286	\$ 8,945,764	43.4%	\$ 11,689,522
6/30/2011	17,836,256	9,515,047	53.3%	20,010,731
6/30/2012	17,615,866	9,791,130	55.6%	27,835,467
6/30/2013	16,188,521	8,282,847	51.2%	35,741,141
6/30/2014	16,418,886	9,966,235	60.7%	42,193,792
6/30/2015	15,263,923	10,476,304	68.6%	46,981,411

Funded status – The funded status of the plan as of December 31, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 217,282,627
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 217,282,627</u>
Funded ratio	0.0%
Covered payroll (active plan members)	\$ 15,435,397
UAAL as a percentage of covered payroll	1408%

Substantially all governmental funds typically have been used in prior years to liquidate the net other postemployment benefit obligations.

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 to past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The accompanying schedules of employer contributions trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is

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projected to cover normal costs for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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.

Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/2013
Actuarial cost method	Individual entry age
Amortization method for contributions	Level dollar
Remaining amortization period	26 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	4.3% - 17.0%
Healthcare inflation rate	9% (2014), grading to 4.0% (2023)
General inflation rate	3%

Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended June 30, 2015:

<u>Assets</u>	
Cash and cash equivalents	\$ 785,814
Investments, at fair value	1,201,686
Accounts receivable	<u>441,743</u>
Total assets	<u>2,429,243</u>
Restricted for pension and other purposes	<u>\$ 2,429,243</u>
<u>Additions</u>	
Contributions:	
Current premium contributions	\$ 10,476,304
Investment income	
Interest	30,081
Net appreciation in fair value of investments	<u>(129,578)</u>
Total investment income	<u>(99,497)</u>
Total additions	<u>10,376,807</u>
<u>Deductions</u>	
Retiree premium payments	<u>11,658,770</u>
Net increase for the year	(1,281,963)
Net position held in trust for pension benefits	
Beginning of year	3,711,206
End of year	<u>\$ 2,429,243</u>

Note 13 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The

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amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 14 - Property Taxes

City property taxes are levied each July 1 on the taxable value of property located in the City as of the preceding December 31, tax day and the lien date. In accordance with the provisions of Proposal A (see below), taxable value is the lower of the following three computations: 1) assessed/state equalized value; 2) the prior year's taxable value multiplied by the increase in the consumer price index or five percent (5%), whichever is less; or 3) the multiplier value. Proposal A requires the City Assessor to annually establish the assessed values and the equalization of said assessed values by the State of Michigan at 50 percent of current market value, prior to the application of formulas to determine the taxable value. Real property taxable value for the July 1, 2014, levy was assessed at \$409,690,417 and personal property taxable value was assessed at \$87,578,000.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2015, was 7.3830 mills (limited to 7.5000 mills). Additionally, the City levied 7.5000 mills for public safety. The City did not levy for debt service.

On March 15, 1994, voters in the State of Michigan approved Proposal A, a property tax reform proposal, which shifted the funding of education from property taxes to a combination of property taxes, higher sales tax and a real estate transfer tax. Property taxes were reduced to a maximum of six mills for homestead property and

eighteen mills for non-homestead property; the State Sales Tax was increased from four cents to six cents; and a new real estate transfer tax of \$7.50 per thousand dollars was added. In addition, Proposal A restricted the growth of assessments on individual properties to the increase in the consumer price index or five percent (5%), whichever is less, until ownership of the property is transferred. The citizens of Saginaw subsequently approved an additional four mills for public libraries when Proposal A eliminated their millage from the school's millage and another three mills to operate a public transportation system.

Taxes are due and payable on July 1 at the City Treasurer's Office and become delinquent after 30 days. To all real and personal taxes paid on or after August 1, there is added interest at the rate of ½ of 1 percent for every month, or fraction thereof, from August 1 until the date of payment. A penalty of ½ of 1 percent is also added after July 31. From March 1 and thereafter, real taxes are collected by the Treasurer of Saginaw County, who adds and keeps a collection fee of four percent (4%) on the unpaid balance, and in addition, adds interest at the rate of one percent (1%) per month from March 1 until the date of payment. Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The general tax law provides that real estate with delinquent taxes shall be sold at a state land sale.

Tax Limitation – By general law, property taxes for City purposes are limited to two percent (2%) of the assessed valuation of all real and personal property in the municipality, provided that no such restriction shall prevent the levy of taxes required for the payment of general debt obligations. The charter of the City of Saginaw provided that City taxes shall be subject to the overall limitation (City, School and County) imposed by Section 21, Article X, of the Michigan State Constitution, which is 1-1/2 percent of assessed value exclusive of debt incurred prior to December 8, 1932. Act No. 44, Public Acts of 1948, effective August 20, 1948, amended all Michigan city charters nullifying charter limitations and authorized that the levy for city

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purposes shall not exceed one percent (1%) of assessed valuation in any one year, unless and until a different tax rate limitation is provided by charter. State equalized valuations have been used in place of local assessed valuations.

On November 6, 1979, pursuant to an initiatory referendum, the City Charter was amended by the electors of the City of Saginaw to reduce the maximum property tax, which may be levied by the City in any year from 10 mills to 7.50 mills. The amendment further provided that if in subsequent years the assessed value of all property within the City is increased for any reason, this maximum 7.50 mill rate would have to be permanently reduced so as to yield the same gross dollar revenue as the fiscal year 1979 property tax revenue yield (\$3,828,778). The amendment further provided for up to a 3 mill emergency levy if a specific emergency is declared by the Mayor and concurred with by a 3/4ths vote of the full Council.

Note 15 - Economic Development Projects

Baker Perkins Project

The City purchased a large industrial complex located in the southern area of the City at the end of 1987 and leased the office portion of the site to the seller. In February 1988, the City sold the office portion to Krauss Portfolio, Ltd. ("KPL") and they assumed the lease with the former owner of the property. The balance of the site was retained by the Local Development Finance Authority (LDFA) for future development.

The LDFA leased the majority of the balance of the property comprising the Baker Perkins Project and the use of the property and certain equipment to Saginaw Industrial Machining, Inc. ("SIM") to operate an industrial machining business. The business is financed with a line of credit from LaSalle Bank, secured by the assignment by the City (and the LDFA through private developers) of a portion of an income stream obtained from payments of tax increments made by the Tax Increment Finance Authority ("TIFA") to the City from the Saginaw Division Tower Project.

In November 1989, the LDFA approved the sale of the Baker Perkins complex to the Saginaw Industrial Center ("SIC"). SIC agreed to remodel the facility, lease space and personal property to tenants and market it as an inner-city industrial park. The LDFA would act as an optional lessee and would lease space, if necessary, in the facility to provide an ongoing cash stream for debt service. The developer secured a \$1.1 million loan from a local bank to purchase the option from KPL, exercise the option and purchase the balance of the site from the LDFA and to make improvements to the facility. The bank's security would be the optional lease from the LDFA. The TIFA and LDFA pledged a portion of the cash stream from the Saginaw Division Tower Project to make the lease payments, if necessary. The payments assigned by the City to LaSalle Bank would be made by the developer, but still backed by the LDFA. The LDFA would have a first mortgage on the Baker Perkins real estate and personal property and a secured personal guarantee from an independent individual to make the LDFA whole in case of a loss.

On August 20, 1990, the TIFA and LDFA approved a Comprehensive Development Agreement with Saginaw Plastic Molding, Inc. ("SPM"). This project established SPM as an operating tenant at the SIC property and secured an additional \$825,000 loan from Citizens Bank primarily for the purchase of machinery and equipment which will be leased by SIC to SIM and SPM for its use. This loan is secured by an amendment to the existing Master Lease and amendments to the assignments of the income streams not already committed. The LDFA used the income stream to pay debt service payments on the new bank loan. SPM agreed to repay the LDFA all sums advanced, with interest, amortized over the then remaining term of the General Motors lease.

On April 17, 1996, the LDFA deferred the repayment of Interim Rental Advances made to SPM until the earlier of: 1) the date SPM completes the lease obligations for its blow molding machine under the Equipment Lease; or 2) the date the Equipment Lease is otherwise terminated for any reason including default of SPM. The

City of Saginaw
Notes to the Financial Statements
June 30, 2015

LDFFA also waived the payment of interest on the Interim Rental Advances provided SPM does not default in any of its obligations. No payments were made by SPM during the fiscal year.

Brownfield Authority Site Remediation Revolving Fund (“SRRF”)

The City received funding from the U.S. Environmental Protection Agency for a Brownfield Assessment Demonstration Pilot. Peerless Environmental Services, Inc. was selected to prepare an inventory of contaminated sites, prioritize the sites and perform environmental assessments. Businesses must prepare a Redevelopment Plan to clean up the site and make improvements. The eligible costs can be reimbursed from property taxes that are captured from the increase in the taxable value established at the date the City Council approves the Plan and the taxable value after improvements are completed. School taxes are excluded from captured taxes unless the project receives special review from the Michigan Department of Environmental Quality.

Note 16 - Change in Accounting Principle

As indicated in Note 1, the City has adopted Governmental Accounting Standards Board Statements 68 and 71. These statements require the City to record its net pension liability and pension expense. Previously these amounts were not recorded on the City’s statements. The standards require this change be applied retroactively. The impact of this change is to reduce governmental activities beginning net position in the statement of activities as of July 1, 2014, by \$95,400,997 restating it from a deficit of \$1,340,772 to a deficit of \$96,741,769. The impact also changed the beginning net position for the water, sewer, and internal service funds as follows:

<u>Fund</u>	<u>Beginning net position</u>	<u>Change in accounting principle</u>	<u>Restated net position</u>
Sewer	\$ 59,502,684	\$ (25,045,266)	\$ 34,457,418
Water	56,110,100	(16,607,268)	39,502,832
Internal service funds	1,811,911	(4,914,136)	(3,102,225)

City of Saginaw
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2015

	2015
Total Pension Liability	
Service cost	\$ 575,614
Interest on the total pension liability	11,155,106
Other changes	1
Benefit payments and refunds	(12,034,147)
Net change in total pension liability	(303,426)
Total pension liability - beginning	140,942,671
Total pension liability - ending (a)	\$ 140,639,245
Plan Fiduciary Net Position	
Employer contributions	\$ 10,025,340
Employee contributions	209,067
Pension plan net investment income	3,964,552
Benefit payments and refunds	(12,034,147)
Pension plan administrative expense	(145,308)
Net change in plan fiduciary net position	2,019,504
Plan fiduciary net position - beginning	63,939,745
Plan fiduciary net position - ending (b)	\$ 65,959,249
Net pension liability (a-b)	\$ 74,679,996
Plan fiduciary net position as a percentage of total pension liability	46.90%
Covered employee payroll	4,379,041
Net pension liability as a percentage of covered employee payroll	1,705.40%

*GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Saginaw
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employers' Net Pension Liability
June 30, 2015

<u>Fiscal year ending June 30,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as a % of covered payroll</u>
2015	\$ 140,639,245	\$ 65,959,249	\$ 74,679,996	46.90%	\$ 4,379,041	1705.40%

*GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Saginaw
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2015

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2005	\$ 3,626,717	\$ 3,626,717	\$ -	Unavailable	Unavailable
12/31/2006	4,273,124	4,273,124	-	8,307,523	51.44%
12/31/2007	4,654,056	4,654,056	-	7,548,542	61.66%
12/31/2008	4,931,952	4,931,952	-	7,289,196	67.66%
12/31/2009	5,104,320	5,104,320	-	7,085,203	72.04%
12/31/2010	5,856,972	5,856,972	-	6,502,488	90.07%
12/31/2011	6,720,804	6,720,804	-	5,521,089	121.73%
12/31/2012	7,576,236	7,576,236	-	4,596,699	164.82%
12/31/2013	9,059,568	9,059,568	-	4,319,547	209.73%
12/31/2014	10,025,340	10,025,340	-	4,379,041	228.94%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	18
Asset valuation method	10-year smoothed value of assets
Inflation	3-4%
Salary increases	4.50%
Investment rate of return	8.00%
Retirement age	60
Mortality	1994 Group annuity mortality table of 50% male and 50% female blend

City of Saginaw
Required Supplementary Information
Policemen and Firemen Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2015

	2015
Total Pension Liability	
Service cost	\$ 1,543,581
Interest on the total pension liability	13,844,678
Benefit payments and refunds	<u>(15,344,667)</u>
Net change in total pension liability	43,592
Total pension liability - beginning	<u>185,541,544</u>
Total pension liability - ending (a)	<u>\$ 185,585,136</u>
Plan Fiduciary Net Position	
Employer contributions	\$ 6,046,358
Employee contributions	529,843
Pension plan net investment income	13,172,694
Benefit payments and refunds	(15,344,667)
Pension plan administrative expense	(489,395)
Other	<u>28,476</u>
Net change in plan fiduciary net position	3,943,309
Plan fiduciary net position - beginning	<u>112,828,350</u>
Plan fiduciary net position - ending (b)	<u>\$ 116,771,659</u>
Net pension liability (a-b)	<u>\$ 68,813,477</u>
Plan fiduciary net position as a percentage of total pension liability	62.92%
Covered employee payroll	4,879,892
Net pension liability as a percentage of covered employee payroll	1,410.14%

Data will be added as information is available until 10 years of such data is available.

City of Saginaw
Required Supplementary Information
Policemen and Firemen Retirement System
Schedule of Employers' Net Pension Liability
June 30, 2015

<u>Fiscal year ending June 30,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as a % of covered payroll</u>
2015	\$ 185,585,136	\$ 116,771,659	\$ 68,813,477	62.92%	\$ 4,879,892	1410.14%

Data will be added as information is available until 10 years of such data is available.

City of Saginaw
Required Supplementary Information
Policemen and Firemen Retirement System
Schedule of Contributions
June 30, 2015

Fiscal year ended June 30,	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2006	\$ 6,326,717	\$ 6,326,717	\$ -	\$ 9,502,885	66.58%
2007	4,842,384	4,842,384	-	9,263,203	52.28%
2008	4,740,074	4,740,074	-	8,890,222	53.32%
2009	4,931,700	4,931,700	-	8,619,331	57.22%
2010	4,453,364	4,453,364	-	Unavailable	Unavailable
2011	4,469,001	4,469,001	-	7,263,659	61.53%
2012	5,685,585	5,685,585	-	6,337,174	89.72%
2013	5,845,642	5,845,642	-	Unavailable	Unavailable
2014	6,046,388	6,046,358	30	4,879,892	123.90%
2015	6,110,074	6,110,120	(46)	2,082,028	293.47%

Notes: Actuarially determined contribution amounts are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Price inflation	3.50%
Wage inflation	4.75%
Salary increases	5.55% to 17.75% including inflation
Investment rate of return	7.75%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	1994 uninsured pensioner mortality table (post-retirement disabled mortality is set forward 10 years).

City of Saginaw
Required Supplementary Information
Policemen and Firemen Retirement System
Schedule of Investment Return
June 30, 2015

<u>Fiscal year ending June 30,</u>	<u>Annual Return (1)</u>
2006	7.16%
2007	15.63%
2008	-6.09%
2009	-16.15%
2010	17.97%
2011	23.35%
2012	-1.94%
2013	11.02%
2014	14.06%
2015	3.93%

Notes:

1 - Annual money-weighted rate of return, net of investment expenses.

City of Saginaw
Required Supplementary Information
Other Postemployment Benefits
June 30, 2015

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage of ARC Contributed
6/30/2009	\$ 20,070,947	\$ 7,888,779	39%
6/30/2010	19,904,355	8,945,764	45%
6/30/2011	18,160,426	9,515,047	52%
6/30/2012	18,085,642	9,791,130	54%
6/30/2013	17,617,037	8,282,847	47%
6/30/2014	17,500,390	9,966,235	57%
6/30/2015	16,569,597	10,476,304	63%

Funded Status - The funded status of the plan as of the following valuation dates, was as follows:

	December 31,		
	2013	2011	2009
Actuarial accrued liabilities (AAL)	\$ 217,282,627	\$ 223,750,256	\$ 204,084,283
Actuarial value of plan assets	-	3,494,511	2,651,169
Unfunded actuarial accrued liability (UAAL)	<u>\$ 217,282,627</u>	<u>\$ 220,255,745</u>	<u>\$ 201,433,114</u>
Funded ratio	0.0%	1.6%	1.3%
Covered payroll (active plan members)	15,435,397	14,750,338	N/A
UAAL as a percentage of covered payroll	1,408%	1,493%	N/A

City of Saginaw
Other Supplementary Information
General Fund
Balance Sheet
June 30, 2015

(With Comparative Actual Amounts for June 30, 2014)

	2015	2014
Assets		
Cash and cash equivalents	\$ 2,912,641	\$ 287,075
Receivables		
Taxes receivable	1,435,084	1,479,508
Customers	127,852	3,123,672
Special assessments	178,813	245,342
Accrued interest and other	9,751	9,751
Due from other units of government	1,404,485	1,368,622
Due from other funds	1,611,445	3,483,008
Inventories	220,325	103,919
Prepaid items	38,494	61,884
 Total assets	 \$ 7,938,890	 \$ 10,162,781

City of Saginaw
Other Supplementary Information
General Fund
Balance Sheet
June 30, 2015

(With Comparative Actual Amounts for June 30, 2014)

	2015	2014
Liabilities		
Accounts payable	\$ 281,900	\$ 250,421
Accrued and other liabilities	1,319,680	1,071,839
Due to other funds	4,315,391	7,177,175
Due to other units of government	35,431	53,213
Unearned revenue	10,488	40,145
Total liabilities	5,962,890	8,592,793
Deferred inflows of resources		
Accounts receivable	24,811	37,256
Grants	48,533	5,532
Total deferred inflows of resources	73,344	42,788
Fund balances		
Non-spendable		
Inventories	220,325	103,919
Prepaid items	38,494	61,884
Restricted for		
Grants	-	2,280
Public safety	110,869	330,490
Unassigned	1,532,968	1,028,627
Total fund balances	1,902,656	1,527,200
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,938,890	\$ 10,162,781

City of Saginaw
Other Supplementary Information
Schedule of Departmental and Miscellaneous Revenues
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Licenses				
Business and occupational	\$ 113,000	\$ 113,000	\$ 99,333	\$ (13,667)
Rental housing	303,000	303,000	300,605	(2,395)
Total licenses	<u>416,000</u>	<u>416,000</u>	<u>399,938</u>	<u>(16,062)</u>
Construction and other permits	<u>312,100</u>	<u>327,579</u>	<u>267,354</u>	<u>(60,225)</u>
Fees				
Property tax administration	257,476	257,476	222,307	(35,169)
Gun registration	1,850	1,850	3,947	2,097
Zoning code	6,000	6,000	3,717	(2,283)
Witness	3,200	3,200	1,834	(1,366)
Hazmat clean up	30,000	45,083	56,234	11,151
Fire department	700	700	2,725	2,025
Parking system	170,000	135,000	70,522	(64,478)
Cable television	577,449	577,449	668,018	90,569
Total fees	<u>1,046,675</u>	<u>1,026,758</u>	<u>1,029,304</u>	<u>2,546</u>
Fines, penalties and forfeitures				
Traffic violations (non-parking)	168,000	168,000	106,276	(61,724)
Traffic violations - parking	306,100	207,000	197,669	(9,331)
Penalties on property taxes	110,000	110,000	75,633	(34,367)
Other	2,000	19,868	17,868	(2,000)
Transfer affidavit fines	22,600	22,600	22,925	325
Total fines, penalties and forfeitures	<u>608,700</u>	<u>527,468</u>	<u>420,371</u>	<u>(107,097)</u>

City of Saginaw
Other Supplementary Information
Schedule of Departmental and Miscellaneous Revenues
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Grants, donations and contributions				
City/county/school liaison	\$ -	\$ 75,000	\$ 50,000	\$ (25,000)
Indirect costs	2,671,701	2,671,701	2,671,729	28
Reimbursement for police overtime	3,000	59,257	68,813	9,556
Other grants	500,000	694,573	672,823	(21,750)
Total grants, donations and contributions	<u>3,174,701</u>	<u>3,500,531</u>	<u>3,463,365</u>	<u>(37,166)</u>
Interest				
Investments	5,000	5,000	1,350	(3,650)
Deferred special assessments	3,000	3,000	2,677	(323)
City income taxes	350,000	350,000	319,266	(30,734)
Total interest	<u>358,000</u>	<u>358,000</u>	<u>323,293</u>	<u>(34,707)</u>
Rents and privileges				
Land and buildings	32,000	22,000	31,081	9,081
Sale of materials and services				
Cemetery services and markers	394,000	394,000	360,908	(33,092)
Cemetery grave spaces	112,000	112,000	98,544	(13,456)
Police department services	65,300	93,036	92,968	(68)
Fire department services	10,000	10,000	21,893	11,893
Election services	90	90	138	48
Engineering plans and specifications	50	50	58	8
Sale of asset	4,750	4,750	5,597	847
Insurance proceeds	14,500	252,839	251,993	(846)
Other	1,147,552	1,166,918	792,848	(374,070)
Total sale of materials and services	<u>1,748,242</u>	<u>2,033,683</u>	<u>1,624,947</u>	<u>(408,736)</u>
Total departmental and miscellaneous revenues and transfers in	<u>\$ 7,696,418</u>	<u>\$ 8,212,019</u>	<u>\$ 7,559,653</u>	<u>\$ (652,366)</u>

City of Saginaw
Other Supplementary Information
Schedule of Appropriations and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government				
City council	\$ 67,243	\$ 67,243	\$ 52,914	\$ (14,329)
City Manager	422,070	424,344	408,450	(15,894)
Cable television operations	51,556	71,556	48,399	(23,157)
Employee services	595,764	595,764	555,977	(39,787)
City clerk	334,531	334,531	316,091	(18,440)
Elections	265,048	301,103	266,644	(34,459)
City attorney	201,300	201,300	159,987	(41,313)
Unemployment compensation	38,982	38,982	28,778	(10,204)
Retiree health insurance and contributions	1,613,599	1,747,829	1,259,298	(488,531)
Geographical information system charges	21,747	21,747	21,747	-
Total general government	<u>3,611,840</u>	<u>3,804,399</u>	<u>3,118,285</u>	<u>(686,114)</u>
Fiscal services				
Administration	721,504	719,230	679,437	(39,793)
Controller	307,206	307,206	325,269	18,063
Treasurer/income tax	1,195,046	1,195,046	1,131,145	(63,901)
Assessor	690,446	690,384	651,283	(39,101)
Purchasing	226,307	226,307	222,775	(3,532)
Total fiscal services	<u>3,140,509</u>	<u>3,138,173</u>	<u>3,009,909</u>	<u>(128,264)</u>
Administration	<u>-</u>	<u>50,000</u>	<u>59,364</u>	<u>9,364</u>

City of Saginaw
Other Supplementary Information
Schedule of Appropriations and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Police department				
Administration	\$ 825,741	\$ 845,077	\$ 903,385	\$ 58,308
Patrol	6,162,437	6,082,580	5,875,912	(206,668)
Investigation	1,513,067	1,507,463	1,499,957	(7,506)
Building and property management	820,033	926,049	842,325	(83,724)
Technical services	1,061,590	1,060,492	954,950	(105,542)
Total police department	<u>10,382,868</u>	<u>10,421,661</u>	<u>10,076,529</u>	<u>(345,132)</u>
Fire department				
Administration	7,930,348	7,965,716	7,788,383	(177,333)
Fire technical	184,231	307,769	291,734	(16,035)
Prevention	220,125	215,125	207,225	(7,900)
Apparatus operation and maintenance	336,084	686,512	591,448	(95,064)
Total fire department	<u>8,670,788</u>	<u>9,175,122</u>	<u>8,878,790</u>	<u>(296,332)</u>
Total public safety	<u>19,053,656</u>	<u>19,646,783</u>	<u>19,014,683</u>	<u>(632,100)</u>
General services				
Public works and engineering	38,900	38,900	38,137	(763)
Street lighting	830,834	832,584	786,203	(46,381)
Public improvements	682,373	746,029	713,916	(32,113)
Traffic engineering	27,012	27,012	28,013	1,001
Abatement of nuisances	274,583	332,073	259,637	(72,436)
Cemeteries operation and maintenance	685,123	755,483	767,728	12,245
Japanese tea house and cultural center	46,586	46,586	46,580	(6)
Building and grounds maintenance	1,015,650	1,009,728	1,005,988	(3,740)
Total general services	<u>3,601,061</u>	<u>3,788,395</u>	<u>3,646,202</u>	<u>(142,193)</u>

City of Saginaw
Other Supplementary Information
Schedule of Appropriations and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Community services				
Inspections and zoning	\$ 1,046,259	\$ 1,066,033	\$ 1,076,980	\$ 10,947
Demolitions	215,000	143,991	76,430	(67,561)
Planning and economic development	280,579	317,461	292,757	(24,704)
Contributions to other organizations	1,000	1,000	1,000	-
Total community services	<u>1,542,838</u>	<u>1,528,485</u>	<u>1,447,167</u>	<u>(81,318)</u>
Transfers out				
Clean energy coalition	40,000	40,000	40,000	-
Public safety	51,536	51,536	51,536	-
Celebrations park	55,588	55,588	50,485	(5,103)
Police grants	370,726	370,726	370,726	-
Total transfers out	<u>517,850</u>	<u>517,850</u>	<u>512,747</u>	<u>(5,103)</u>
Total appropriations, expenditures, and transfers out	<u>\$ 31,467,754</u>	<u>\$ 32,424,085</u>	<u>\$ 30,748,993</u>	<u>\$ (1,675,092)</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

MAJOR AND LOCAL STREETS FUNDS

The Major and Local Streets Funds receive allocations of State collected gasoline taxes and license fees to be used for the maintenance, repair and construction of streets and bridges within the City.

PUBLIC SAFETY MILLAGE FUND

The City levies a special property tax earmarked to support the cost of police and firefighters. This fund accounts for the tax levy proceeds and other reimbursements. It also records the expenditures for the payroll and related costs of the police officers and firefighters assigned to this fund.

SAFER GRANT FUND

This fund accounts for revenue and expenses associated with the Staffing for Adequate Fire and Emergency Response grant awarded to the City of Saginaw by the U.S. Department of Homeland Security's Federal Emergency Management Agency. Funding through this grant is used solely to offset the personnel costs associated with 15 fire suppression personnel who, in the absence of this funding, would have been laid off.

RUBBISH COLLECTION FUND

Under authority of State law, the City levies a special property tax earmarked to support the cost of operating a weekly rubbish collection and disposal service. This fund accounts for the tax levy proceeds, household rubbish fees and composting fees. It also records the expenditures for rubbish collection, hauling and disposal, recycling, composting and trash cleanup.

CLEAN ENERGY COALITION FUND

Clean energy coalition receives funding from Michigan's Cities of Promise municipalities to establish a clean energy program that will encourage ongoing energy efficiency and renewable energy installations and programs by improving municipal facilities with energy efficiency and renewable energy equipment.

COMMUNITY POLICING FUND

This fund accounts for the revenues and expenditures of Police officers assigned to various City neighborhoods. This program provides the residents with a greater sense of protection and gives them the responsibility for developing and implementing problem solving strategies for their neighborhoods.

NONMAJOR GOVERNMENTAL FUNDS

(continued)

SPECIAL REVENUE FUNDS

LOCAL LAW ENFORCEMENT

This fund accounts for grant funds received from Saginaw County. The funds are used by the City of Saginaw Police department to purchase equipment and for training.

AUTO THEFT PREVENTION GRANT FUND

This fund accounts for grant funds received from the State of Michigan pursuant to Act 10 of the Public Acts of 1986. These funds are used by the Saginaw Police Department for the prevention and investigation of automobile thefts in Saginaw County.

POLICE TRAINING FUND

The fund accounts for allocations received from the State of Michigan pursuant to Act 302 of the Public Acts of 1982. Distributions are made twice annually based on the number of sworn Police officers. These funds can only be expended for direct costs of criminal justice training of Police officers.

YOUTH INITIATIVE GRANT FUND

This fund accounts for grant funds received from Saginaw County. The funds will be used to engage youths and their families in programs that will enhance their self-awareness, self esteem and reduce their use of substances through participation in substance abuse programs.

DRUG FORFEITURE FUND

This fund accounts for all expenditures and funds received from the forfeiture of cash and property seized during drug raids.

ANDERSEN CENTER OPERATION FUND

This fund accounts for the operation and maintenance expenditures, foundation, private, and corporate contributions, and building rentals for the Andersen Enrichment Center as well as numerous community events.

ARTS AND ENRICHMENT COMMISSION FUND

This fund accounts for the private, corporate, state and federal contributions to provide financial support to cultural and creative arts organizations and to sponsor various social and community events to improve the quality of life in the City.

NONMAJOR GOVERNMENTAL FUNDS

(continued)

SPECIAL REVENUE FUNDS

GM TOWER

This fund accounts for the repaid loans received from the developer of the Saginaw Division Tower building. The developer received a Section 108 Loan and an Urban Development Action Grant from the Department of Housing and Urban Development for the renovation of the building and site clearance.

BOAT LAUNCH OPERATION FUND

This fund accounts for the revenues collected from the Wickes and Rust Avenue boat launches for parking and admission fees. This fund also accounts for the operation and maintenance expenditures of these facilities.

ECONOMIC DEVELOPMENT FUND

This fund was established to provide funds to be used as local match for federal and state grants for riverfront development projects. These funds are proceeds from a loan that was paid off when the Morley Building was sold.

CELEBRATION PARK FUND

The fund accounts for the operation and maintenance expenses of Celebration Park.

PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for cemetery care and parks improvements purposes in support of the City's programs.

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds							
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Police Grants Funds	
							Community Policing	Local Law Enforcement
Assets								
Cash and cash equivalents	\$ 1,455,593	\$ 813,982	\$ 277,335	\$ -	\$ -	\$ 3,484	\$ 44,421	\$ 10
Receivables								
Customers	-	-	-	491,754	1,775,592	-	-	-
Special assessments	-	-	-	-	31,596	-	-	-
Accrued interest and other	-	-	-	-	-	-	-	-
Due from other units of government	849,097	158,044	-	-	-	-	-	-
Inventories	188,995	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	174,865	-	-	-
Restricted assets								
Investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,493,685</u>	<u>\$ 972,026</u>	<u>\$ 277,335</u>	<u>\$ 491,754</u>	<u>\$ 1,982,053</u>	<u>\$ 3,484</u>	<u>\$ 44,421</u>	<u>\$ 10</u>

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				
	Police Grants Funds			Drug Forfeiture	Anderson Center Operation
	Auto Theft Prevention Grants	Police Training	Youth Initiative Grant		
Assets					
Cash and cash equivalents	\$ -	\$ 4,613	\$ 23,661	\$ 545,031	\$ 72,666
Receivables					
Customers	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest and other	-	-	-	-	2,375
Due from other units of government	14,400	-	-	-	-
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted assets					
Investments	-	-	-	-	-
Total assets	\$ 14,400	\$ 4,613	\$ 23,661	\$ 545,031	\$ 75,041

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Special Revenue Funds

	Arts and Enrichment Commission	Boat Launch	Economic Development	Celebration Park	Permanent Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 84,249	\$ 49,719	\$ 64,105	\$ -	\$ 224,419	\$ 3,663,288
Receivables						
Customers	-	-	-	60,300	-	2,327,646
Special assessments	-	-	-	-	-	31,596
Accrued interest and other	-	-	-	-	-	2,375
Due from other units of government	-	-	-	-	-	1,021,541
Inventories	-	-	-	-	-	188,995
Prepaid items	-	-	-	-	-	174,865
Restricted assets						
Investments	-	-	-	-	2,443,318	2,443,318
Total assets	\$ 84,249	\$ 49,719	\$ 64,105	\$ 60,300	\$ 2,667,737	\$ 9,853,624

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds							Police Grants Funds	
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Community Policing	Local Law Enforcement	
Liabilities									
Accounts payable	\$ 175,030	\$ 20,582	\$ 81	\$ -	\$ 543,421	\$ -	\$ 456	\$ -	
Accrued and other liabilities	43,145	20,279	126,505	54,685	28,513	329	16,477	-	
Due to other funds	-	-	-	437,069	301,952	-	-	-	
Total liabilities	<u>218,175</u>	<u>40,861</u>	<u>126,586</u>	<u>491,754</u>	<u>873,886</u>	<u>329</u>	<u>16,933</u>	<u>-</u>	
Deferred inflows of resources									
Accounts receivable	-	-	-	-	1,132,081	-	-	-	
Total liabilities and deferred inflows of resources	<u>218,175</u>	<u>40,861</u>	<u>126,586</u>	<u>491,754</u>	<u>2,005,967</u>	<u>329</u>	<u>16,933</u>	<u>-</u>	
Fund balances									
Non-spendable									
Inventory	188,995	-	-	-	-	-	-	-	
Prepaid items	-	-	-	-	174,865	-	-	-	
Endowments	-	-	-	-	-	-	-	-	
Restricted	2,086,515	931,165	150,749	-	-	3,155	27,488	10	
Assigned	-	-	-	-	-	-	-	-	
Unassigned (deficit)	-	-	-	-	(198,779)	-	-	-	
Total fund balances (deficit)	<u>2,275,510</u>	<u>931,165</u>	<u>150,749</u>	<u>-</u>	<u>(23,914)</u>	<u>3,155</u>	<u>27,488</u>	<u>10</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,493,685</u>	<u>\$ 972,026</u>	<u>\$ 277,335</u>	<u>\$ 491,754</u>	<u>\$ 1,982,053</u>	<u>\$ 3,484</u>	<u>\$ 44,421</u>	<u>\$ 10</u>	

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				
	Police Grants Funds				
	Auto Theft Prevention Grants	Police Training	Youth Initiative Grant	Drug Forfeiture	Anderson Center Operation
Liabilities					
Accounts payable	\$ 3,185	\$ -	\$ -	\$ 499	\$ 2,172
Accrued and other liabilities	-	-	2,426	338,760	2,094
Due to other funds	7,925	-	-	18,131	64,409
Total liabilities	<u>11,110</u>	<u>-</u>	<u>2,426</u>	<u>357,390</u>	<u>68,675</u>
Deferred inflows of resources					
Accounts receivable	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>11,110</u>	<u>-</u>	<u>2,426</u>	<u>357,390</u>	<u>68,675</u>
Fund balances					
Non-spendable					
Inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
Endowments	-	-	-	-	-
Restricted	3,290	4,613	21,235	187,641	-
Assigned	-	-	-	-	6,366
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>3,290</u>	<u>4,613</u>	<u>21,235</u>	<u>187,641</u>	<u>6,366</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,400</u>	<u>\$ 4,613</u>	<u>\$ 23,661</u>	<u>\$ 545,031</u>	<u>\$ 75,041</u>

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Special Revenue Funds

	Arts and Enrichment Commission	Boat Launch	Economic Development	Celebration Park	Permanent Fund	Total Nonmajor Governmental Funds
Liabilities						
Accounts payable	\$ 9	\$ 3,805	\$ -	\$ 8,659	\$ -	\$ 757,899
Accrued and other liabilities	2,577	-	-	5,151	-	640,941
Due to other funds	-	-	-	46,490	-	875,976
Total liabilities	<u>2,586</u>	<u>3,805</u>	<u>-</u>	<u>60,300</u>	<u>-</u>	<u>2,274,816</u>
Deferred inflows of resources						
Accounts receivable	-	-	-	-	-	1,132,081
Total liabilities and deferred inflows of resources	<u>2,586</u>	<u>3,805</u>	<u>-</u>	<u>60,300</u>	<u>-</u>	<u>3,406,897</u>
Fund balances						
Non-spendable						
Inventory	-	-	-	-	-	188,995
Prepaid items	-	-	-	-	-	174,865
Endowments	-	-	-	-	2,443,318	2,443,318
Restricted	-	-	64,105	-	224,419	3,704,385
Assigned	81,663	45,914	-	-	-	133,943
Unassigned (deficit)	-	-	-	-	-	(198,779)
Total fund balances (deficit)	<u>81,663</u>	<u>45,914</u>	<u>64,105</u>	<u>-</u>	<u>2,667,737</u>	<u>6,446,727</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 84,249</u>	<u>\$ 49,719</u>	<u>\$ 64,105</u>	<u>\$ 60,300</u>	<u>\$ 2,667,737</u>	<u>\$ 9,853,624</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds							
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Police Grants Funds	
							Community Policing	Local Law Enforcement
Revenues								
Taxes	\$ -	\$ -	\$ 3,014,952	\$ -	\$ 6,116	\$ -	\$ -	\$ -
Licenses and permits	50,410	-	-	-	-	-	-	-
Federal grants	-	-	-	1,034,514	-	-	-	19,868
State revenue sharing	3,568,507	986,009	-	-	-	-	-	-
Other state grants	853,921	-	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-	-	-
Charges for services	33,785	-	-	-	2,739,196	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	67,506	2	6	-
Rental income	-	-	-	-	-	-	-	-
Other revenue	177,286	226	-	-	-	-	-	-
Total revenues	4,683,909	986,235	3,014,952	1,034,514	2,812,818	2	6	19,868

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

Special Revenue Funds

Police Grants Funds

	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant	Drug Forfeiture	Anderson Center Operation
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	-
State revenue sharing	-	-	-	-	-
Other state grants	60,754	11,142	-	-	-
Local contributions	-	-	-	-	19,250
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	22,620	-
Interest income	-	-	1	1,106	-
Rental income	-	-	-	-	51,955
Other revenue	236	-	60,000	-	-
Total revenues	60,990	11,142	60,001	23,726	71,205

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Arts and Enrichment Commission	Boat Launch	Economic Development	Celebration Park	Permanent Fund	
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,021,068
Licenses and permits	-	-	-	-	-	50,410
Federal grants	-	-	-	-	-	1,054,382
State revenue sharing	-	-	-	-	-	4,554,516
Other state grants	-	-	-	60,300	-	986,117
Local contributions	156,245	-	-	3,708	-	179,203
Charges for services	848	22,554	-	-	26,238	2,822,621
Fines and forfeitures	-	-	-	-	-	22,620
Interest income	39	-	-	-	-	68,660
Rental income	-	-	-	-	-	51,955
Other revenue	39,507	-	-	-	-	277,255
Total revenues	196,639	22,554	-	64,008	26,238	13,088,807

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds							
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Police Grants Funds Community Policing	Local Law Enforcement
Expenditures								
Current								
Public safety	\$ -	\$ -	\$ 2,915,739	\$ 1,034,514	\$ -	\$ -	\$ 570,118	\$ -
Public works								
Highways and streets	4,758,717	1,199,367	-	-	-	-	-	-
Garbage and rubbish	-	-	-	-	3,989,876	28,845	-	-
Economic development	-	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-	-
Debt service								
Principal retirement	15,754	-	-	-	15,752	5,850	-	-
Interest and fiscal charges	-	-	-	-	5,556	2,152	-	-
Total expenditures	4,774,471	1,199,367	2,915,739	1,034,514	4,011,184	36,847	570,118	-
Excess (deficiency) of revenues over expenditures	(90,562)	(213,132)	99,213	-	(1,198,366)	(36,845)	(570,112)	19,868
Other financing sources (uses)								
Transfers in	-	338,953	51,536	-	-	40,000	597,600	-
Transfers out	(338,953)	-	-	-	-	-	-	-
Issuance of debt	536,763	-	-	-	59,640	-	-	-
Total other financing sources and uses	197,810	338,953	51,536	-	59,640	40,000	597,600	-
Net change in fund balance	107,248	125,821	150,749	-	(1,138,726)	3,155	27,488	19,868
Fund balance - beginning of year (deficit)	2,168,262	805,344	-	-	1,114,812	-	-	(19,858)
Fund balance - end of year (deficit)	\$ 2,275,510	\$ 931,165	\$ 150,749	\$ -	\$ (23,914)	\$ 3,155	\$ 27,488	\$ 10

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

Special Revenue Funds

Police Grants Funds

	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant	Drug Forfeiture	Anderson Center Operation
Expenditures					
Current					
Public safety	\$ 146,430	\$ 9,293	\$ 43,006	\$ 26,478	\$ -
Public works					
Highways and streets	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-
Economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	92,327
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>146,430</u>	<u>9,293</u>	<u>43,006</u>	<u>26,478</u>	<u>92,327</u>
Excess (deficiency) of revenues over expenditures	<u>(85,440)</u>	<u>1,849</u>	<u>16,995</u>	<u>(2,752)</u>	<u>(21,122)</u>
Other financing sources (uses)					
Transfers in	88,730	-	-	-	-
Transfers out	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and uses	<u>88,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,290	1,849	16,995	(2,752)	(21,122)
Fund balance - beginning of year (deficit)	-	2,764	4,240	190,393	27,488
Fund balance - end of year (deficit)	<u>\$ 3,290</u>	<u>\$ 4,613</u>	<u>\$ 21,235</u>	<u>\$ 187,641</u>	<u>\$ 6,366</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Arts and Enrichment Commission	Boat Launch	Economic Development	Celebration Park	Permanent Fund	
Expenditures						
Current						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,745,578
Public works						
Highways and streets	-	-	-	-	-	5,958,084
Garbage and rubbish	-	-	-	-	-	4,018,721
Economic development	-	-	10	144,236	-	144,246
Recreation and culture	194,989	20,146	-	-	-	307,462
Debt service						
Principal retirement	-	-	-	-	-	37,356
Interest and fiscal charges	-	-	-	-	-	7,708
Total expenditures	<u>194,989</u>	<u>20,146</u>	<u>10</u>	<u>144,236</u>	<u>-</u>	<u>15,219,155</u>
Excess (deficiency) of revenues over expenditures	<u>1,650</u>	<u>2,408</u>	<u>(10)</u>	<u>(80,228)</u>	<u>26,238</u>	<u>(2,130,348)</u>
Other financing sources (uses)						
Transfers in	-	-	-	80,147	-	1,196,966
Transfers out	-	-	-	-	-	(338,953)
Issuance of debt	-	-	-	-	-	596,403
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,147</u>	<u>-</u>	<u>1,454,416</u>
Net change in fund balance	1,650	2,408	(10)	(81)	26,238	(675,932)
Fund balance - beginning of year (deficit)	<u>80,013</u>	<u>43,506</u>	<u>64,115</u>	<u>81</u>	<u>2,641,499</u>	<u>7,122,659</u>
Fund balance - end of year (deficit)	<u>\$ 81,663</u>	<u>\$ 45,914</u>	<u>\$ 64,105</u>	<u>\$ -</u>	<u>\$ 2,667,737</u>	<u>\$ 6,446,727</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Major Streets Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Licenses and permits	\$ 53,815	\$ 50,410	\$ (3,405)
State revenue sharing	3,450,000	3,568,507	118,507
Other state grants	734,486	853,921	119,435
Charges for services	34,658	33,785	(873)
Other revenue	184,510	177,286	(7,224)
Issuance of debt	536,763	536,763	-
Total revenues	<u>4,994,232</u>	<u>5,220,672</u>	<u>226,440</u>
Expenditures			
Public works			
Routine maintenance of roads and streets	1,336,764	1,227,805	(108,959)
Routine maintenance of bridges	105,593	104,531	(1,062)
Winter maintenance of roads and streets	904,458	829,053	(75,405)
Traffic services maintenance	496,779	455,299	(41,480)
State trunkline maintenance	478,254	332,739	(145,515)
Administration	871,741	857,567	(14,174)
Total public works expenditures	<u>4,193,589</u>	<u>3,806,994</u>	<u>(386,595)</u>
Capital outlay	<u>1,373,030</u>	<u>951,723</u>	<u>(421,307)</u>
Debt service			
Principal retirement	<u>58,169</u>	<u>15,754</u>	<u>(42,415)</u>
Transfers out	<u>338,953</u>	<u>338,953</u>	<u>-</u>
Total expenditures	<u>5,963,741</u>	<u>5,113,424</u>	<u>(850,317)</u>
Excess (deficiency) of revenues over expenditures	(969,509)	107,248	1,076,757
Fund balance - beginning of year	<u>2,168,262</u>	<u>2,168,262</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,198,753</u>	<u>\$ 2,275,510</u>	<u>\$ 1,076,757</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Local Streets Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
State revenue sharing	\$ 950,000	\$ 986,009	\$ 36,009
Interest income	1,400	99	(1,301)
Other revenue	1,000	324	(676)
Transfers in	338,953	338,953	-
	<u>1,291,353</u>	<u>1,325,385</u>	<u>34,032</u>
Expenditures			
Public works			
Routine maintenance of roads and streets	390,255	320,327	(69,928)
Winter maintenance of roads and streets	184,622	136,172	(48,450)
Traffic services maintenance	253,434	223,306	(30,128)
Administration	543,525	519,759	(23,766)
	<u>1,371,836</u>	<u>1,199,564</u>	<u>(172,272)</u>
Excess (deficiency) of revenues over expenditures	(80,483)	125,821	206,304
Fund balance - beginning of year	<u>805,344</u>	<u>805,344</u>	<u>-</u>
Fund balance - end of year	<u>\$ 724,861</u>	<u>\$ 931,165</u>	<u>\$ 206,304</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Clean Energy Coalition Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Interest income	\$ -	\$ 2	\$ 2
Transfers in	40,000	40,000	-
Total revenues	<u>40,000</u>	<u>40,002</u>	<u>2</u>
Expenditures			
Public works			
Contractual services	31,980	28,845	(3,135)
Debt service			
Principal retirement	5,870	5,850	(20)
Interest and fiscal charges	2,150	2,152	2
Total debt service	<u>8,020</u>	<u>8,002</u>	<u>(18)</u>
Total expenditures	<u>40,000</u>	<u>36,847</u>	<u>(3,153)</u>
Excess of revenues over expenditures	-	3,155	3,155
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ 3,155</u>	<u>\$ 3,155</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Public Safety Millage Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ 3,042,659	\$ 3,014,952	\$ (27,707)
Transfers in	51,536	51,536	-
Total revenues	3,094,195	3,066,488	(27,707)
Expenditures			
Public safety			
Police patrol	2,212,882	2,112,796	(100,086)
Fire suppression	881,313	802,943	(78,370)
Total public safety expenditures	3,094,195	2,915,739	(178,456)
Excess of revenues over expenditures	-	150,749	150,749
Fund balance - beginning of year	-	-	-
Fund balance - end of year	\$ -	\$ 150,749	\$ 150,749

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
SAFER Grant Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Federal grants	\$ 1,180,944	\$ 1,034,514	\$ (146,430)
Expenditures			
Public safety			
Fire suppression	<u>1,180,944</u>	<u>1,034,514</u>	<u>(146,430)</u>
Excess of revenues over expenditures	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Rubbish Collection Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ -	\$ 6,116	\$ 6,116
Charges for services	3,753,661	2,739,196	(1,014,465)
Interest income	38,000	67,506	29,506
Issuance of debt	238,082	59,640	(178,442)
Total revenues	4,029,743	2,872,458	(1,157,285)
Expenditures			
Public works			
Administration	553,996	544,135	(9,861)
Rubbish collection and disposal	2,188,744	1,985,343	(203,401)
Brush collection and disposal	410,566	403,225	(7,341)
Recycling and composting	1,010,442	945,780	(64,662)
Other functions	65,249	111,393	46,144
Debt service			
Principal retirement	20,466	15,752	(4,714)
Interest and fiscal charges	7,116	5,556	(1,560)
Total public works expenditures	4,256,579	4,011,184	(245,395)
Excess (deficiency) of revenues over expenditures	(226,836)	(1,138,726)	(911,890)
Fund balance - beginning of year	1,114,812	1,114,812	-
Fund balance - end of year (deficit)	\$ 887,976	\$ (23,914)	\$ (911,890)

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Federal grants	\$ 80,266	\$ 19,868	\$ (60,398)
Other state grants	73,514	71,896	(1,618)
Interest income	-	7	7
Other revenue	101,134	60,236	(40,898)
Transfers in	<u>687,375</u>	<u>686,330</u>	<u>(1,045)</u>
Total revenues	<u>942,289</u>	<u>838,337</u>	<u>(103,952)</u>
Expenditures			
Public safety	<u>942,289</u>	<u>768,847</u>	<u>(173,442)</u>
Excess of revenues over expenditures	-	69,490	69,490
Fund balance - beginning of year (deficit)	<u>(12,854)</u>	<u>(12,854)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (12,854)</u>	<u>\$ 56,636</u>	<u>\$ 69,490</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Drug Forfeiture Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fines and forfeitures	\$ 5,436	\$ 22,620	\$ 17,184
Interest income	2,500	1,106	(1,394)
Other revenue	681	-	(681)
	<u>8,617</u>	<u>23,726</u>	<u>15,109</u>
Total revenues			
Expenditures			
Public safety	<u>64,297</u>	<u>26,478</u>	<u>(37,819)</u>
Excess (deficiency) of revenues over expenditures	(55,680)	(2,752)	52,928
Fund balance - beginning of year	<u>190,393</u>	<u>190,393</u>	<u>-</u>
Fund balance - end of year	<u>\$ 134,713</u>	<u>\$ 187,641</u>	<u>\$ 52,928</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Andersen Center Operation Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Local contributions	\$ 26,829	\$ 19,250	\$ (7,579)
Rental income	44,019	51,955	7,936
Other revenue	29,600	-	(29,600)
Total revenues	100,448	71,205	(29,243)
Expenditures			
Recreation and culture	100,448	92,327	(8,121)
Excess (deficiency) of revenues over expenditures	-	(21,122)	(21,122)
Fund balance - beginning of year	27,488	27,488	-
Fund balance - end of year	\$ 27,488	\$ 6,366	\$ (21,122)

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Arts and Enrichment Commission Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Local contributions	\$ 151,500	\$ 156,245	\$ 4,745
Charges for services	1,000	848	(152)
Interest income	500	39	(461)
Other revenue	35,300	39,507	4,207
Total revenues	188,300	196,639	8,339
Expenditures			
Recreation and culture	188,300	194,989	6,689
Excess (deficiency) of revenues over expenditures	-	1,650	1,650
Fund balance - beginning of year	80,013	80,013	-
Fund balance - end of year	\$ 80,013	\$ 81,663	\$ 1,650

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Boat Launch Operation Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Charges for services	\$ 23,000	\$ 22,554	\$ (446)
Expenditures			
Current			
Recreation and culture	37,067	20,146	(16,921)
Excess (deficiency) of revenues over expenditures	(14,067)	2,408	16,475
Fund balance - beginning of year	43,506	43,506	-
Fund balance - end of year	<u>\$ 29,439</u>	<u>\$ 45,914</u>	<u>\$ 16,475</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Economic Development Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Expenditures			
Current			
Economic development	\$ -	\$ 10	\$ 10
Deficiency of revenues over expenditures	-	(10)	(10)
Fund balance - beginning of year	<u>64,115</u>	<u>64,115</u>	<u>-</u>
Fund balance - end of year	<u>\$ 64,115</u>	<u>\$ 64,105</u>	<u>\$ (10)</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Celebration Park Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Other state grants	\$ 67,000	\$ 60,300	\$ (6,700)
Local contributions	14,206	3,732	(10,474)
Charges for services	3,500	-	(3,500)
Transfers in	62,588	80,147	17,559
	<u>147,294</u>	<u>144,179</u>	<u>(3,115)</u>
Expenditures			
Economic development	174,694	144,260	(30,434)
Excess (deficiency) of revenues over expenditures	(27,400)	(81)	27,319
Fund balance - beginning of year	81	81	-
Fund balance - end of year (deficit)	<u>\$ (27,319)</u>	<u>\$ -</u>	<u>\$ 27,319</u>

INTERNAL SERVICE FUNDS

INFORMATION SERVICES FUND

Computer and information services are provided to City operating departments through this fund. The operation is financed by service charges levied against user departments and service contracts with other governmental agencies.

GIS FUND

This fund is used to account for the development and operations of a City-wide geographic information system. Money for the operation of this fund is supplied from contributions from other City funds.

MOTOR POOL FUND

This fund is responsible for maintaining vehicles and other motorized equipment for use in general City operations. The costs of maintenance and repairs are recovered through rates charged to City operations using the vehicles and equipment.

RADIO FUND

This fund acquires, installs and maintains two-way radio equipment for use by City operating departments. Rental fees are charged to using departments to recover the cost of maintaining and replacing equipment.

SELF INSURANCE FUND

This fund was established by City Council to serve as a general insurance reserve for liabilities and claims not covered by commercial carriers and to pay deductibles. This fund accounts for the payment of insurance premiums, the distribution of insurance costs to other City funds and records the insurance claims liability.

WORKERS' COMPENSATION FUND

This fund accounts for all expenses, revenues and claims liability relating to the City's self-insured workers' compensation program. Premiums are charged to other City funds based on budgeted salaries.

PUBLIC WORKS BUILDING FUND

This fund was established to account for all operating and capital expenses required to maintain the Public Works Service Center. Rent is charged to the departments occupying the building based on square footage.

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2015

	<u>Information Services</u>	<u>GIS</u>	<u>Motor Pool</u>	<u>Radio</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 279,827	\$ 56,291	\$ 118,854	\$ 505,935
Accounts receivable	-	2,514	-	-
Due from other funds	-	-	-	-
Inventories	-	-	194,303	-
Prepaid items	-	-	-	-
Total current assets	<u>279,827</u>	<u>58,805</u>	<u>313,157</u>	<u>505,935</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>101,929</u>	<u>4,858</u>	<u>245,082</u>	<u>349,995</u>
Total assets	<u>381,756</u>	<u>63,663</u>	<u>558,239</u>	<u>855,930</u>
Deferred outflows of resources				
Deferred amount of pension expense related to net pension liability - MERS	<u>123,666</u>	<u>91,217</u>	<u>167,550</u>	<u>8,138</u>
Total assets and deferred outflows of resources	<u>505,422</u>	<u>154,880</u>	<u>725,789</u>	<u>864,068</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2015

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 1,529,110	\$ 2,441,354	\$ 150,495	\$ 5,081,866
Accounts receivable	-	-	-	2,514
Due from other funds	-	301,952	-	301,952
Inventories	-	-	-	194,303
Prepaid items	<u>44,377</u>	<u>20,025</u>	<u>-</u>	<u>64,402</u>
Total current assets	<u>1,573,487</u>	<u>2,763,331</u>	<u>150,495</u>	<u>5,645,037</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,864</u>
Total assets	<u>1,573,487</u>	<u>2,763,331</u>	<u>150,495</u>	<u>6,346,901</u>
Deferred outflows of resources				
Deferred amount of pension expense related to net pension liability - MERS	<u>8,298</u>	<u>15,637</u>	<u>41,699</u>	<u>456,205</u>
Total assets and deferred outflows of resources	<u>1,581,785</u>	<u>2,778,968</u>	<u>192,194</u>	<u>6,803,106</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2015

	<u>Information Services</u>	<u>GIS</u>	<u>Motor Pool</u>	<u>Radio</u>
Liabilities				
Accounts payable	\$ 1,550	\$ 334	\$ 9,853	\$ 11
Accrued and other liabilities	17,886	17,256	23,051	1,114
Current portion of noncurrent liabilities	<u>10,715</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>30,151</u>	<u>17,590</u>	<u>32,904</u>	<u>1,125</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	-
Insurance claims payable	-	-	-	-
Compensated absences	67,937	30,932	73,865	4,481
Net pension liability	1,365,668	1,007,327	1,850,288	89,873
Long-term debt net of current portion	<u>34,992</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>1,468,597</u>	<u>1,038,259</u>	<u>1,924,153</u>	<u>94,354</u>
Total liabilities	<u>1,498,748</u>	<u>1,055,849</u>	<u>1,957,057</u>	<u>95,479</u>
Net position				
Net investment in capital assets	56,222	4,858	245,082	349,995
Unrestricted (deficit)	<u>(1,049,548)</u>	<u>(905,827)</u>	<u>(1,476,350)</u>	<u>418,594</u>
Total net position	<u>\$ (993,326)</u>	<u>\$ (900,969)</u>	<u>\$ (1,231,268)</u>	<u>\$ 768,589</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2015

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
Liabilities				
Accounts payable	\$ 109,246	\$ 25,513	\$ 15,766	\$ 162,273
Accrued and other liabilities	1,374	2,000	7,923	70,604
Current portion of noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,715</u>
Total current liabilities	<u>110,620</u>	<u>27,513</u>	<u>23,689</u>	<u>243,592</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	2,531,891	-	2,531,891
Insurance claims payable	894,459	-	-	894,459
Compensated absences	2,716	6,987	13,538	200,456
Net pension liability	91,636	172,684	460,490	5,037,966
Long-term debt net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,992</u>
Total noncurrent liabilities	<u>988,811</u>	<u>2,711,562</u>	<u>474,028</u>	<u>8,699,764</u>
Total liabilities	<u>1,099,431</u>	<u>2,739,075</u>	<u>497,717</u>	<u>8,943,356</u>
Net position				
Net investment in capital assets	-	-	-	656,157
Unrestricted (deficit)	<u>482,354</u>	<u>39,893</u>	<u>(305,523)</u>	<u>(2,796,407)</u>
Total net position	<u>\$ 482,354</u>	<u>\$ 39,893</u>	<u>\$ (305,523)</u>	<u>\$ (2,140,250)</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
For the Year Ended June 30, 2015

	Information Services	GIS	Motor Pool	Radio	Self Insurance
Operating revenue					
User charges	\$ 1,374,011	\$ 568,661	\$ 1,753,701	\$ 118,767	\$ 1,309,765
Other revenue	620	6,827	3,016	-	457,200
Total operating revenue	<u>1,374,631</u>	<u>575,488</u>	<u>1,756,717</u>	<u>118,767</u>	<u>1,766,965</u>
Operating expenses					
Salaries and benefits	539,341	380,220	805,594	29,590	28,103
Supplies	80,464	6,153	368,210	1,832	-
Contractual services	566,566	87,112	447,337	9,718	1,081,417
Claims	-	-	-	-	81,262
Utilities	-	-	1,851	-	-
Repairs and maintenance	8,404	-	-	262	-
Other expenses	47	757	-	16,563	5,046
Depreciation	54,790	609	159,847	89,415	-
Total operating expenses	<u>1,249,612</u>	<u>474,851</u>	<u>1,782,839</u>	<u>147,380</u>	<u>1,195,828</u>
Operating income (loss)	<u>125,019</u>	<u>100,637</u>	<u>(26,122)</u>	<u>(28,613)</u>	<u>571,137</u>
Nonoperating revenue (expenses)					
Interest income	-	-	3	-	104
Interest expense	(612)	-	-	-	-
Total nonoperating revenues (expenses)	<u>(612)</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>104</u>
Income (loss) before transfers out	124,407	100,637	(26,119)	(28,613)	571,241
Transfers out	(17,798)	-	-	-	-
Change in net position	106,609	100,637	(26,119)	(28,613)	571,241
Net position - beginning of year	<u>(1,099,935)</u>	<u>(1,001,606)</u>	<u>(1,205,149)</u>	<u>797,202</u>	<u>(88,887)</u>
Net position - end of year	<u>\$ (993,326)</u>	<u>\$ (900,969)</u>	<u>\$ (1,231,268)</u>	<u>\$ 768,589</u>	<u>\$ 482,354</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
For the Year Ended June 30, 2015

	Workers' Compensation	Public Works Building	Total
Operating revenue			
User charges	\$ 1,013,458	\$ 473,507	\$ 6,611,870
Other revenue	-	220	467,883
Total operating revenue	<u>1,013,458</u>	<u>473,727</u>	<u>7,079,753</u>
Operating expenses			
Salaries and benefits	41,153	174,487	1,998,488
Supplies	-	14,148	470,807
Contractual services	290,016	65,214	2,547,380
Claims	512,138	-	593,400
Utilities	-	116,378	118,229
Repairs and maintenance	-	37,761	46,427
Other expenses	-	33	22,446
Depreciation	-	-	304,661
Total operating expenses	<u>843,307</u>	<u>408,021</u>	<u>6,101,838</u>
Operating income (loss)	<u>170,151</u>	<u>65,706</u>	<u>977,915</u>
Nonoperating revenue (expenses)			
Interest income	2,363	-	2,470
Interest expense	-	-	(612)
Total nonoperating revenues (expenses)	<u>2,363</u>	<u>-</u>	<u>1,858</u>
Income (loss) before transfers out	172,514	65,706	979,773
Transfers out	-	-	(17,798)
Change in net position	172,514	65,706	961,975
Net position - beginning of year	<u>(132,621)</u>	<u>(371,229)</u>	<u>(3,102,225)</u>
Net position - end of year	<u>\$ 39,893</u>	<u>\$ (305,523)</u>	<u>\$ (2,140,250)</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2015

	Information Services	GIS	Motor Pool	Radio	Self Insurance	Workers' Compensation	Public Works Building	Total
Cash flows from operating activities								
Receipts from interfund users	\$ 1,374,631	\$ 574,888	\$ 1,756,717	\$ 118,767	\$ 1,766,965	\$ 1,259,363	\$ 473,727	\$ 7,325,058
Receipts from other funds	-	-	-	-	930,892	490,496	-	1,421,388
Payments to other funds	(9)	-	(33,625)	-	-	-	-	(33,634)
Payments to suppliers	(699,493)	(122,354)	(772,494)	(31,102)	(1,612,323)	(1,094,142)	(220,019)	(4,551,927)
Payments to employees	(580,464)	(443,316)	(831,747)	(33,463)	(35,841)	(58,633)	(213,501)	(2,196,965)
Net cash provided by operating activities	94,665	9,218	118,851	54,202	1,049,693	597,084	40,207	1,963,920
Cash flows from noncapital financing activities								
Transfers to other funds	(17,798)	-	-	-	-	-	-	(17,798)
Cash flows from capital and related financing activities								
Proceeds from capital debt	58,397	-	-	-	-	-	-	58,397
Purchases/construction of capital assets	(58,397)	-	-	-	-	-	-	(58,397)
Principal and interest paid on long-term debt	(13,302)	-	-	-	-	-	-	(13,302)
Net cash provided (used) by capital and related financing activities	(13,302)	-	-	-	-	-	-	(13,302)
Cash flows from investing activities								
Interest received	-	-	3	-	104	2,363	-	2,470
Net change in cash and cash equivalents	63,565	9,218	118,854	54,202	1,049,797	599,447	40,207	1,935,290
Cash and cash equivalents - beginning of year	216,262	47,073	-	451,733	479,313	1,841,907	110,288	3,146,576
Cash and cash equivalents - end of year	\$ 279,827	\$ 56,291	\$ 118,854	\$ 505,935	\$ 1,529,110	\$ 2,441,354	\$ 150,495	\$ 5,081,866
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 125,019	\$ 100,637	\$ (26,122)	\$ (28,613)	\$ 571,137	\$ 170,151	\$ 65,706	\$ 977,915
Adjustments to reconcile operating income to net cash from operating activities								
Depreciation and amortization expense	54,790	609	159,847	89,415	-	-	-	304,661
Noncash change - pension liability	(45,682)	(56,882)	(38,684)	(3,501)	(2,807)	(9,753)	(26,006)	(183,315)
Changes in assets and liabilities								
Receivables (net)	-	(600)	-	-	-	245,905	-	245,305
Due from other funds	-	-	-	-	930,892	490,496	-	1,421,388
Inventories	-	-	101,924	-	-	-	-	101,924
Prepaid items	-	-	-	-	160,123	(20,025)	-	140,098
Deferred outflows	(40,642)	(28,614)	(56,433)	(2,645)	(2,742)	(4,905)	(13,080)	(149,061)
Accounts payable	(4,077)	(683)	(4,308)	3	84,802	17,175	12,044	104,956
Accrued and other liabilities	707	965	3,721	(85)	105	103	1,471	6,987
Due to other funds	(9)	-	(33,625)	-	-	-	-	(33,634)
Claims payable	-	-	-	-	(686,886)	(284,336)	-	(971,222)
Compensated absences	4,559	(6,214)	12,531	(372)	(4,931)	(7,727)	72	(2,082)
Net cash provided by operating activities	\$ 94,665	\$ 9,218	\$ 118,851	\$ 54,202	\$ 1,049,693	\$ 597,084	\$ 40,207	\$ 1,963,920

FIDUCIARY FUNDS

PUBLIC EMPLOYEE HEALTHCARE FUND

This fund was established to start funding the unfunded health insurance premiums that are fully paid for all City retirees. The unfunded liability is estimated at \$220 million.

POLICEMEN AND FIREMEN PENSION FUND

Assets accumulated for the payment of retirement benefits for City Police and Fire personnel are recorded in this fund. Benefits for retired members are paid from this fund and active members contribute to the pension system through payroll deductions. The City contributes to the fund by an annual appropriation from the General Fund which is determined and set by an annual actuarial valuation. The Police Pension portion was transferred out of this fund at the end of the fiscal year.

AGENCY FUNDS

These funds are used to account for property taxes collected by the City for other units of government until the tax proceeds are remitted to them. Funds retained from employee and employer payroll withholdings and benefits are also recorded here.

City of Saginaw
Other Supplementary Information
Employee Pension and Other Employee Benefits Trust Funds
Combining Statement of Plan Net Position
June 30, 2015

	Police and Firemen Pension	Public Employee Healthcare	Total
Assets			
Cash and cash equivalents	\$ -	\$ 785,814	\$ 785,814
Investments			
Common equity securities	35,011,611	-	35,011,611
Equity mutual funds	11,610,332	-	11,610,332
Other investments	15,803,584	1,201,686	17,005,270
Accounts receivable	-	441,743	441,743
Accrued interest and other	25,002	-	25,002
	<u>62,450,529</u>	<u>2,429,243</u>	<u>64,879,772</u>
Total assets			
Liabilities			
Checks written against future deposits	7,431,752	-	7,431,752
Accounts payable	13,384	-	13,384
Accrued and other liabilities	362,771	-	362,771
	<u>7,807,907</u>	<u>-</u>	<u>7,807,907</u>
Total liabilities			
Net position			
Restricted for pension and other purposes	<u>\$ 54,642,622</u>	<u>\$ 2,429,243</u>	<u>\$ 57,071,865</u>

City of Saginaw
Other Supplementary Information
Employee Pension and Other Employee Benefits Trust Funds
Combining Statement of Changes in Plan Net Position
For the Year Ended June 30, 2015

	Police and Firemen Pension	Public Employee Healthcare	Total
Additions			
Contributions			
Employer	\$ 6,110,120	\$ -	\$ 6,110,120
Current premium contributions	-	10,476,304	10,476,304
Plan members	467,816	-	467,816
Total contributions	<u>6,577,936</u>	<u>10,476,304</u>	<u>17,054,240</u>
Investment earnings (losses)			
Interest	595,923	30,081	626,004
Dividends	958,648	-	958,648
Mutual fund rebates	93,655	-	93,655
Change in fair value	5,341,603	(129,578)	5,212,025
Investment expenses	(69,696)	-	(69,696)
Total investment earnings	<u>6,920,133</u>	<u>(99,497)</u>	<u>6,820,636</u>
Total additions	<u>13,498,069</u>	<u>10,376,807</u>	<u>23,874,876</u>
Deductions			
Benefits - police	8,036,882	-	8,036,882
Transfer to MERS	60,376,893	-	60,376,893
Benefits - fire	6,881,128	-	6,881,128
Retiree healthcare premium payments	-	11,658,770	11,658,770
Administrative expenses	332,205	-	332,205
Total deductions	<u>75,627,108</u>	<u>11,658,770</u>	<u>87,285,878</u>
Change in net position	(62,129,039)	(1,281,963)	(63,411,002)
Net position - beginning of year	<u>116,771,661</u>	<u>3,711,206</u>	<u>120,482,867</u>
Net position - end of year	<u>\$ 54,642,622</u>	<u>\$ 2,429,243</u>	<u>\$ 57,071,865</u>

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Agency Funds
June 30, 2015

	Intermediate School Tax Collection	Delta College Tax Collection	Undistributed Tax Collection	Employee Benefits	Saginaw County Land Bank	Totals
Assets						
Cash and cash equivalents	\$ 90,862	\$ 176,869	\$ 106,032	\$ 1,907,852	\$ 1,286	\$ 2,282,901
Receivables						
Customers	44,539	-	57,358	9,969	-	111,866
Prepaid items	-	-	-	27,883	-	27,883
	<u>135,401</u>	<u>176,869</u>	<u>163,390</u>	<u>1,945,704</u>	<u>1,286</u>	<u>2,422,650</u>
Total assets	<u>\$ 135,401</u>	<u>\$ 176,869</u>	<u>\$ 163,390</u>	<u>\$ 1,945,704</u>	<u>\$ 1,286</u>	<u>\$ 2,422,650</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 163,390	\$ 125,045	\$ 1,286	\$ 289,721
Accrued and other liabilities	-	-	-	1,053,861	-	1,053,861
Claims payable	-	-	-	766,798	-	766,798
Due to other units of government	135,401	176,869	-	-	-	312,270
	<u>135,401</u>	<u>176,869</u>	<u>163,390</u>	<u>1,945,704</u>	<u>1,286</u>	<u>2,422,650</u>
Total liabilities	<u>\$ 135,401</u>	<u>\$ 176,869</u>	<u>\$ 163,390</u>	<u>\$ 1,945,704</u>	<u>\$ 1,286</u>	<u>\$ 2,422,650</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Intermediate School Tax Collection				
Assets				
Cash and cash equivalents	\$ 103,953	\$ 332,377	\$ 345,468	\$ 90,862
Taxes receivable	35,071	341,845	332,377	44,539
Total assets	<u>\$ 139,024</u>	<u>\$ 674,222</u>	<u>\$ 677,845</u>	<u>\$ 135,401</u>
Liabilities				
Due to other governmental units	<u>\$ 139,024</u>	<u>\$ 341,845</u>	<u>\$ 345,468</u>	<u>\$ 135,401</u>
 Delta College Tax Collection				
Assets				
Cash and cash equivalents	<u>\$ 112,241</u>	<u>\$ 64,652</u>	<u>\$ 24</u>	<u>\$ 176,869</u>
Liabilities				
Due to other governmental units	<u>\$ 112,241</u>	<u>\$ 64,653</u>	<u>\$ 25</u>	<u>\$ 176,869</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Undistributed Tax Collection				
Assets				
Cash and cash equivalents	\$ 147,854	\$ 48,110,506	\$ 48,152,328	\$ 106,032
Accounts receivable	3,010	62,220	7,872	57,358
Total assets	<u>\$ 150,864</u>	<u>\$ 48,172,726</u>	<u>\$ 48,160,200</u>	<u>\$ 163,390</u>
Liabilities				
Accounts payable	\$ 150,864	\$ 728,800	\$ 716,274	\$ 163,390
Due to other governmental units	-	8,034,749	8,034,749	-
Total liabilities	<u>\$ 150,864</u>	<u>\$ 8,763,549</u>	<u>\$ 8,751,023</u>	<u>\$ 163,390</u>
Employee Benefits				
Assets				
Cash and cash equivalents	\$ 472,945	\$ 38,471,415	\$ 37,036,508	\$ 1,907,852
Accounts receivable	7,045	51,189	48,265	9,969
Prepays	1,081,076	27,883	1,081,076	27,883
Total assets	<u>\$ 1,561,066</u>	<u>\$ 38,550,487</u>	<u>\$ 38,165,849</u>	<u>\$ 1,945,704</u>
Liabilities				
Accounts payable	\$ 41,123	\$ 2,030,153	\$ 1,946,231	\$ 125,045
Claims payable	686,130	80,668	-	766,798
Other current liabilities	833,813	14,550,103	14,330,055	1,053,861
Total liabilities	<u>\$ 1,561,066</u>	<u>\$ 16,660,924</u>	<u>\$ 16,276,286</u>	<u>\$ 1,945,704</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Saginaw County Land Bank				
Assets				
Cash and cash equivalents	\$ -	\$ 59,168	\$ 57,882	\$ 1,286
Liabilities				
Accounts payable	\$ -	\$ 59,168	\$ 57,882	\$ 1,286
 Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 836,993	\$ 87,038,118	\$ 85,592,210	\$ 2,282,901
Accounts receivable	10,055	113,409	56,137	67,327
Prepaid insurance	1,081,076	27,883	1,081,076	27,883
Taxes receivable	35,071	341,845	332,377	44,539
Total assets	<u>\$ 1,963,195</u>	<u>\$ 87,521,255</u>	<u>\$ 87,061,800</u>	<u>\$ 2,422,650</u>
Liabilities				
Accounts payable	\$ 191,987	\$ 2,758,953	\$ 2,662,505	\$ 288,435
Due to other governmental units	251,265	8,500,415	8,438,124	313,556
Claims payable	686,130	80,668	-	766,798
Other current liabilities	833,813	14,550,103	14,330,055	1,053,861
Total liabilities	<u>\$ 1,963,195</u>	<u>\$ 25,890,139</u>	<u>\$ 25,430,684</u>	<u>\$ 2,422,650</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
TIFA Component Units
June 30, 2015

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Net Position
Assets					
Cash and cash equivalents	<u>\$ 5,185</u>	<u>\$ 26,101</u>	<u>\$ 31,286</u>	<u>\$ -</u>	<u>\$ 31,286</u>
Fund balances					
Restricted for TIFA/LDFA projects	<u>\$ 5,185</u>	<u>\$ 26,101</u>	<u>\$ 31,286</u>	<u>\$ (31,286)</u>	<u>-</u>
Net position - unrestricted				<u>\$ 31,286</u>	<u>\$ 31,286</u>

City of Saginaw
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
TIFA Component Units
For the Year Ended June 30, 2015

	<u>Saginaw Division TIFA</u>	<u>Morley TIFA</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures					
Current					
Community and economic development	\$ -	\$ 4	\$ 4	\$ -	\$ 4
Excess (deficiency) of revenues over expenditures	-	(4)	(4)	-	(4)
Fund balance/net position - beginning of year	<u>\$ 5,185</u>	<u>\$ 26,105</u>	<u>\$ 31,290</u>	<u>\$ -</u>	<u>\$ 31,290</u>
Fund balance/net position - end of year	<u>\$ 5,185</u>	<u>\$ 26,101</u>	<u>\$ 31,286</u>	<u>\$ -</u>	<u>\$ 31,286</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
DDA Component Units
June 30, 2015

	<u>Commerce Center DDA</u>	<u>Downtown Development Authority</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets					
Cash and cash equivalents	\$ 64,911	\$ 91,244	\$ 156,155	\$ -	\$ 156,155
Liabilities					
Accounts payable	\$ -	\$ 18,682	\$ 18,682	\$ -	\$ 18,682
Fund Balances					
Restricted for DDA projects	64,911	72,562	137,473	(137,473)	-
Total liabilities and fund balances	<u>\$ 64,911</u>	<u>\$ 91,244</u>	<u>\$ 156,155</u>		
Net position - unrestricted				<u>\$ 137,473</u>	<u>\$ 137,473</u>

City of Saginaw
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
DDA Component Units
For the Year Ended June 30, 2015

	<u>Commerce Center DDA</u>	<u>Downtown Development Authority</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues					
Taxes	\$ 23,562	\$ -	\$ 23,562	\$ -	\$ 23,562
Federal grants	-	65,822	65,822	-	65,822
Other revenue	-	1,490	1,490	-	1,490
	<u>23,562</u>	<u>67,312</u>	<u>90,874</u>	<u>-</u>	<u>90,874</u>
Total revenues					
	<u>23,562</u>	<u>67,312</u>	<u>90,874</u>	<u>-</u>	<u>90,874</u>
Expenditures					
Current					
Community and economic development	<u>23,059</u>	<u>115,422</u>	<u>138,481</u>	<u>-</u>	<u>138,481</u>
Excess (deficiency) of revenues over expenditures	503	(48,110)	(47,607)	-	(47,607)
Fund balance/net position - beginning of year	<u>64,408</u>	<u>120,672</u>	<u>185,080</u>	<u>-</u>	<u>185,080</u>
Fund balance/net position - end of year	<u>\$ 64,911</u>	<u>\$ 72,562</u>	<u>\$ 137,473</u>	<u>\$ -</u>	<u>\$ 137,473</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
L DFA Component Units
June 30, 2015

	<u>Thomson LDFA</u>	<u>Sexton LDFA</u>	<u>Baker Perkins LDFA</u>	<u>Treasure Island LDFA</u>	<u>Saginaw Machine Systems LDFA</u>	<u>Saginaw Tool and Die LDFA</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets									
Cash and cash equivalents	\$ 3,200,704	\$ 465,854	\$ 98,088	\$ 80,045	\$ 4,366	\$ 99,960	\$ 3,949,017	\$ -	\$ 3,949,017
Receivables									
Accrued interest and other	<u>1,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,670</u>	<u>-</u>	<u>1,670</u>
Total assets	<u>\$ 3,202,374</u>	<u>\$ 465,854</u>	<u>\$ 98,088</u>	<u>\$ 80,045</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,950,687</u>	<u>\$ -</u>	<u>3,950,687</u>
Fund Balances									
Restricted for TIFA/LDFA projects	<u>\$ 3,202,374</u>	<u>\$ 465,854</u>	<u>\$ 98,088</u>	<u>\$ 80,045</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,950,687</u>	<u>\$ (3,950,687)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,202,374</u>	<u>\$ 465,854</u>	<u>\$ 98,088</u>	<u>\$ 80,045</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,950,687</u>		
Net position - unrestricted								<u>\$ 3,950,687</u>	<u>\$ 3,950,687</u>

City of Saginaw
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
LDFA Component Units
For the Year Ended June 30, 2015

	Thompson LDFA	Sexton LDFA	Baker Perkins LDFA	Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Activities
Revenues									
Interest income	\$ 3,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,632	\$ -	\$ 3,632
Expenditures									
Current									
Community and economic development	-	75	16	13	-	-	104	-	104
Excess (deficiency) of revenues over expenditures	3,632	(75)	(16)	(13)	-	-	3,528	-	3,528
Fund balance/net position - beginning of year	<u>3,198,742</u>	<u>465,929</u>	<u>98,104</u>	<u>80,058</u>	<u>4,366</u>	<u>99,960</u>	<u>3,947,159</u>	-	<u>3,947,159</u>
Fund balance/net position - end of year	<u>\$ 3,202,374</u>	<u>\$ 465,854</u>	<u>\$ 98,088</u>	<u>\$ 80,045</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,950,687</u>	<u>\$ -</u>	<u>\$ 3,950,687</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Saginaw Economic Development Corporation
June 30, 2015

	Saginaw Economic Development Corporation	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 855,345	\$ -	\$ 855,345
Notes and contracts receivable	<u>1,934,146</u>	<u>(172,602)</u>	<u>1,761,544</u>
Total assets	<u>\$ 2,789,491</u>	<u>\$ (172,602)</u>	<u>2,616,889</u>
Liabilities			
Accounts payable	<u>\$ 10,834</u>	<u>\$ -</u>	<u>10,834</u>
Deferred inflows of resources			
Contracts	<u>1,911,334</u>	<u>(1,911,334)</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>1,922,168</u>	<u>(1,911,334)</u>	<u>10,834</u>
Fund balances/net position			
Restricted for specific projects	<u>867,323</u>	<u>(867,323)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,789,491</u>		
Net position - unrestricted		<u>\$ 2,778,657</u>	<u>\$ 2,606,055</u>

City of Saginaw
Other Supplementary Information
Statement of Activities and Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Saginaw Economic Development Corporation
For the Year Ended June 30, 2015

	<u>Saginaw Economic Development Corporation</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Federal grants	\$ 8,380	\$ -	\$ 8,380
Charges for services	1,140	-	1,140
Interest income	72,398	-	72,398
Fees and loan repayments	<u>459,707</u>	<u>(451,455)</u>	<u>8,252</u>
Total revenues	<u>541,625</u>	<u>(451,455)</u>	<u>90,170</u>
Expenditures			
Current			
Community and economic development	<u>297,963</u>	<u>(253,697)</u>	<u>44,266</u>
Excess (deficiency) of revenues over expenditures	243,662	(197,758)	45,904
Fund balance/net position - beginning of year	<u>623,661</u>	<u>1,936,490</u>	<u>2,560,151</u>
Fund balance/net position - end of year	<u>\$ 867,323</u>	<u>\$ 1,738,732</u>	<u>\$ 2,606,055</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Brownfield Component Unit
June 30, 2015

	<u>Brownfield Authority SRRF</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$ 246,639	\$ -	\$ 246,639
Fund balances/net position			
Restricted for specific projects	<u>246,639</u>	<u>(246,639)</u>	<u>-</u>
Total fund balance	<u>\$ 246,639</u>		
Net position - unrestricted		<u>\$ 246,639</u>	<u>\$ 246,639</u>

City of Saginaw
Other Supplementary Information
Statement of Activities and Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Brownfield Component Unit
For the Year Ended June 30, 2015

	<u>Brownfield Authority SRRF</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 71,209	\$ -	\$ 71,209
Expenditures			
Current			
Community and economic development	<u>40,871</u>	<u>-</u>	<u>40,871</u>
Excess (deficiency) of revenues over expenditures	30,338	-	30,338
Fund balance/net position - beginning of year	<u>216,301</u>	<u>-</u>	<u>216,301</u>
Fund balance/net position - end of year	<u>\$ 246,639</u>	<u>\$ -</u>	<u>\$ 246,639</u>

STATISTICAL SECTION

Financial Trends – These schedules contain trend information to assist the reader in understanding how the City's financial performance and wellbeing have changed over time.

Revenue Capacity – These schedules contain information to assist the reader in assessing the factors affecting the City's ability to generate its property taxes.

Debt Capacity – These schedules present information to assist the reader in assessing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules contain information about the City's operations and resources to assist the reader in understanding how the City's financial information relates to the services the City provides and the activities it performs.

City of Saginaw, Michigan
Net Position by Component
Last Ten Fiscal Years
As of June 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:										
Net investment in capital assets	\$ 32,080,041	\$ 45,625,909	\$ 44,021,349	\$ 43,412,648	\$ 42,357,901	\$ 43,653,689	\$ 43,056,592	\$ 42,480,896	\$ 41,522,452	\$ 40,458,812
Restricted	3,141,661	3,308,444	5,503,153	5,726,440	4,855,840	3,794,989	4,552,729	4,772,251	7,177,028	7,871,497
Unrestricted	<u>6,061,704</u>	<u>8,840,328</u>	<u>5,639,120</u>	<u>(4,288,914)</u>	<u>(13,847,085)</u>	<u>(24,064,137)</u>	<u>(38,431,452)</u>	<u>(42,695,487)</u>	<u>(50,040,252)</u>	<u>(147,334,573)</u>
Total net position	<u>41,283,406</u>	<u>57,774,681</u>	<u>55,163,622</u>	<u>44,850,174</u>	<u>33,366,656</u>	<u>23,384,541</u>	<u>9,177,869</u>	<u>4,557,660</u>	<u>(1,340,772)</u>	<u>(99,004,264)</u>
Business Type Activities:										
Net investment in capital assets	69,779,191	75,854,872	70,941,541	72,449,928	77,177,910	82,280,202	73,202,779	76,740,286	78,362,788	78,165,624
Restricted	7,550,734	8,616,819	8,083,872	999,026	995,343	-	-	-	-	-
Unrestricted	<u>20,853,812</u>	<u>17,211,864</u>	<u>24,924,823</u>	<u>27,555,338</u>	<u>24,125,802</u>	<u>24,700,068</u>	<u>40,146,861</u>	<u>39,911,213</u>	<u>37,878,295</u>	<u>(2,697,609)</u>
Total net position	<u>98,183,737</u>	<u>101,683,555</u>	<u>103,950,236</u>	<u>101,004,292</u>	<u>102,299,055</u>	<u>106,980,270</u>	<u>113,349,640</u>	<u>116,651,499</u>	<u>116,241,083</u>	<u>75,468,015</u>
Primary government in total:										
Net investment in capital assets	101,859,232	121,480,781	114,962,890	115,862,576	119,535,811	125,933,891	116,259,371	119,221,182	119,885,240	118,624,436
Restricted	10,692,395	11,925,263	13,587,025	6,725,466	5,851,183	3,794,989	4,552,729	4,772,251	7,177,028	7,871,497
Unrestricted	<u>26,915,516</u>	<u>26,052,192</u>	<u>30,563,943</u>	<u>23,266,424</u>	<u>10,278,717</u>	<u>635,931</u>	<u>1,715,409</u>	<u>(2,784,274)</u>	<u>(12,161,957)</u>	<u>(150,032,182)</u>
Total net position	<u>\$ 139,467,143</u>	<u>\$ 159,458,236</u>	<u>\$ 159,113,858</u>	<u>\$ 145,854,466</u>	<u>\$ 135,665,711</u>	<u>\$ 130,364,811</u>	<u>\$ 122,527,509</u>	<u>\$ 121,209,159</u>	<u>\$ 114,900,311</u>	<u>\$ (23,536,249)</u>

Note: The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net position.
Source: City's Comprehensive Annual Financial Report

City of Saginaw, Michigan
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)
(Amounts expressed in thousands)
Fiscal Year Ended June 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities:										
General government	\$ 4,031	\$ 4,270	\$ 4,257	\$ 8,108	\$ 4,959	\$ 3,441	\$ 5,321	\$ 4,247	\$ 4,047	\$ 3,058
Administration	2,201	2,332	2,391	2,431	2,422	2,590	3,835	2,082	2,785	2,925
Public Safety	23,557	25,321	24,814	32,375	31,688	32,191	31,454	28,578	26,475	25,630
Highways and streets	-	-	-	-	-	-	-	-	-	5,982
General services	12,178	13,919	13,735	12,877	15,855	16,086	13,006	14,917	13,854	8,392
Community services	1,875	1,999	2,476	2,325	2,121	1,862	1,847	1,588	1,789	1,788
Economic development	3,205	3,263	2,843	2,914	6,141	9,061	10,791	10,063	2,801	3,190
Interest on long-term debt	107	66	61	28	4	-	-	2	2	8
Total governmental activities expenses	<u>47,154</u>	<u>51,170</u>	<u>50,577</u>	<u>61,058</u>	<u>63,190</u>	<u>65,231</u>	<u>66,254</u>	<u>61,477</u>	<u>51,753</u>	<u>50,973</u>
Business-type activities:										
Sewer	16,138	17,203	17,392	19,050	19,245	19,279	19,008	20,260	21,636	20,220
Water	10,532	11,637	11,859	13,513	13,872	13,670	14,566	14,559	15,838	15,747
Parking	393	359	359	481	421	407	-	-	-	-
Wave Pool	142	927	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>27,205</u>	<u>30,126</u>	<u>29,610</u>	<u>33,044</u>	<u>33,538</u>	<u>33,356</u>	<u>33,574</u>	<u>34,819</u>	<u>37,474</u>	<u>35,967</u>
Total primary government expenses	<u>\$ 74,359</u>	<u>\$ 81,296</u>	<u>\$ 80,187</u>	<u>\$ 94,102</u>	<u>\$ 96,728</u>	<u>\$ 98,587</u>	<u>\$ 99,828</u>	<u>\$ 96,296</u>	<u>\$ 89,227</u>	<u>\$ 86,940</u>

City of Saginaw, Michigan
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)
(Amounts expressed in thousands)
Fiscal Year Ended June 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 832	\$ 1,077	\$ 988	\$ 1,107	\$ 1,176	\$ 1,373	\$ 1,878	\$ 3,240	\$ 3,783	\$ 3,991
Administration	2,192	2,351	2,738	2,484	2,930	3,031	2,305	1,233	1,071	758
Public safety	(200)	262	213	650	360	535	775	785	657	516
Highways and streets	-	-	-	-	-	-	-	-	-	193
General services	2,033	2,786	1,681	2,929	2,423	2,010	3,821	3,812	3,630	3,909
Community services	826	854	(89)	789	832	824	782	800	671	665
Economic development	187	220	131	199	163	241	941	875	316	340
Operating grants and contributions	10,008	10,162	9,633	10,309	13,117	15,943	13,018	14,121	10,307	9,953
Capital grants and contributions	408	65	-	-	-	-	-	-	66	32
Total governmental activities program revenues	<u>16,286</u>	<u>17,777</u>	<u>15,295</u>	<u>18,467</u>	<u>21,001</u>	<u>23,957</u>	<u>23,520</u>	<u>24,866</u>	<u>20,501</u>	<u>20,357</u>
Business-type activities:										
Charges for services										
Sewer	17,826	18,239	16,664	16,739	20,733	21,602	22,474	22,283	20,646	20,864
Water	12,624	12,553	12,305	12,112	13,630	14,991	16,611	15,554	15,440	15,049
Parking	554	309	255	287	302	278	-	-	-	-
Operating grants and contributions	-	-	-	-	102	-	-	119	-	-
Capital grants and contributions	240	2,507	2,291	402	-	995	-	-	-	-
Total business-type activities program revenues	<u>31,244</u>	<u>33,608</u>	<u>31,515</u>	<u>29,540</u>	<u>34,767</u>	<u>37,866</u>	<u>39,085</u>	<u>37,956</u>	<u>36,086</u>	<u>35,913</u>
Total primary government program revenues	<u>\$ 47,530</u>	<u>\$ 51,385</u>	<u>\$ 46,810</u>	<u>\$ 48,007</u>	<u>\$ 55,768</u>	<u>\$ 61,823</u>	<u>\$ 62,605</u>	<u>\$ 62,822</u>	<u>\$ 56,587</u>	<u>\$ 56,270</u>
Net (expense)/revenue										
Governmental activities	\$ (30,868)	\$ (33,393)	\$ (35,282)	\$ (42,591)	\$ (42,189)	\$ (41,274)	\$ (42,734)	\$ (36,611)	\$ (31,252)	\$ (30,616)
Business-type activities	4,039	3,482	1,905	(3,504)	1,229	4,510	5,511	3,137	(1,388)	(54)
Total primary government net expense	<u>\$ (26,829)</u>	<u>\$ (29,911)</u>	<u>\$ (33,377)</u>	<u>\$ (46,095)</u>	<u>\$ (40,960)</u>	<u>\$ (36,764)</u>	<u>\$ (37,223)</u>	<u>\$ (33,474)</u>	<u>\$ (32,640)</u>	<u>\$ (30,670)</u>

City of Saginaw, Michigan
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)
(Amounts expressed in thousands)
Fiscal Year Ended June 30,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 6,376	\$ 9,928	\$ 9,659	\$ 9,281	\$ 9,072	\$ 7,757	\$ 7,419	\$ 6,458	\$ 6,767	\$ 6,757
Income taxes	13,549	13,526	12,776	12,359	11,803	12,236	12,533	12,257	12,309	12,252
Unrestricted grants and contributions	10,168	9,885	10,190	10,660	9,299	10,661	8,117	7,766	8,089	8,483
Unrestricted investment earnings	641	784	657	438	419	473	438	347	400	404
Miscellaneous	146	83	84	138	104	27	86	91	55	3
Gain on disposal of capital assets	-	44	88	69	-	256	1	88	46	313
Transfers	(21)	-	(40)	(421)	-	(29)	-	14	22	141
Total governmental activities	<u>30,859</u>	<u>34,250</u>	<u>33,414</u>	<u>32,524</u>	<u>30,697</u>	<u>31,381</u>	<u>28,594</u>	<u>27,021</u>	<u>27,688</u>	<u>28,353</u>
Business -type activities:										
Unrestricted investment earnings	222	351	322	146	74	43	10	29	65	55
Miscellaneous	4	-	-	-	-	-	782	150	935	1,019
Transfers	21	-	40	421	-	28	-	(14)	(22)	(141)
Total business-type activities	<u>247</u>	<u>351</u>	<u>362</u>	<u>567</u>	<u>74</u>	<u>71</u>	<u>792</u>	<u>165</u>	<u>978</u>	<u>933</u>
Total primary government	<u>\$ 31,106</u>	<u>\$ 34,601</u>	<u>\$ 33,776</u>	<u>\$ 33,091</u>	<u>\$ 30,771</u>	<u>\$ 31,452</u>	<u>\$ 29,386</u>	<u>\$ 27,186</u>	<u>\$ 28,666</u>	<u>\$ 29,286</u>
Change in Net Position										
Governmental activities	\$ (9)	\$ 857	\$ (1,868)	\$ (10,067)	\$ (11,492)	\$ (9,893)	\$ (14,140)	\$ (9,590)	\$ (3,564)	\$ (2,263)
Business-type activities	4,286	3,833	2,267	(2,937)	1,303	4,581	6,303	3,302	(410)	879
Total primary government	<u>\$ 4,277</u>	<u>\$ 4,690</u>	<u>\$ 399</u>	<u>\$ (13,004)</u>	<u>\$ (10,189)</u>	<u>\$ (5,312)</u>	<u>\$ (7,837)</u>	<u>\$ (6,288)</u>	<u>\$ (3,974)</u>	<u>\$ (1,384)</u>

Note: The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net position.

Source: City's Comprehensive Annual Financial Report

City of Saginaw, Michigan
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:										
Reserved	\$ 58	\$ 45	\$ 137	\$ 46	\$ 59	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,126	7,626	1,574	1,498	1,513	-	-	-	-	-
Non-spendable	-	-	-	-	-	143	240	212	166	259
Restricted	-	-	-	-	-	1	10	10	332	111
Assigned	-	-	-	-	-	1,036	-	-	-	-
Unassigned	-	-	-	-	-	2,685	998	46	1,029	1,533
Total general fund	\$ 5,184	\$ 7,671	\$ 1,711	\$ 1,544	\$ 1,572	\$ 3,865	\$ 1,248	\$ 268	\$ 1,527	\$ 1,903
All other governmental funds:										
Reserved	\$ 3,301	\$ 3,459	\$ 6,642	\$ 6,284	\$ 5,666	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,681	990	(719)	1,215	1,934	-	-	-	-	-
Capital projects funds	101	101	101	101	101	-	-	-	-	-
Permanent fund	187	217	92	85	79	-	-	-	-	-
Non-spendable	-	-	-	-	-	2,974	2,870	2,853	2,981	2,809
Restricted	-	-	-	-	-	1,338	2,213	2,312	4,011	3,704
Assigned	-	-	-	-	-	379	286	157	151	134
Unassigned	-	-	-	-	-	(790)	(2,904)	(1,863)	(1,017)	(867)
Total all other governmental funds	\$ 5,270	\$ 4,767	\$ 6,116	\$ 7,685	\$ 7,780	\$ 3,901	\$ 2,465	\$ 3,459	\$ 6,126	\$ 5,780

Note: The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net position.

* For the year ended June 30, 2011, GASB 54 has been implemented by the City.

Source: City's Comprehensive Annual Financial Report

City of Saginaw, Michigan
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenue										
General operating property taxes	\$ 5,824	\$ 9,305	\$ 9,218	\$ 8,695	\$ 8,401	\$ 7,303	\$ 7,088	\$ 6,122	\$ 6,442	\$ 6,436
Special assessments	67	45	83	296	160	119	(25)	158	36	-
City income tax	13,550	13,526	12,776	12,359	11,803	12,236	12,533	12,257	12,309	12,252
State shared revenues	15,199	14,797	14,809	14,863	13,661	13,682	11,422	11,747	12,456	12,452
Licenses, permits, and fees	3,072	3,450	2,649	3,550	2,975	3,114	5,777	5,498	5,584	4,570
Fines, penalties, and forfeitures	334	356	293	788	582	518	741	600	550	443
Grants, donations, and contributions	7,741	7,596	7,713	8,600	11,758	16,058	11,799	14,871	8,912	8,886
Interest on loans and investments	583	682	597	431	439	497	475	401	420	404
Rents and privileges	52	1	104	31	37	27	79	93	78	87
Sale of materials and services	995	1,540	1,281	1,493	1,548	1,676	2,635	2,089	1,554	1,754
Sale of land	-	-	-	115	-	-	78	-	-	-
Loan repayments	131	159	104	35	123	90	282	55	53	167
Miscellaneous	-	-	-	-	13	126	-	385	267	354
Total revenue	<u>47,548</u>	<u>51,457</u>	<u>49,627</u>	<u>51,256</u>	<u>51,500</u>	<u>55,446</u>	<u>52,884</u>	<u>54,276</u>	<u>48,661</u>	<u>47,805</u>
Expenditures										
General government	3,597	3,901	3,882	4,266	4,647	4,646	4,589	4,207	4,017	3,118
Administration	3,002	3,199	3,280	3,308	3,151	3,492	2,657	2,699	2,792	3,010
Public safety	23,714	24,834	24,862	26,279	25,360	28,195	28,075	25,593	22,888	23,731
Highway and streets	6,158	5,930	5,984	5,067	4,600	5,931	4,651	4,657	4,683	5,958
General services	6,067	6,590	6,752	6,361	6,022	6,653	6,833	7,112	6,658	7,665
Community services	1,217	1,512	2,143	1,986	1,767	1,763	1,598	1,589	1,753	1,755
Economic development	2,258	2,029	1,835	1,785	4,696	7,213	9,566	10,014	2,698	3,219
Capital outlay	825	843	542	557	657	510	-	-	-	-
Debt service										
Principal	780	576	430	450	470	-	-	5	6	66
Interest and other fees	90	59	40	26	9	-	-	2	2	8
Total expenditures	<u>47,708</u>	<u>49,473</u>	<u>49,750</u>	<u>50,085</u>	<u>51,379</u>	<u>58,403</u>	<u>57,969</u>	<u>55,878</u>	<u>45,497</u>	<u>48,530</u>
Excess of revenues over (under) expenditures	(160)	1,984	(123)	1,171	121	(2,957)	(5,085)	(1,602)	3,164	(725)

City of Saginaw, Michigan
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Other financing sources (uses)										
Proceeds from installment contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 695	\$ -
Sale of fixed assets	-	-	-	-	-	-	-	40	-	-
Insurance recoveries	-	-	-	-	-	-	-	2	-	-
Transfers in	1,811	1,686	1,388	2,121	1,145	4,239	2,023	2,946	1,156	1,197
Transfers from component units	-	-	-	-	-	-	-	-	-	-
Transfers (out)	(1,415)	(1,686)	(5,133)	(1,632)	(1,145)	(1,809)	(1,196)	(1,371)	(1,091)	(1,038)
Issuance of debt	-	-	-	-	-	-	-	-	-	596
Total other financing sources (uses)	<u>396</u>	<u>-</u>	<u>(3,745)</u>	<u>489</u>	<u>-</u>	<u>2,430</u>	<u>927</u>	<u>1,617</u>	<u>760</u>	<u>755</u>
Net change in fund balances	<u>\$ 236</u>	<u>\$ 1,984</u>	<u>\$ (3,868)</u>	<u>\$ 1,660</u>	<u>\$ 121</u>	<u>\$ (527)</u>	<u>\$ (4,158)</u>	<u>\$ 15</u>	<u>\$ 3,924</u>	<u>\$ 30</u>
Debt service as a percentage of noncapital expenditures	2.02%	1.86%	1.31%	0.96%	0.96%	0.94%	- %	- %	- %	- %

Note: The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net position.

Source: City's Comprehensive Annual Financial Report

City of Saginaw, Michigan
Revenue By Source
Last Ten Fiscal Years
(Accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Taxes</u>
2006	\$ 5,824,455
2007	9,305,384
2008	9,218,163
2009	8,695,585
2010	8,401,434
2011	7,303,409
2012	7,087,879
2013	6,121,874
2014	6,664,472
2015	6,436,153

City of Saginaw, Michigan
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Amounts expressed in thousands)

Fiscal Year Ended June 30,	Real Property			Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Industrial					
2006	\$ 506,316	\$ 98,166	\$ 49,014	\$ 120,159	\$ 773,655	8.3717	\$ 1,547,310	50.00%
2007	523,100	97,118	48,985	122,749	791,952	14.2130	1,583,904	50.00%
2008	531,883	97,356	48,942	117,554	795,735	14.1233	1,591,470	50.00%
2009	497,613	97,173	47,740	105,909	748,435	14.2588	1,496,870	50.00%
2010	452,724	95,695	47,162	98,106	693,687	14.5381	1,387,374	50.00%
2011	389,861	94,607	32,054	93,643	610,165	15.2508	1,220,330	50.00%
2012	352,600	93,167	30,490	97,508	573,765	14.2290	1,147,530	50.00%
2013	334,664	85,274	29,259	93,911	543,108	14.5637	1,086,216	50.00%
2014	318,230	79,682	27,781	88,335	514,028	14.8830	1,028,056	50.00%
2015	305,201	77,454	27,295	87,578	497,528	14.8830	995,056	50.00%

Note: Property in the City is reassessed annually. The City assesses property at approximately 50 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of taxable value.

Source: City of Saginaw Assessor's Office

City of Saginaw, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year (1) (2)	City of Saginaw				Overlapping Rates						Total Direct & Overlapping Rates
	Operating Millage	Rubbish Millage	Police & Fire Millage	Total City Millage	School District	Public Libraries	Delta College	Intermediate School	Saginaw Transit	County	
2006	5.4185	2.9532	0.0000	8.3717	27.9000	3.9947	2.0427	2.0872	3.0000	7.5362	54.9325
2007	5.2598	2.9532	6.0000	14.2130	27.9000	3.9947	2.0427	2.0872	3.0000	7.5265	60.7641
2008	5.1701	2.9532	6.0000	14.1233	27.9000	3.9947	2.0427	2.0695	3.0000	7.5349	60.6651
2009	5.3056	2.9532	6.0000	14.2588	27.9000	3.9947	2.0427	2.1046	3.0000	7.5508	60.8516
2010	5.5849	2.9532	6.0000	14.5381	27.9000	3.9947	2.0427	2.0872	3.0000	7.6048	61.1675
2011	6.2976	2.9532	6.0000	15.2508	27.9000	3.9947	2.0427	2.0872	3.0000	7.7284	62.0038
2012	6.7290	0.0000	7.5000	14.2290	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.1728
2013	7.0637	0.0000	7.5000	14.5637	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.5075
2014	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.3007	63.6083
2015	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.4468	63.7544

Source: City of Saginaw Assessor's Office

(1) Rates reduced to comply with the Headlee Amendment.

(2) This is the year in which the tax is levied. 2003 refers to the 2002 tax collection, 2004 refers to the 2003 tax collection, and so on.

City of Saginaw, Michigan
Principal Property Taxpayers

<u>Taxpayer</u>	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 27,398,327	1	5.33%	\$ 15,840,312	3	2.05%
General Motors, LLC	9,588,238	2	1.87%	58,410,123	1	7.55%
Linear Motion, LLC	5,892,870	3	1.15%	6,140,924	5	0.79%
Hausbeck Pickle	4,519,071	4	0.88%			
Fullerton Tool Company, Inc.	4,175,164	5	0.81%			
Charter Communications, II, LP	3,746,900	6	0.73%	3,364,700	10	0.43%
Means Industries	3,167,199	7	0.62%			
Rifkin Scrap Iron & Metal Company	3,110,966	8	0.61%			
Riverfront Medical Realty, LLC	3,037,889	9	0.59%			
BBC Saginaw, LLC	2,149,308	10	0.42%			
Delphi Corporation				39,471,978	2	5.10%
Enterprise Automotive				7,487,900	4	0.97%
Eaton Corporation				4,835,860	6	0.63%
Machining Enterprises				4,794,500	7	0.62%
SSP Associates, Inc.				4,238,432	8	0.55%
Corvus Nodular Interest				3,564,841	9	0.46%
Totals	<u>\$ 66,785,932</u>		<u>12.99%</u>	<u>\$ 148,149,570</u>		<u>19.15%</u>

Source: City of Saginaw Assessor's Office

City of Saginaw, Michigan
Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts expressed in thousands)

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 5,734,227	5,187,414	90.46%	546,813	5,734,227	100.00%
2007	9,272,645	8,787,931	94.77%	2,986	8,790,917	94.80%
2008	9,329,357	9,328,233	99.99%	1,124	9,329,357	100.00%
2009	9,145,982	8,519,765	93.15%	74,585	8,594,350	93.97%
2010	8,944,519	8,869,275	99.16%	69,758	8,939,033	99.94%
2011	8,283,083	8,219,048	99.23%	39,981	8,259,029	99.71%
2012	7,022,671	7,010,636	99.83%	11,683	7,022,319	99.99%
2013	6,901,651	6,861,236	99.41%	12,725	6,873,961	99.60%
2014	9,499,530	9,331,494	98.23%	17,578	9,349,072	98.42%
2015	9,098,986	8,910,406	97.93%	-	8,910,406	97.93%

Source: City Treasurer's Office

City of Saginaw, Michigan
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Purchase Contracts	Section 108 Loans	Energy Efficiency Loan	Revenue Bonds	General Obligation Bonds			
2006	\$ 220,000	\$ 327,482	\$ 1,770,000	\$ -	\$ 2,680,000	\$ 49,450,766	\$ 54,448,248	6.85%	947
2007	150,000	197,769	1,350,000	-	1,165,000	46,329,795	49,192,564	6.33%	874
2008	75,000	137,495	920,000	-	11,100,000	43,983,341	56,215,836	7.73%	1,091
2009	-	65,635	470,000	-	11,100,000	41,895,580	53,531,215	7.36%	1,045
2010	-	30,028	-	-	10,850,000	36,858,387	47,738,415	6.59%	927
2011	-	-	-	-	10,600,000	31,864,706	42,464,706	5.71%	829
2012	-	-	-	100,000	20,870,000	28,170,711	49,140,711	6.66%	968
2013	-	-	-	94,435	19,410,000	24,217,673	43,722,108	6.01%	869
2014	-	-	-	88,729	18,615,000	20,680,307	39,384,036	5.38%	790
2015	-	1,230,594	-	82,879	17,815,000	17,398,415	36,526,888	N/A	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Statistical Table Number for personal income and population data.

N/A - Personal income and per capita for 2015 not yet available

City of Saginaw, Michigan
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Less: Self Supporting	Total	Percentage of Estimate Actual Taxable Value of Property	Per Capita (1)
2006	\$ 49,670,766	\$ -	\$ -	\$ 49,670,766	6.42%	863
2007	46,479,795	-	-	46,479,795	5.87%	826
2008	44,058,341	-	-	44,058,341	5.54%	855
2009	41,895,580	-	-	41,895,580	5.60%	818
2010	36,858,387	-	-	36,858,387	5.31%	716
2011	31,864,706	-	-	31,864,706	5.22%	622
2012	28,170,711	-	-	28,170,711	4.91%	555
2013	24,217,673	-	-	24,217,673	4.46%	481
2014	20,680,307	-	-	20,680,307	4.02%	N/A
2015	17,398,415	-	-	17,398,415	3.50%	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Taxable value provided by the City of Saginaw Assessor's Office.

(1) See Statistical Table Number for personal income and population data.

City of Saginaw, Michigan
Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Direct debt - City of Saginaw	\$ 36,444,009	100.00%	<u>\$ 36,444,009</u>
Indirect debt:			
Saginaw County	265,159	100.00%	265,159
Multi-Authority	5,578,837	100.00%	<u>5,578,837</u>
Total indirect debt			<u>5,843,996</u>
Overlapping debt:			
Saginaw School District	54,050,000	68.06%	36,786,430
Saginaw County	78,858,005	9.24%	7,286,480
Saginaw ISD	1,635,000	9.36%	153,036
Delta Community College	<u>-</u>	4.01%	<u>-</u>
Total overlapping debt			<u>44,225,946</u>
Total direct and overlapping debt			<u>\$ 86,513,951</u>

Sources: Debt outstanding and estimate share of overlapping debt provided by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimate the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Saginaw. This process recognizes that, when considering the government's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Saginaw, Michigan
Legal Debt Margin Information
Last Ten Fiscal Years
(Amounts expressed in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 77,366	\$ 79,195	79,574	74,844	69,369	61,017	57,377	54,311	51,403	49,753
Total net debt applicable to limit	<u>49,998</u>	<u>48,028</u>	<u>45,116</u>	<u>56,180</u>	<u>52,141</u>	<u>41,995</u>	<u>32,515</u>	<u>31,588</u>	<u>25,995</u>	<u>24,473</u>
Legal debt margin	<u>\$ 27,368</u>	<u>\$ 31,167</u>	<u>\$ 34,458</u>	<u>\$ 18,664</u>	<u>\$ 17,228</u>	<u>\$ 19,022</u>	<u>\$ 24,862</u>	<u>\$ 22,723</u>	<u>\$ 25,408</u>	<u>\$ 25,280</u>
Total net debt applicable to the limit as a percentage of debt limit	64.63%	60.65%	56.70%	75.06%	75.16%	68.83%	56.67%	58.16%	50.57%	49.19%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed valuation, December 31, 2014	\$ 497,528
Debt limit (10% of assessed valuation)	49,753
Debt applicable to limit:	\$ 42,288
Less:	
Water revenue supported debt	<u>17,815</u>
	<u>17,815</u>
Total amount of debt applicable to debt limit:	<u>24,473</u>
Legal Debt Margin	<u>\$ 25,280</u>

Limitations on Borrowing

(1) Act 279, Public Acts of Michigan, 1909, as amended, and provisions of the City Charter state that net bonded indebtedness of the City shall not exceed 10 percent of the City's Assessed valuation.

Bonds which are not required to be included in this computation of net indebtedness, according to said Act 279, are:

- A. Special Assessment Bonds
- B. Mortgage Bonds
- C. Motor Vehicle Highway Fund Bonds
- D. Revenue Bonds
- E. Bonds issued, or contracts or assessment obligation, incurred to comply with an order of the Water Resources Commission or a court of competent jurisdiction
- F. Other obligations incurred for water supply, sewage, drainage or refuse disposal projects necessary to protect the public health by abating pollution.

City of Saginaw, Michigan
Pledged Revenue Coverage
Last Ten Fiscal Years

Water System Revenue Bonds

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2006	\$ 12,835,997	\$ 8,460,312	\$ 4,375,685	\$ 1,420,000	\$ 212,228	\$ 1,632,228	2.68
2007	12,828,771	9,186,953	3,641,818	1,515,000	143,963	1,658,963	2.20
2008	12,553,474	9,822,603	2,730,871	1,165,000	147,743	1,312,743	2.08
2009	12,359,914	10,236,107	2,123,807	-	506,000	506,000	4.20
2010	13,665,066	10,925,125	2,739,941	250,000	493,000	743,000	3.69
2011	14,956,126	10,610,636	4,345,490	250,000	481,000	731,000	5.94
2012	16,683,411	11,190,078	5,493,333	300,000	439,130	739,130	7.43
2013	15,564,405	11,119,751	4,444,654	725,000	878,370	1,603,370	2.77
2014	15,463,059	12,149,854	3,313,205	735,000	855,020	1,590,020	2.08
2015	15,055,952	12,014,333	3,041,619	800,000	820,270	1,620,270	1.88

Note: Details regarding City of Saginaw's outstanding debt can be found in the notes to the financial statements.

Change from 2012 to 2013 represents Series 2011 Water Supply Revenue Bond.

(1) Includes interest earnings.

(2) Net of depreciation expense.

City of Saginaw, Michigan
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita (1) Personal Income	School Enrollment (3)	Unemployment Rate (2)
2006	57,523	794,737,768	13,816	10,755	12.80%
2007	56,263	777,329,608	13,816	10,427	12.30%
2008	51,518	727,500,472	14,121	10,080	14.80%
2009	51,218	727,500,472	14,204	9,970	22.40%
2010	51,508	724,614,544	14,068	9,302	20.50%
2011	51,230	743,859,600	14,520	8,022	17.10%
2012	50,790	737,470,800	14,520	7,691	15.30%
2013	50,303	727,079,562	14,454	7,355	16.10%
2014	49,844	732,058,828	14,687	7,737	13.90%
2015	(4)	(4)	(4)	6,880	10.40%

Data Sources:

(1) American FactFinder, U.S. Census Bureau

(2) Michigan Labor Market Information, Data Explorer

(3) Michigan School Data.org

(4) Not available

City of Saginaw, Michigan
Principal Employers
2015 and 2006

<u>Employer</u>	<u>2015</u>			<u>Employer</u>	<u>2006</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>		<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Covenant Medical Center	4,414	1	4.72%	Covenant Medical Center	4,290	1	4.24%
Ascension Health/St. Mary's of MI	2,001	2	2.14%	Delphi Automotive Systems Corp	2,642	2	2.61%
US Govt Def Fin & Acct Serv	992	3	1.06%	School District City of Saginaw	2,494	3	2.46%
General Motors, LLC	959	4	1.03%	Motors Liquidation	2,269	4	2.24%
Saginaw County	917	5	0.98%	Ascemsopm Health/St. Mary's of	2,154	5	2.13%
MPLS Accounting Service Center	900	6	0.96%	Saginaw County	823	6	0.81%
School District City of Saginaw	846	4	0.91%	State of Michigan	755	7	0.75%
Nexter Automotive Corporation	810	8	0.87%	Department of Veterans Affairs	753	8	0.74%
Quality Temporary Services, Inc.	628	9	0.67%	City of Saginaw	630	9	0.62%
TRW Integrated Chassis Systems	592	10	0.63%	MPLS Accounting Serivce Cente	567	10	0.56%
State of Michigan	567	11	0.61%	SVRC Industries, Inc	522	11	0.52%
Totals	<u><u>13,626</u></u>		<u><u>14.58%</u></u>		<u><u>17,899</u></u>		<u><u>17.67%</u></u>
Total Employment (2)	93,471			Total Employment (2)	101,298		

Data Sources:

(1) City of Saginaw Income Tax Department

(2) Michigan Labor Market Information, Data Explorer

City of Saginaw, Michigan
Full-time Equivalent City of Saginaw Employees by Function
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	26	25	25	26	25	26	26	26	23	24
Fiscal services	29	30	32	27	26	27	27	28	30	36
Public safety										
Police	143	155	155	140	142	140	139	136	93	89
Fire	77	69	69	70	72	70	67	58	36	53
Highways and streets	34	33	28	20	21	27	26	19	19	18
General services	54	73	64	52	52	46	46	49	56	53
Community services	13	16	19	18	18	18	18	20	20	19
Economic development	12	11	11	11	10	7	7	11	7	7
Parking system	2	2	2	2	2	1	1	-	-	-
Water	56	65	65	71	68	61	61	61	61	61
Sewer	74	76	80	99	94	83	84	88	88	89
Total	<u>520</u>	<u>555</u>	<u>550</u>	<u>536</u>	<u>530</u>	<u>506</u>	<u>503</u>	<u>497</u>	<u>433</u>	<u>448</u>

Source: City of Saginaw Annual Budget

City of Saginaw, Michigan
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Elections										
Number of registered voters				40,158	40,224	39,788	40,599	40,211	38,855	37,134
Public Safety										
Police Department										
Number of citations issued			8,534	11,121	9,947	9,596	6,414	6,970	2,582	3,602
Number of complaints filed							8,638	7,953	7,354	6,715
Number of calls for service	40,700	41,176	42,640	43,378	44,764	44,245	44,737	57,625	52,198	47,729
Number of DUI offenses								69	49	39
Fire Department										
Number of emergency runs				1,918	1,678	1,835	1,898	2,429	4,034	4,126
Public Works										
Streets										
Tons of salt used				2,218						
Recreated and Culture										
Park acreage maintained				308	308	308	308	308	308	308
Special events				60	61	57	53	53	66	72
Shelter rentals				35	61	57	58	15	25	28
Block parties				11	16	16	15	16	9	14
Street trees planted								177	43	106
Street trees trimmed							178	596	456	922
Street trees removal							432	417	329	679
Community and Economic Development										
Housing units rehabilitated				16	11	14	12	3	4	3
Basic needs and 50/50				32	7	9	11	9	14	15
Sewer System										
Sanitary and storm sewer (miles)	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9
Daily average treatment (million gallons)	22.0	22.0	22.0	22.0	17.0	23.3	20.1	22.9	19.6	21.6
Maximum daily capacity (million gallons)	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75
Water System										
Miles of water mains				419.7	419.7	419.7	419.7	420.0	411.0	411.0
Daily average consumption (million gallons)	22.1	21.5	21.5	20.3	19.4	19.2	19.5	20.0	18.1	17.0
Maximum daily treatment (million gallons)	32.3	37.4	34.5	29.6	28.1	30.5	31.3	32.3	27.2	23.7
Cemetery										
Interments					401	342	353	386	326	366
Grave sales					303	240	252	145	153	266
Foundations set					257	203	243	149	199	209
Marina										
Boat launch				1	1	1	1	1	1	1

Source: Various city departments.

Not all historical information is available. This table will continue to be populated as more information becomes available.

City of Saginaw, Michigan
Capital Asset Statistics by Function
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles				69	72	74	74	72	70	73
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Vehicles						21	21	19	18	25
Public Works										
Streets (miles)										
Major	99	99	99	99	99	96	96	96	96	96
Local	184	184	184	184	184	182	182	182	182	182
State highways	32	32	32	32	32	36	36	36	36	36
Recreation and culture										
Park Areas				45	45	45	45	45	45	45

Source: Various city departments.

Note: No capital asset indicators are available for the general government and economic development functions.

Not all historical information is available. This table will continue to be populated as more information becomes available.