



CITY OF
SAGINAW

Michigan

**Comprehensive Annual
Financial Report**

**For the Fiscal Year Ended
June 30, 2009**

**Including
Single Audit Act Compliance**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF SAGINAW, MICHIGAN

For the Fiscal Year Ended June 30, 2009

Including
Single Audit Act Compliance

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INTRODUCTORY SECTION

CITY OF SAGINAW

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



December 23, 2009

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, 2009 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 Tri-Cities. Saginaw is the largest of the Tri-Cities with a population of approximately 61,799 (2000 census; current estimate is 55,620).

The City provides a full range of services to its citizens. These services include law enforcement, fire protection and protective inspection, sanitation, water, 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 good 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 percent of total: City income tax (38%), State Shared Revenues (30%), and grants/donations/and contributions (10%); 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. Additionally, developing 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 continue to provide the current level of services to the citizens.

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 Medical Center, St. Mary's of Michigan, and the Department of Veterans Affairs - VA Medical Center).

The City's Department of Development and Saginaw Future, Inc. are currently working on projects to bring new businesses to the City of Saginaw to further diversify the economic base. In the coming years, the City expects to announce exciting additions to the local economy.

Long-term Financial Planning

The City anticipates that fiscal year 2010 will be another challenging year as state shared revenues and other City revenues continue to decline. This situation is not unique to the City of Saginaw, but is one that faces most communities in Michigan. Some cities have been forced to reduce services in recent years to deal with the changing conditions.

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. Further, the City will undertake a review of all user fees generated by services provided to the public. In June of 2009, the City's Controller prepared a five-year financial forecast and presented it to the City Council in July. The forecast illustrates what may happen to the City's financial position if it were to continue operating as if the economic climate has not changed.

The Management Team has identified areas where changes can be made in the structure of the City to reduce cost and deliver services in a more efficient manner. To that end, the City will also engage a consulting firm to evaluate the efficiency of all operations and services, as well as the staffing levels citywide.

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. Expenditures will continue to be reduced through the extensive review of operations, cost containment initiatives, and the strategic use of resources. Seeking new and alternative methods of funding will enhance revenue.

Strategic Planning

The City of Saginaw's Management Team and Council believe that long-term financial planning is vitally important to ensure the City's fiscal viability. The City of Saginaw's City Council and Management Team meets twice a year, in January and July, 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:

- ◇ Crime and Public Safety – the primary goal is to create a safe place to live, work, and play for all citizens in the City
- ◇ Neighborhood Revitalization and City Beatification – 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, Development, 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.

Encumbrances

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 Assistant City Manager for Fiscal Services. Encumbrances are commitments under purchase orders or contracts. Outstanding encumbrances at year-end are not recorded as expenditures until the goods or services are received. Only those encumbrances that are recorded as payables at June 30 are included as expenditures for budgetary presentations. Fund balance will be reserved for all outstanding encumbrances in the governmental fund types and will be recorded as expenditures in the subsequent fiscal year. In accordance with the Uniform Budgeting and Accounting Act, all encumbrances of a fund that ends in a deficit, are cancelled and expenditures are assessed against the following year's budget.

The General Fund, Community Development, Major Streets, Local Streets, Rubbish Collection, Police Grants, Drug Forfeiture, Andersen Center Operation, Boat Launch Operation, and 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, in accordance with City Charter, are considered to be departments for budgetary purposes.

Cash and Cash Equivalents

Cash and cash equivalents for all funds include amounts in demand deposits, petty cash, and certain investments which are payable upon the demand of the City and have an original maturity of three months or less. Cash balances in most of the City's operating funds are pooled and invested in various investments throughout the year. Each fund's cash balance is reported in a separate cash account and the City allocates interest earnings based on the average cash balance in each fund during the year.

The City's investments, managed by the Assistant City Manager for Fiscal Services, are guided by an investment policy that is in compliance with statutory requirements for municipal investments. Due to the long-term nature of the funds, the City's defined benefit pension funds maintain separate portfolios and are managed by investment consultants.

Reservations and Designations of Fund Equities

Reservations of fund balance are established to identify (1) claims against resources of the entity that have not materialized as liabilities at the balance sheet date, or (2) the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, for example: encumbrances, prepaid items, inventories, specific projects, and long-term advances to other funds. Such reserves are not intended as valuation allowances, but

merely demonstrate the current unavailability of the subject assets to pay current expenditures. The City of Saginaw operates from a balanced budget at the onset of every fiscal year. Undesignated fund balance or prior year budgetary surplus can be appropriated to balance a fund's budget if a sufficient balance/surplus exists and the appropriation is fiscally prudent.

Risk Management

The City is self insured to certain limits for general liability, property damage, employee medical expenses, and unemployment claims. The Self-Insurance Fund provides funding. This fund was established by the City to serve as a general insurance reserve for liabilities and claims not covered by commercial carriers or 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.

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.

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 the departments who assisted and contributed to its preparation.

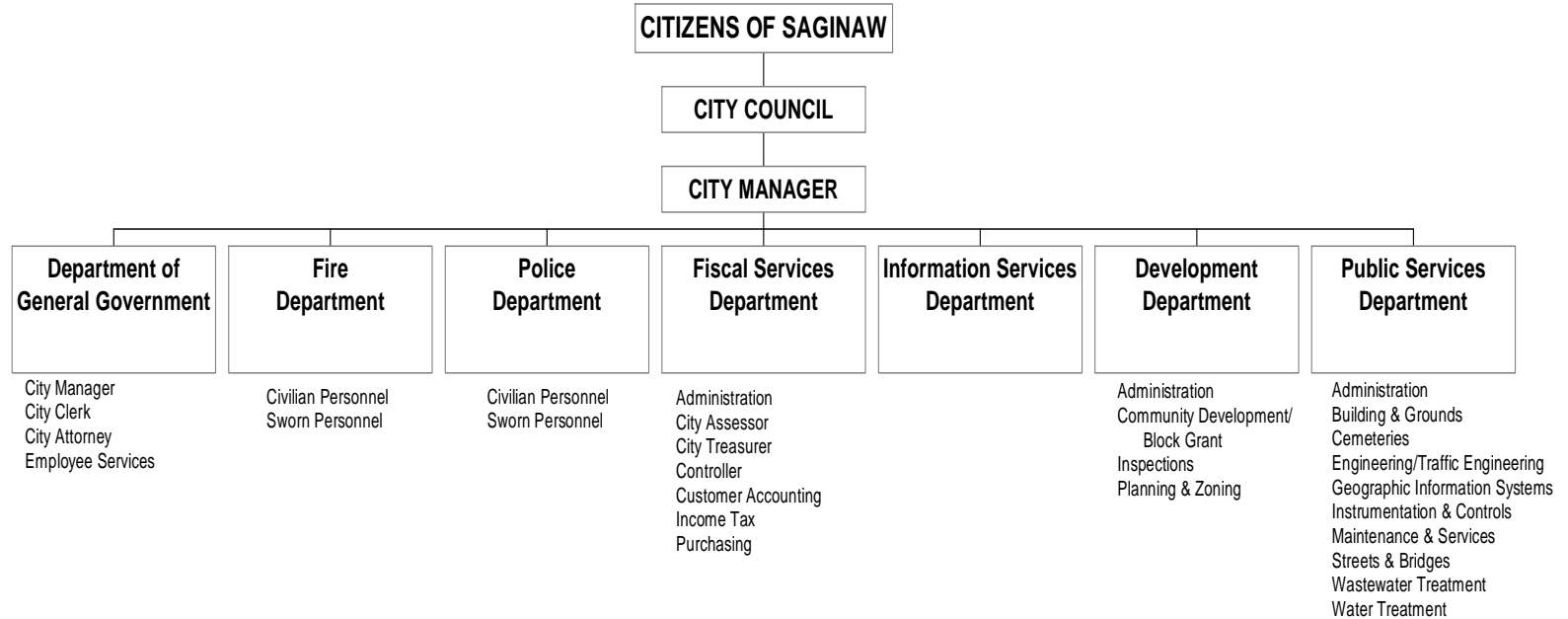
We would also like to thank the Mayor, members of the City Council, and various City Departments for their leadership and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully Submitted,



Darnell Earley
City Manager

City of Saginaw



CITY OF SAGINAW, MICHIGAN

Honorable Joyce Seals
Mayor



Darnell Earley
City Manager

Honorable Larry Coulouris, Mayor Pro-Tem

Greg Branch, Council Member

Dan Fitzpatrick, Council Member

Amanda Kitterman, Council Member

Amos O'Neal, Council Member

William G. Scharffe, Council Member

Paul Virciglio, Council Member

Andrew Wendt, Council Member

FINANCIAL

INDEPENDENT AUDITORS' REPORT

December 23, 2009

Honorable Mayor and
Members of City Council
City of Saginaw
Saginaw, Michigan 48601

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, Michigan**, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **City of Saginaw, Michigan's** management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Saginaw, Michigan**, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons of the General Fund and major special revenue fund for the year then ended in conformity with accounting principles general accepted in the United States of America.

As discussed in Note IV.H., beginning General Fund fund balance and Governmental Activities net assets have been restated.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of the **City of Saginaw, Michigan's** internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis as listed on pages 3 through 10 and Other Post Employment Benefits schedules on pages 61 through 63 as listed in the table of contents are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Saginaw. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

CITY OF SAGINAW, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 services, Sewer services, the Parking System, and Celebration Park operations.

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, 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 11-12 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 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 13-18 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, Sewer, Parking services, and Celebration Park operations. *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, Radio Revolving activities, Mailing Services, Motor Pool operations, Risk Management program, and Employee Benefits.

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 19-24 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 25-26 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 29-60 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 on pages 64-105 of this report.

Government-wide Financial Analysis

Net assets: The City of Saginaw has combined net assets of \$145,854,466. Business type activities comprise \$101,004,292 and governmental activities make up \$44,850,174 of the total net assets. The table below shows, in a condensed format, a comparison of the net assets as for the current date to the prior year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 24,971,184	\$ 24,338,087	\$ 34,360,568	\$ 39,037,011	\$ 59,321,758	\$ 63,375,098
Capital assets	43,948,283	45,078,844	125,445,508	126,024,882	169,393,791	171,103,726
Total assets	<u>68,919,467</u>	<u>69,416,931</u>	<u>159,806,076</u>	<u>165,061,893</u>	<u>228,715,549</u>	<u>234,478,824</u>
Current liabilities	4,758,983	5,058,585	8,906,186	4,884,344	13,655,236	9,942,929
Long-term liabilities	19,310,310	9,194,724	49,895,537	56,227,340	69,205,847	65,422,064
Total liabilities	<u>24,069,293</u>	<u>14,253,309</u>	<u>58,801,723</u>	<u>61,111,684</u>	<u>82,861,083</u>	<u>75,364,993</u>
Net assets:						
Invested in capital related debt	43,412,648	44,021,349	72,449,928	70,941,541	115,862,576	114,962,890
Restricted	5,726,440	5,503,153	999,026	8,083,845	6,725,466	13,586,998
Unrestricted (deficit)	<u>(4,288,914)</u>	<u>5,639,120</u>	<u>27,555,399</u>	<u>24,924,823</u>	<u>23,266,424</u>	<u>30,563,943</u>
Total net assets	<u>\$ 44,850,174</u>	<u>\$ 55,163,622</u>	<u>\$101,004,353</u>	<u>\$ 103,950,209</u>	<u>\$ 145,854,466</u>	<u>\$ 159,113,831</u>

Net assets decreased \$13,003,359 during the year. The primary cause of the change is due to recording the other postemployment benefit liability for retiree health care; the liability is \$12,236,754 as of June 30, 2009.

Change in net assets: Information in the following table is extracted from the Statement of Activities, and shows the revenue and expense components of changes in net assets for the year ended June 30, 2009.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8,127,623	\$ 5,661,961	\$ 29,167,182	\$29,223,515	\$ 37,294,805	\$ 34,885,476
Operating grants and contributions	10,309,424	9,632,858	-	-	10,309,424	9,632,858
Capital grants and contributions	-	-	401,822	2,291,247	401,822	2,291,247
General revenues:						
Property taxes	9,280,700	9,659,348	-	-	9,280,700	9,659,348
Income taxes	12,359,364	12,776,297	-	-	12,359,364	12,776,297
Grants and contribution not restricted to specific programs	10,660,535	10,190,126	-	-	10,660,535	10,190,126
Unrestricted investment earnings	437,765	657,012	146,301	351,193	584,066	978,523
Miscellaneous	137,933	84,034	-	-	137,933	84,034
Gain on disposal of capital assets	68,793	87,729	-	-	68,793	87,729
Total revenues	51,382,137	48,749,365	29,715,305	33,959,805	81,097,442	80,585,638
Expenses:						
General government	10,538,966	6,647,886	-	-	10,538,966	6,647,886
Public safety	32,374,542	24,813,794	-	-	32,374,542	24,813,794
Highway/streets	6,680,316	7,072,430	-	-	6,680,316	7,072,430
Garbage, rubbish and recycling	3,340,803	3,368,174	-	-	3,340,803	3,368,174
Other general services	2,855,433	3,295,094	-	-	2,855,433	3,295,094
Community services	1,408,608	1,442,731	-	-	1,408,608	1,442,731
Contributions to other organizations	1,000	118,500	-	-	1,000	118,500
Demolitions	914,990	914,024	-	-	914,990	914,024
Economic development	2,875,628	2,842,918	-	-	2,875,628	2,842,918
Interest on long-term debt	28,413	61,416	-	-	28,413	61,416
Water	-	-	13,513,282	11,859,053	19,050,096	11,859,053
Sewer	-	-	19,050,096	17,391,588	13,513,282	17,391,588
Parking	-	-	480,690	358,802	480,690	358,802
Celebration park	-	-	38,034	-	38,034	-
Total expenses	61,018,699	50,576,967	33,082,102	29,609,443	94,100,801	80,186,410
Transfers	(420,880)	(39,824)	420,880	39,824	-	-
Increase (decrease) in net assets	(10,057,442)	(1,867,426)	(2,945,917)	2,266,654	(13,003,359)	399,228
Net assets, beginning as restated	54,907,616	57,031,048	103,950,209	101,683,555	158,857,825	158,714,603
Total net assets	\$44,850,174	\$ 55,163,622	\$101,004,292	\$103,950,209	\$ 145,854,466	\$ 159,113,831

Governmental Activities

General revenues for governmental activities totaled approximately \$33 million for the year ended June 30, 2009. A total of approximately \$9.3 million was in the form of property tax collections and related revenues that reflected an increase in the tax rate for general operations from 5.1701 (\$5.1701 per \$1,000 of taxable value) to 5.3056 mills, which was offset by \$468,465. Income tax generated approximately \$12.4 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 \$10.6 million, it is uncertain what will happen in the next several years, given the State of Michigan's financial difficulties.

The increase in charges for services for Governmental activities is due to increase in drug forfeitures, police citations, increase in special assessments and demolition revenue. In addition, the increase in Governmental activities general government and public safety expenses is due to OPEB liability being recorded in 2009 and retro pay from settlement of contracts

Business-type Activities

Business-type activities operated by the City include the water and sewer system, parking system, and Celebration Park. Program revenues from business-type activities were approximately \$29.6 million. Significant items include sewer service - \$17.1 million, water supply - \$12.1 million, parking - \$287 thousand.

The decrease in capital grants and contributions for Business type activities due to an initial contribution in the amount of \$100,000 in 2008 for Celebration Park, a contribution from Hemlock Semi Conductor in 2008 for their share of a water line, and an EPA grant was spread over two years with the majority recognized in 2008.

Raw water from Lake Huron is provided via the Saginaw-Midland Municipal Water Supply Corporation, 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. The City also owns and operates several parking surface lots and a parking ramp.

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 425 Agreement revenue stream is local income tax.

Local income tax: The City of Saginaw receives 37.6% of its General Fund revenue from local income tax. Economic conditions continue to have a negative impact on this revenue source. For the 2009-2010 budget, the revenue from income taxes is expected to decrease \$475,000 from the 2008-2009 budget amount.

State shared revenues: The City of Saginaw receives 29.4% 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. It is our belief that any additional and continued cuts in state shared revenue will severely impact the City's ability to provide services.

Financial Analysis of City Funds and Budgets

The General Fund ended 2008-2009 with a fund balance of approximately \$1.5 million, of which the following amounts were unreserved but designated:

- \$750,000 for subsequent years' expenditures

Of the remaining \$794,461 of fund balance, \$31,306 is reserved for encumbrances, and \$14,666 is reserved for inventory for use in the 2009-2010 fiscal year. The unreserved, undesignated fund balance is \$748,489 as of June 30, 2009. The unreserved amount (\$1,498,489) represented 4.4% of the June 30, 2009 General Fund expenditures and other financing uses. That same number represents 4.2% of the fiscal year 2009-2010 budget (prior to 2009-2010 budget amendments).

Several factors affected General Fund operating results:

- Local income tax collections decreased \$416,933
- Investment income was down by \$124,714 due to lower yields

The General Fund budget is amended throughout the year, and resulted in \$44,446 in revenues over expenditures. Revenues were \$729,056 under budget while expenditures were \$2,303,563 under budget. All of the City's seven (7) collective bargaining units did have ratified agreements in place as of the end of the fiscal year ending June 30, 2009.

The Local Streets fund continues to struggle with \$261,637 fund balance at year-end June 30, 2009.

The Rubbish Fund has a June 30, 2009, fund balance of \$868,561 with reserved fund balance of \$174,865 and unreserved fund balance of \$693,696.

The City's June 30, 2009 \$215 million in unfunded health care liability impacts all funds. Prior to the 2003-2004 fiscal year, General Fund was the single contributing fund to this liability. After receiving the June 30, 2001 actuary report, other funds were budgeted to contribute. A plan to fund 50% of the \$215 million liability is being developed and requires a \$400,000, annual contribution to the Public Employee Healthcare fund. The City is following the plan of contributing \$470,000 annually.

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, 2009, amounted to \$169,393,791 (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 1.0 percent (a 2.5 percent decrease for governmental activities and a 0.5 percent decrease for business-type activities).

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

- Wastewater Treatment Plant improvement project, Phase A, B, C – approximately \$2,609,853
- WTP 2009 Painting – approximately \$356,916,278
- Woodbridge construction project – approximately \$1,463,962

Additional information on the City's capital assets can be found on pages 40-42 of this report.

Long Term Debt

At the end of the current fiscal year, the City of Saginaw had total debt outstanding of \$53.5 million in principal and \$10.0 million in interest. Of this amount, \$1.5 million in principal comprises debt backed by the full faith and credit of the government. The remainder of the City of Saginaw's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Saginaw's Outstanding Debt General Obligation, Revenue Bonds and Other Installment Debt

	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
General obligation debt	\$535,635	\$13,099	\$ 1,000,000	\$ 414,830	\$ 1,535,635	\$ 427,929
Revenue bonds	-	-	51,995,580	9,564,169	51,995,580	9,564,169
Total	<u>\$535,635</u>	<u>\$13,099</u>	<u>\$52,995,580</u>	<u>\$9,978,999</u>	<u>\$53,531,215</u>	<u>\$ 9,992,098</u>

The City's total debt decreased by \$2,684,621 (4.8 percent) during the fiscal year.

The City maintains an "A" 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 \$64,451,000, 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 43-45 of this report

Economic Factors and Next Year's Budget

The following factors were considered in preparing the City's budget for the 2010 fiscal year:

State cuts to State Share Revenue and decline in Income Tax Revenue

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.

**BASIC
FINANCIAL
STATEMENTS**

CITY OF SAGINAW
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 9,606,847	\$ 5,825,801	\$ 15,432,648	\$ 4,286,364
Investments	-	7,048,504	7,048,504	-
Receivables	11,193,257	8,045,126	19,238,383	1,492,551
Internal balances	(1,835,248)	1,835,248	-	-
Prepaid items and other assets	72,237	-	72,237	33,182
Inventory	806,550	778,843	1,585,393	-
Other assets	249,257	10,272,955	10,522,212	-
Restricted cash and cash equivalents	2,428,349	554,091	2,982,440	-
Restricted investments	2,449,935	-	2,449,935	-
Nondepreciable capital assets	14,964,184	25,382,514	40,346,698	-
Depreciable capital assets, net	28,984,099	100,062,994	129,047,093	-
Total assets	68,919,467	159,806,076	228,725,543	5,812,097
Liabilities				
Accounts payable and accrued expenses	2,458,643	2,638,953	5,097,596	18,048
Unearned revenue	1,195,202	554,452	1,749,654	-
Noncurrent liabilities:				
Due within one year	1,105,138	5,712,781	6,817,919	-
Due in more than one year	8,483,363	48,485,730	56,969,093	-
Other noncurrent liability - net other postemployment benefit liability	10,826,947	1,409,807	12,236,754	-
Total liabilities	24,069,293	58,801,723	82,871,016	18,048
Net assets				
Invested in capital assets, net of related debt	43,412,648	72,449,928	115,862,576	-
Restricted for:				
Capital projects	101,466	-	101,466	-
Endowments:				
Expendable	85,672	-	85,672	-
Nonexpendable	2,449,935	-	2,449,935	-
Specific projects	2,225,066	-	2,225,066	-
Bond and interest redemption	-	960,750	960,750	-
Repairs and replacements	-	38,276	38,276	-
Bond construction projects	-	-	-	-
Unrestricted (deficit)	(3,424,613)	27,555,399	24,130,786	5,794,049
Total net assets	\$ 44,850,174	\$ 101,004,353	\$ 145,854,527	\$ 5,794,049

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government					
Governmental activities:					
General government:					
Other general government	\$ 8,108,223	\$ 1,106,790	\$ 10,000	\$ -	\$ (6,991,433)
Administration:					
Fiscal services	2,430,643	2,483,939	-	-	53,296
Public safety:					
Fire protection	13,565,663	8,599	-	-	(13,557,064)
Police protection	17,692,952	639,540	29,036	-	(17,024,376)
Police grants	1,116,027	1,041	596,417	-	(518,569)
Other public safety	-	-	134,968	-	134,968
General services:					
Highways and streets	6,680,316	119,991	5,781,588	-	(778,737)
Garbage, rubbish and recycling	3,340,803	1,961,806	-	-	(1,378,997)
Other general services	2,855,433	847,266	-	-	(2,008,167)
Community services:					
Demolitions	914,990	162,381	-	-	(752,609)
Contributions to other organizations	1,000	-	-	-	(1,000)
Other community services	1,408,608	627,012	153,995	-	(627,601)
Economic development	2,875,628	169,258	3,603,420	-	897,050
Interest on long-term debt	28,413	-	-	-	(28,413)
Total governmental activities	<u>61,018,699</u>	<u>8,127,623</u>	<u>10,309,424</u>	<u>-</u>	<u>(42,581,652)</u>
Business-type activities:					
Sewer	19,050,096	16,738,947	-	387,335	(1,923,814)
Water	13,513,282	12,111,620	-	14,487	(1,387,175)
Parking	480,690	286,696	-	-	(193,994)
Celebration Park	38,034	29,650	-	-	(8,384)
Total business-type activities	<u>33,082,102</u>	<u>29,166,913</u>	<u>-</u>	<u>401,822</u>	<u>(3,513,367)</u>
Total primary government	<u>\$ 94,100,801</u>	<u>\$ 37,294,536</u>	<u>\$ 10,309,424</u>	<u>\$ 401,822</u>	<u>\$ (46,095,019)</u>
Component units	<u>\$ 330,848</u>	<u>\$ -</u>	<u>\$ 40,726</u>	<u>\$ -</u>	<u>\$ (290,122)</u>

continued...

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (42,581,652)	\$ (3,513,367)	\$ (46,095,019)	\$ (290,122)
General revenues and transfers:				
Property taxes	9,280,700	-	9,280,700	274,568
Income taxes	12,359,364	-	12,359,364	-
Grants and contributions not restricted to specific programs	10,660,535	-	10,660,535	-
Unrestricted investment earnings	437,765	146,631	584,396	104,158
Miscellaneous	137,933	-	137,933	-
Gain on sale of capital assets	68,793	-	68,793	-
Transfers	(420,880)	420,880	-	-
Total general revenues and transfers	32,524,210	567,511	33,091,721	378,726
Change in net assets	(10,057,442)	(2,945,856)	(13,003,298)	88,604
Net assets, beginning of year, as restated	54,907,616	103,950,209	158,857,825	5,705,445
Net assets, end of year	\$ 44,850,174	\$ 101,004,353	\$ 145,854,527	\$ 5,794,049

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General	Community Development	Nonmajor Funds	Totals
<u>Assets</u>				
Cash and cash equivalents	\$ 2,281,159	\$ 519,593	\$ 1,583,476	\$ 4,384,228
Accounts receivable, net	1,138,082	104,469	65,984	1,308,535
Property taxes receivable	243,783	-	541,850	785,633
Assessments receivable	164,801	-	39,182	203,983
Income taxes receivable	1,479,432	-	-	1,479,432
Due from other governmental units	3,122,916	889,328	759,725	4,771,969
Due from other funds	1,046,723	-	650,000	1,696,723
Inventory	3,144	-	532,984	536,128
Prepays	11,522	-	174,865	186,387
Notes and contracts receivable				
Housing and other	-	1,425,194	-	1,425,194
Restricted assets				
Cash and cash equivalents	-	85,301	2,343,048	2,428,349
Accrued interest receivable	-	-	6,573	6,573
Investments	-	-	2,449,935	2,449,935
Total assets	\$ 9,491,562	\$ 3,023,885	\$ 9,147,622	\$ 21,663,069
<u>Liabilities and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 239,540	\$ 182,030	\$ 420,619	\$ 842,189
Accrued payroll	553,480	22,941	246,517	822,938
Due to other governmental units	119,490	100,084	-	219,574
Due to other funds	5,461,089	672,969	373,754	6,507,812
Deposits payable	478,726	-	-	478,726
Deferred revenue	1,094,776	2,045,861	420,391	3,561,028
Total liabilities	7,947,101	3,023,885	1,461,281	12,432,267
<u>Fund balances</u>				
Reserved for:				
Encumbrances	31,306	-	37,003	68,309
Inventory and prepaids	14,666	-	707,849	722,515
Trusts and endowments	-	-	2,449,935	2,449,935
Specific projects	-	-	2,225,066	2,225,066
Unreserved:				
Designated for:				
Subsequent year's expenditures	750,000	-	-	750,000
Designated, reported in:				
Capital projects funds	-	-	101,466	101,466
Undesignated, reported in:				
General Fund	748,489	-	-	748,489
Special Revenue Funds	-	-	2,079,350	2,079,350
Permanent Fund	-	-	85,672	85,672
Total fund balances	1,544,461	-	7,686,341	9,230,802
Total liabilities and fund balances	\$ 9,491,562	\$ 3,023,885	\$ 9,147,622	\$ 21,663,069

The accompanying notes are an integral part of these financial statements.

**CITY OF SAGINAW
RECONCILIATION OF FUND BALANCES ON THE
BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES ON
THE STATEMENT OF NET ASSETS
June 30, 2009**

Fund balances - total governmental funds	\$ 9,230,802
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,365,826
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets	81,587,484
Deduct - accumulated depreciation	(39,557,172)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - Section 108 loans payable	(470,000)
Deduct - accumulated compensated absences	(5,788,395)
Deduct - accrued interest payable	(7,431)
Deduct - net other postemployment benefits obligation	(10,826,947)
Elimination of Internal Service Fund activities	<u>8,316,007</u>
Net assets of governmental activities	<u>\$ 44,850,174</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Community Development	Nonmajor Funds	Totals
Revenues				
General operating property taxes	\$ 3,275,436	\$ -	\$ 5,420,149	\$ 8,695,585
Special assessments	295,746	-	-	295,746
City income tax	12,359,364	-	-	12,359,364
State shared revenues	10,027,903	-	4,835,463	14,863,366
Licenses, permits and fees	1,491,015	-	2,058,602	3,549,617
Fines, penalties and forfeitures	422,088	-	365,485	787,573
Grants, donations and contributions	3,279,888	3,567,623	1,752,224	8,599,735
Interest on loans and investments	381,913	21,123	27,667	430,703
Rents and privileges	31,218	-	-	31,218
Sale of materials and services	1,319,570	-	173,648	1,493,218
Loan repayments	-	114,534	-	114,534
Miscellaneous	-	34,026	1,270	35,296
Total revenues	32,884,141	3,737,306	14,634,508	51,255,955
Expenditures				
Current expenditures				
General government	4,265,957	-	-	4,265,957
Administration	2,495,163	812,564	-	3,307,727
Public safety	21,289,160	-	4,990,256	26,279,416
Highways and streets	-	-	5,066,917	5,066,917
General services	3,058,967	-	3,302,192	6,361,159
Community services	1,729,448	-	257,016	1,986,464
Economic development	-	1,614,972	170,021	1,784,993
Capital outlay	1,000	556,017	-	557,017
Debt service				
Principal	-	450,000	-	450,000
Interest	-	25,852	-	25,852
Total expenditures	32,839,695	3,459,405	13,786,402	50,085,502
Revenues over expenditures	44,446	277,901	848,106	1,170,453
Other financing sources (uses)				
Transfers in	910,000	-	1,211,055	2,121,055
Transfers out	(865,243)	(277,901)	(488,791)	(1,631,935)
Total other financing sources (uses)	44,757	(277,901)	722,264	489,120
Net change in fund balances	89,203	-	1,570,370	1,659,573
Fund balances, beginning of year, as restated	1,455,258	-	6,115,971	7,571,229
Fund balances, end of year	\$ 1,544,461	\$ -	\$ 7,686,341	\$ 9,230,802

The accompanying notes are an integral part of these financial statements.

**CITY OF SAGINAW
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009**

Net change in fund balances - total governmental funds	\$ 1,659,573
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	111,802
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.	
Add - capital additions	678,052
Deduct - depreciation expense	(2,164,306)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Add - principal payments on long-term liabilities	450,000
Deduct - increase in accrued compensated absences	(173,718)
Add - decrease in accrued interest payable	6,631
Deduct - increase in other postemployment benefit obligation	(10,826,947)
Elimination of Internal Service Fund activities	<u>201,471</u>
Change in net assets of governmental activities	<u><u>\$ (10,057,442)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
General operating property taxes	\$ 3,634,118	\$ 3,536,118	\$ 3,275,436	\$ (260,682)
Special assessments	700,000	700,000	295,746	(404,254)
City income tax	12,500,000	12,500,000	12,359,364	(140,636)
State shared revenues	10,058,591	9,258,591	10,027,903	769,312
Licenses, permits and fees	1,515,356	1,515,356	1,491,015	(24,341)
Fines, penalties and forfeitures	150,000	275,000	422,088	147,088
Grants, donations and contributions	3,860,966	3,966,510	3,279,888	(686,622)
Interest on loans and investments	500,800	500,800	381,913	(118,887)
Rents and privileges	12,500	12,500	31,218	18,718
Sale of materials and services	1,334,939	1,348,322	1,319,570	(28,752)
Total revenues	34,267,270	33,613,197	32,884,141	(729,056)
Expenditures				
Current expenditures				
General government	4,683,495	4,539,675	4,265,957	(273,718)
Administration	2,596,711	2,667,062	2,495,163	(171,899)
Public safety	22,562,398	22,361,474	21,289,160	(1,072,314)
General services	3,739,094	3,727,175	3,058,967	(668,208)
Community services	1,878,293	1,847,872	1,729,448	(118,424)
Capital outlay	-	-	1,000	1,000
Total expenditures	35,459,991	35,143,258	32,839,695	(2,303,563)
Revenues over (under) expenditures	(1,192,721)	(1,530,061)	44,446	1,574,507
Other financing sources (uses)				
Transfers in	1,067,000	910,000	910,000	-
Transfers out	(591,914)	(770,771)	(865,243)	(94,472)
Total other financing sources (uses)	475,086	139,229	44,757	(94,472)
Net change in fund balances	\$ (717,635)	\$ (1,390,832)	89,203	\$ 1,480,035
Fund balance, beginning of year, as restated			1,455,258	
Fund balance, end of year			<u>\$ 1,544,461</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Grants and entitlements	\$ 3,962,574	\$ 3,962,574	\$ 3,567,623	\$ (394,951)
Interest on deposits and investments	15,500	15,500	425	(15,075)
Interest on loans	35,135	35,135	20,698	(14,437)
Loan repayments	105,000	105,000	114,534	9,534
Miscellaneous	-	-	34,026	34,026
	<u>4,118,209</u>	<u>4,118,209</u>	<u>3,737,306</u>	<u>(380,903)</u>
Total revenues				
Expenditures				
Current expenditures				
Administration	870,521	870,521	812,564	(57,957)
Program support services	1,131,862	1,136,102	914,607	(221,495)
Loan disbursements	399,410	399,410	190,403	(209,007)
Grant expenditures	630,748	630,748	509,962	(120,786)
Capital outlay				
Public improvements	490,816	490,816	556,017	65,201
Debt service				
Principal	450,000	450,000	450,000	-
Interest	25,852	25,852	25,852	-
	<u>3,999,209</u>	<u>4,003,449</u>	<u>3,459,405</u>	<u>(544,044)</u>
Total expenditures				
Revenues over (under) expenditures	119,000	114,760	277,901	163,141
Other financing sources (uses)				
Transfers out	(202,471)	(202,471)	(277,901)	75,430
	<u>(202,471)</u>	<u>(202,471)</u>	<u>(277,901)</u>	<u>75,430</u>
Net change in fund balances	<u>\$ (83,471)</u>	<u>\$ (87,711)</u>	-	<u>\$ 87,711</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor Funds	Totals	Internal Service
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 5,120,148	\$ 426,181	\$ 279,472	\$ 5,825,801	\$ 5,222,619
Investments	5,961,878	1,086,626	-	7,048,504	-
Accounts receivable, net	1,648,836	2,973,376	554,345	5,176,557	1,211,938
Assessments receivable	14,308	1,257	-	15,565	-
Due from other governmental units	-	2,853,004	-	2,853,004	-
Due from other funds	111,089	-	-	111,089	4,700,000
Inventory	778,843	-	-	778,843	270,422
Prepaid expenses	-	-	-	-	135,107
Restricted current assets					
Cash - bond proceeds	554,091	-	-	554,091	-
Total current assets	14,189,193	7,340,444	833,817	22,363,454	11,540,086
Noncurrent assets					
Investment in Saginaw-Midland Water Supply Corporation	10,165,143	-	-	10,165,143	-
Unamortized bond discount	107,812	-	-	107,812	-
Capital assets					
Land	438,255	982,374	201,203	1,621,832	-
Buildings and improvements	65,025,100	68,017,071	11,637,716	144,679,887	182,829
Combined sewer overflow facilities	-	94,990,460	-	94,990,460	-
Plant and office equipment	3,737,496	4,415,018	610,552	8,763,066	601,623
Vehicular and radio equipment	-	-	-	-	8,847,781
Construction in progress	10,738,034	13,022,648	-	23,760,682	-
Less allowances for depreciation	(40,215,584)	(95,966,286)	(12,188,549)	(148,370,419)	(7,714,262)
Net capital assets	39,723,301	85,461,285	260,922	125,445,508	1,917,971
Total noncurrent assets	49,996,256	85,461,285	260,922	135,718,463	1,917,971
Total assets	\$ 64,185,449	\$ 92,801,729	\$ 1,094,739	\$ 158,081,917	\$ 13,458,057

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor Funds	Totals	Activities Internal Service
<u>Liabilities</u>					
Current liabilities payable from current assets					
Accounts payable	\$ 642,402	\$ 572,155	\$ 40,088	\$ 1,254,645	\$ 44,338
Accrued payroll	101,447	146,435	1,635	249,517	43,447
Unearned revenue	107	-	554,345	554,452	-
Current portion of accrued sick and vacation/PTO payable	159,990	261,036	-	421,026	-
Current portion of long-term debt	-	440,000	-	440,000	35,607
Total current liabilities payable from current assets	<u>903,946</u>	<u>1,419,626</u>	<u>596,068</u>	<u>2,919,640</u>	<u>123,392</u>
Payable from restricted assets					
Customer deposits	919,588	-	-	919,588	-
Accrued interest	-	215,203	-	215,203	-
Current portion of long-term debt	250,000	4,601,755	-	4,851,755	-
Total current liabilities payable from restricted assets	<u>1,169,588</u>	<u>4,816,958</u>	<u>-</u>	<u>5,986,546</u>	<u>-</u>
Total current liabilities	<u>2,073,534</u>	<u>6,236,584</u>	<u>596,068</u>	<u>8,906,186</u>	<u>123,392</u>
Long-term liabilities					
Workers' comp claims payable	-	-	-	-	1,767,356
Insurance claims payable	-	-	-	-	1,290,200
Accrued sick and vacation/PTO payable	405,800	369,029	7,076	781,905	206,915
Other noncurrent liability - net other postemployment benefit liability	544,806	719,409	145,592	1,409,807	-
Long-term debt, net of current portion					
Revenue bonds	10,850,000	-	-	10,850,000	-
General obligation bonds and contracts	-	36,853,825	-	36,853,825	30,028
Total long-term liabilities	<u>11,800,606</u>	<u>37,942,263</u>	<u>152,668</u>	<u>49,895,537</u>	<u>3,294,499</u>
Total liabilities	<u>13,874,140</u>	<u>44,178,847</u>	<u>748,736</u>	<u>58,801,723</u>	<u>3,417,891</u>
<u>Net assets</u>					
Investment in capital assets, net of related debt	28,623,301	43,565,705	260,922	72,449,928	1,852,336
Restricted for:					
Bond and interest redemption	960,750	-	-	960,750	-
Repairs and replacements	38,276	-	-	38,276	-
Unrestricted	20,688,982	5,057,177	85,081	25,831,240	8,187,830
Total net assets	<u>\$ 50,311,309</u>	<u>\$ 48,622,882</u>	<u>\$ 346,003</u>	<u>\$ 99,280,194</u>	<u>\$ 10,040,166</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SAGINAW
RECONCILIATION OF NET ASSETS ON THE
STATEMENT OF NET ASSETS FOR ENTERPRISE
FUNDS TO NET ASSETS OF BUSINESS-TYPE
ACTIVITIES ON THE STATEMENT OF NET ASSETS
June 30, 2009**

Net assets - total enterprise funds	\$ 99,280,194
Amounts reported for <i>business-type activities</i> in the statement of net assets are different because:	
Elimination of Internal Service Fund activities	<u>1,724,159</u>
Net assets of business-type activities	<u><u>\$ 101,004,353</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor Funds	Totals	Internal Service
Operating revenues					
User charges	\$ 11,706,874	\$ 16,224,804	\$ 316,346	\$ 28,248,024	\$ 8,811,427
Sale of materials and services	395,131	75,658	-	470,789	5,069
Penalties for delinquencies	120,681	438,485	-	559,166	-
Total operating revenues	<u>12,222,686</u>	<u>16,738,947</u>	<u>316,346</u>	<u>29,277,979</u>	<u>8,816,496</u>
Operating expenses					
Costs of goods sold	-	-	-	-	72,947
Salaries	-	-	53,224	53,224	1,130,666
Employee benefits	-	-	298,155	298,155	859,346
Contractual services	-	-	68,378	68,378	804,247
Internal user charges	-	-	17,061	17,061	248,631
Insurance	-	-	25,706	25,706	1,111,238
Utilities	-	-	38,541	38,541	159,762
Supplies and materials	-	-	3,698	3,698	208,458
Administration	2,643,851	2,991,156	-	5,635,007	-
Customer accounting	405,867	418,931	-	824,798	-
Meter maintenance and service	351,986	377,974	-	729,960	-
System maintenance and service	1,828,025	2,242,606	-	4,070,631	-
Treatment, disposal and pumping	4,145,034	5,701,091	-	9,846,125	-
Remote facilities	-	1,337,911	-	1,337,911	-
Operations and maintenance	324,861	120,299	-	445,160	-
Raw water operations	1,081,289	-	-	1,081,289	-
Claims and judgments	-	-	-	-	2,052,786
Depreciation	1,459,885	5,225,582	18,830	6,704,297	479,557
Other	-	-	4,323	4,323	59,033
Total operating expenses	<u>12,240,798</u>	<u>18,415,550</u>	<u>527,916</u>	<u>31,184,264</u>	<u>7,186,671</u>
Operating income (loss)	<u>(18,112)</u>	<u>(1,676,603)</u>	<u>(211,570)</u>	<u>(1,906,285)</u>	<u>1,629,825</u>
Nonoperating revenues (expenses)					
Interest on investments	137,227	26,309	864	164,400	33,556
Interest expense on bonded indebtedness	(2,124,332)	(947,826)	-	(3,072,158)	(9,192)
Loss on sale of investments	-	(17,769)	-	(17,769)	-
Loss on sale of capital assets	-	-	-	-	(16,503)
Grants and entitlements	14,487	387,335	-	401,822	-
Increase in investment in Saginaw-Midland Water Supply Corporation	537,039	-	-	537,039	-
Total nonoperating revenues (expenses)	<u>(1,435,579)</u>	<u>(551,951)</u>	<u>864</u>	<u>(1,986,666)</u>	<u>7,861</u>
Net income (loss) before transfers	<u>(1,453,691)</u>	<u>(2,228,554)</u>	<u>(210,706)</u>	<u>(3,892,951)</u>	<u>1,637,686</u>
Transfers					
Transfers in	-	-	520,880	520,880	-
Transfers out	-	-	(100,000)	(100,000)	(910,000)
Total	<u>-</u>	<u>-</u>	<u>420,880</u>	<u>420,880</u>	<u>(910,000)</u>
Change in net assets	<u>(1,453,691)</u>	<u>(2,228,554)</u>	<u>210,174</u>	<u>(3,472,071)</u>	<u>727,686</u>
Net assets, beginning of year	<u>51,765,000</u>	<u>50,851,436</u>	<u>135,829</u>	<u>102,752,265</u>	<u>9,312,480</u>
Net assets, end of year	<u>\$ 50,311,309</u>	<u>\$ 48,622,882</u>	<u>\$ 346,003</u>	<u>\$ 99,280,194</u>	<u>\$ 10,040,166</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SAGINAW
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS OF
ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009**

Net change in fund net assets - total enterprise funds	\$ (3,472,071)
Elimination of Internal Service Fund activities	<u>526,215</u>
Change in net assets of business-type activities	<u><u>\$ (2,945,856)</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor Funds	Totals	Internal Service
Cash flows from operating activities:					
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 10,065,091
Receipts from customers	12,563,264	15,455,532	316,347	28,335,143	-
Payments to suppliers	(7,233,076)	(7,968,531)	(105,199)	(15,306,806)	(3,763,524)
Payments to employees	(3,725,267)	(5,522,693)	(211,680)	(9,459,640)	(1,989,758)
Payments for interfund services used	(111,089)	-	(348,373)	(459,462)	(917,319)
Net cash provided by (used in) operating activities	1,493,832	1,964,308	(348,905)	3,109,235	3,394,490
Cash flows from noncapital financing activities:					
Transfers in	-	-	520,880	520,880	-
Transfers out	-	-	(100,000)	(100,000)	(910,000)
Net cash provided by noncapital financing activities	-	-	420,880	420,880	(910,000)
Cash flows from capital and related financing activities:					
Purchases of capital assets	(2,837,042)	(3,286,413)	-	(6,123,455)	(851,753)
Grants and entitlements	14,487	387,335	-	401,822	-
Bond / installment contract proceeds	-	2,853,004	-	2,853,004	-
Principal paid on long-term debt	-	(4,940,765)	-	(4,940,765)	(146,860)
Interest paid on long-term debt	(2,124,986)	(960,574)	-	(3,085,560)	(9,192)
Net cash used in capital and related financing activities	(4,947,541)	(5,947,413)	-	(10,894,954)	(1,007,805)
Cash flows from investing activities:					
Purchase of investments	(281,160)	1,046	-	(280,114)	-
Interest on investments	137,227	8,540	864	146,631	33,556
Net cash provided by (used in) investing activities	(143,933)	9,586	864	(133,483)	33,556
Net increase (decrease) in cash and cash equivalents	(3,597,642)	(3,973,519)	72,839	(7,498,322)	1,510,241
Cash and cash equivalents at beginning of year	9,271,881	4,399,700	206,633	13,878,214	3,712,378
Cash and cash equivalents at end of year	\$ 5,674,239	\$ 426,181	\$ 279,472	\$ 6,379,892	\$ 5,222,619
Cash flows from operating activities:					
Operating income (loss)	\$ (18,112)	\$ (1,676,603)	\$ (211,570)	\$ (1,906,285)	\$ 1,629,825
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,459,885	5,225,582	18,830	6,704,297	479,557
Change in assets and liabilities:					
Accounts receivable	295,807	(347,370)	(15,850)	(67,413)	(1,194,573)
Assessments receivable	(108)	32,880	-	32,772	(94,332)
Due from other governmental units	-	(968,925)	-	(968,925)	-
Due from other funds	(111,089)	-	-	(111,089)	1,774,480
Inventory	(32,544)	-	-	(32,544)	(10,511)
Accounts payable	(705,220)	(1,062,268)	35,447	(1,732,041)	(1,382)
Accrued wages payable	(224)	(5,866)	(1,604)	(7,694)	(5,493)
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	(331,312)	(331,312)	-
Unearned revenue	107	-	15,851	15,958	-
Customer deposits	44,772	-	-	44,772	-
Claims payable	-	-	-	-	811,172
Accrued sick and vacation/PTO payable	15,752	47,469	(4,289)	58,932	5,747
Net OPEB Obligation	544,806	719,409	145,592	1,409,807	-
Net cash provided by (used in) operating activities	\$ 1,493,832	\$ 1,964,308	\$ (348,905)	\$ 3,109,235	\$ 3,394,490

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

	Pension and Other Employee Benefits	
	Trust Funds	Agency
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 619,991
Accounts receivable	-	1,098,423
Prepaid Insurance	-	1,256,845
Taxes receivable for the account of other governmental units	-	561,029
Restricted assets		
Cash and cash equivalents	1,648,266	-
Accrued interest receivable	219,029	-
Investments, at fair value		
Governmental securities	14,391,362	-
Municipal obligations	3,091,438	-
Corporate and foreign bonds	14,607,910	-
Common equity securities	43,555,735	-
Equity mutual funds	18,001,145	-
Other	1,331,804	-
	<u>96,846,689</u>	<u>\$ 3,536,288</u>
<u>LIABILITIES</u>		
Accounts payable	80,954	1,308,903
Accrued wages payable	692,205	-
Due to other governmental units	-	964,122
Other current liabilities	-	438,536
	<u>773,159</u>	<u>\$ 3,536,288</u>
Net assets		
Held in trust for pension and other employee benefits	<u>\$ 96,073,530</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
For the Year Ended June 30, 2009

<u>Additions</u>	
Contributions:	
Employer	\$ 5,401,700
Plan members	1,038,525
	<hr/>
Total contributions	6,440,225
	<hr/>
Investment income (loss):	
Interest	2,001,021
Dividends	1,535,640
Mutual fund rebates	54,274
Net depreciation in fair value of investments	(23,802,826)
Investment expenses	(160,817)
	<hr/>
Total investment loss	(20,372,708)
	<hr/>
Net investment loss in excess of contributions	(13,932,483)
	<hr/>
<u>Deductions</u>	
Police pension benefits	6,614,020
Fire pension benefits	5,792,959
Administrative expenses	491,092
	<hr/>
Total deductions	12,898,071
	<hr/>
Net decrease in net assets	(26,830,554)
	<hr/>
Net assets held in trust for pension and other employee benefits	
Beginning of year	122,904,084
	<hr/>
End of year	\$ 96,073,530
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**CITY OF SAGINAW
 COMPONENT UNITS
 STATEMENT OF NET ASSETS
 June 30, 2009**

	<u>TIFA Activities</u>	<u>DDA Activities</u>	<u>LDFA Activities</u>	<u>Saginaw Economic Development Corporation</u>	<u>Brownfield Activities</u>	<u>Total</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 31,305	\$ 176,681	\$ 3,638,085	\$ 307,577	\$ 132,716	\$ 4,286,364
Receivables	-	39,735	24,406	1,425,873	2,537	1,492,551
Land held for resale	-	33,182	-	-	-	33,182
Total assets	31,305	249,598	3,662,491	1,733,450	135,253	5,812,097
<u>Liabilities</u>						
Accounts payable	-	1,987	1,428	14,633	-	18,048
Net assets	<u>\$ 31,305</u>	<u>\$ 247,611</u>	<u>\$ 3,661,063</u>	<u>\$ 1,718,817</u>	<u>\$ 135,253</u>	<u>\$ 5,794,049</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF SAGINAW
 COMPONENT UNITS
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2009**

<u>Functions / Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
TIFA Activities	\$ -	\$ -	\$ -	\$ -
DDA Activities	52,346	-	-	(52,346)
LDFA Activities	9,862	-	-	(9,862)
Saginaw Economic Development Corporation	262,504	-	40,726	(221,778)
Brownfield Activities	6,136	-	-	(6,136)
Total component unit activities	\$330,848	\$ -	\$ 40,726	\$ (290,122)

	<u>Component Units</u>					<u>Total</u>
	<u>TIFA Activities</u>	<u>DDA Activities</u>	<u>LDFA Activities</u>	<u>Saginaw Economic Development Corporation</u>	<u>Brownfield Activities</u>	
Changes in net assets						
Net expense	\$ -	\$ (52,346)	\$ (9,862)	\$ (221,778)	\$ (6,136)	\$ (290,122)
General revenues:						
Property taxes	(13)	47,029	193,429	-	34,123	274,568
Unrestricted investment earnings	-	5,489	38,304	60,365	-	104,158
Total general revenues	(13)	52,518	231,733	60,365	34,123	378,726
Change in net assets	(13)	172	221,871	(161,413)	27,987	88,604
Net assets, beginning of year	31,318	247,439	3,439,192	1,880,230	107,266	5,705,445
Net assets, end of year	\$ 31,305	\$ 247,611	\$ 3,661,063	\$ 1,718,817	\$135,253	\$5,794,049

The accompanying notes are an integral part of these financial statements.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

I. 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:

A. Reporting entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Saginaw, Michigan (the primary government) and its component units. The component units discussed below are included in the City's reporting entity as they are entities for which the government is considered to be financially accountable.

Discrete Component Units

The component units columns in the government-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.

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.

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Brownfield Redevelopment Authority SRRF - 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

The City of Saginaw purchases raw water from the Saginaw-Midland Municipal Water Supply Corporation. 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 \$537,039 as nonoperating revenues. At June 30, 2009, total outstanding bonded debt of the Saginaw-Midland Municipal Water Supply Corporation was \$18,333,929. The City was obligated for \$9,806,520 of this total. During fiscal year 2009, the City paid the Corporation \$1,081,289 to finance its share of the contractual obligations. The City's equity of \$10,165,143 in the Saginaw-Midland Municipal Water Supply Corporation is recorded as an Investment within the Noncurrent Assets section on the statement of net assets of the Water Fund.

The financial information for the year ended June 30, 2009, for the Saginaw-Midland Municipal Water Supply Corporation follows:

Total assets	\$37,978,794	Total revenues	\$ 5,022,276
Total liabilities	<u>18,974,395</u>	Total expenses	<u>4,018,246</u>
		Net income	\$ 1,004,030
Net assets:			
City of Saginaw	\$10,165,143	Net assets at	
City of Midland	<u>8,839,256</u>	beginning of year	<u>18,000,369</u>
Total net assets	<u>\$19,004,399</u>	Total net assets	<u>\$19,004,399</u>

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *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 financial accountable.

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

CITY OF SAGINAW, MICHIGAN

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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.

C. 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, except for agency funds which do not have a 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period and one year for reimbursement based grants. 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 government.

The government reports the following major governmental funds:

The *general fund* is the government'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 government reports the following major proprietary funds:

The *water fund* accounts for the activities of the government's water distribution and treatment system.

The *sewer fund* accounts for the activities of the government's sewage disposal and treatment system.

Additionally, the City reports the following fund types:

Internal service funds account for fringe benefit and fleet management services provided to other departments or agencies of the government on a cost reimbursement basis.

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The *pension and other employee benefit 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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 government's water and sewer function and various other functions of the government. 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 enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

D. Assets, liabilities, and net assets or equity

1. 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.

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2. 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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and prepaid items

Inventories are valued at cost using either the first-in, first-out (Special Revenue Funds) or average cost (Enterprise and Internal Service Funds) methods. The costs of inventories are recorded as assets when purchased and charged to expenditures when used, which is the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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 or contractual requirements which restrict the use of resources.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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.

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Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: streets system infrastructure (7-50 years), buildings and improvements (50 years); combined sewer overflow facilities (25 years); plant equipment (15 years); radio equipment (8 years); office and data processing equipment (5 years); and vehicles (5 years).

6. Compensated absences

The liability for unused sick and vacation/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.

7. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premium 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.

8. Fund equity

Reservations of fund balance are established to identify (1) claims against resources of the entity that have not materialized as liabilities at the balance sheet date, or (2) the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, for example: encumbrances, prepaid items, inventories, specific projects and long-term advances to other funds. Such reserves are not intended as valuation allowances, but merely demonstrate the current unavailability of the subject assets to pay current expenditures. Designations of fund balance have been made for Capital Projects. These portions of fund balance are intended to be used for these purposes and are not available for appropriation or expenditure. Restrictions of net assets in the Enterprise Funds represent amounts that are required to be segregated in accordance with City ordinances. These portions of net assets are intended to be used for these purposes and are not available for appropriation or expense.

Encumbrances are commitments under purchase orders or contracts. Outstanding encumbrances at year-end are not recorded as expenditures until the goods or services are received. Only those encumbrances that are recorded as payables at June 30 are included as expenditures for budgetary presentations. Fund balance has been reserved for all outstanding encumbrances in the governmental fund types and will be recorded as expenditures in the subsequent fiscal year.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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9. Subsequent events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2009, the most recent statement of net assets presented herein, through the auditors' report date, the date these financial statements were available to be issued. No significant such events or transactions were identified.

II. Stewardship, compliance and accountability

A. 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. 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 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, Public Safety Millage, Rubbish Collection, Police Grants, Drug Forfeiture, Andersen Center Operation, Boat Launch Operation and Economic Development 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 Budget Stabilization, Municipal Streets, Urban Development Action Grant, and Carl H. Ibershoff Trust Special Revenue Funds or the Trust and Agency Funds.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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B. Excess of expenditures over appropriations

The following funds had excess of expenditures over appropriation at the legal level of budgetary control:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
GENERAL FUND:			
General Government			
City manager	\$ 338,477	\$ 341,952	\$ 3,475
Cable television operation	38,899	39,068	169
Employee services	490,456	502,521	12,065
Geographical information system charges	50,162	63,320	13,158
Public Safety – Police Department			
Administration services	365,732	524,815	159,083
Investigation	1,586,262	1,638,282	52,020
Building and property management	1,173,653	1,183,033	9,380
Public Safety – Fire Department			
Administration	313,326	402,600	89,274
Apparatus operation and maintenance	375,350	437,742	62,392
General Services			
Public works and engineering	78,765	87,525	8,760
Cemeteries operation and maintenance	653,667	677,547	23,880
Japanese tea house and cultural center	44,932	50,491	5,559
Parks administration	30,838	32,121	1,283
Building and grounds maintenance	1,047,712	1,158,319	110,607
Community Services			
Demolitions	550,000	575,665	25,665
Capital outlay	-	1,000	1,000
Transfers out			
Parking fund	22,424	420,880	398,456
Police grant funds	188,736	188,998	262

C. Deficit fund equity

In the Nonmajor Governmental Funds, the Municipal Streets had an undesignated fund deficit at June 30, 2009, in the amount of \$103,950. In the Internal Service Funds, the Information Services and GIS Funds had unrestricted net assets deficits at June 30, 2009, in the amount of \$7,059 and \$5,359, respectively. In the Nonmajor Enterprise Funds, the Parking fund had an unrestricted fund deficit of \$113,407. A deficit Elimination Plan will be prepared for Council approval and then filed with the Local Audit and Finance Division of the State of Michigan.

D. 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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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

Shortfall at July 1, 2008	\$(1,286,213)
Current year building permit revenue	159,730
Related expenditures	<u>(787,104)</u>
Cumulative shortfall at June 30, 2009	<u><u>\$ (1,913,587)</u></u>

III. Detailed notes on all funds

A. Deposits and investments

A reconciliation of cash and investments as shown in the basic financial statements for the City's deposits and investments is as follows:

FINANCIAL STATEMENT CAPTION	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Primary government:			
Cash and cash equivalents	\$ 15,432,648	\$ -	\$15,432,648
Restricted cash and cash equivalents	2,428,349	554,091	2,982,440
Investments	-	7,048,504	7,048,504
Restricted investments	-	2,449,935	2,449,935
Component units:			
Cash and cash equivalents	4,286,364	-	4,286,364
Fiduciary funds:			
Cash and cash equivalents	619,991	-	619,991
Restricted cash and cash equivalents	-	1,648,266	1,648,266
Investments	-	<u>94,979,394</u>	<u>94,979,394</u>
Total	<u>\$ 22,767,352</u>	<u>\$ 106,680,190</u>	<u>\$129,447,542</u>

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 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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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As of June 30, 2009, the maturities and credit quality rating of debt securities are as follows:

	<u>Fair value</u>	<u>Investment maturities (in years)</u>				<u>S&P Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>	
Primary government						
Money market funds	\$ 8,049,039					N/A
MI class pooled funds	<u>2,950,819</u>					N/A
Total primary government	<u>10,999,857</u>					
	<u>Fair value</u>	<u>Investment maturities (in years)</u>				<u>S&P Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>	
Pension and other employee benefit funds						
Equity mutual funds	\$ 593,906	\$ -	\$ -	\$ -	\$ -	Not rated
Governmental securities	14,289,381	-	1,669,728	2,954,872	9,664,781	AAA
Nonrated municipal obligations	369,390	-	189,096	180,294	-	Not rated
Municipal obligations	2,722,049	-	215,396	390,566	2,116,087	AAA-AA-
Nonrated corporate bonds	877,520	-	-	156,227	721,293	Not rated
Corporate bonds	13,832,371	487,299	3,976,968	3,593,445	5,774,659	AAA-BBB-
Common stocks	61,768,594	-	-	-	-	N/A
Money market and other	<u>1,227,122</u>	-	-	-	-	N/A
Total pension and benefit	<u>95,680,333</u>					
Total investments	<u>\$ 106,680,190</u>					

Investment and deposit risk

Interest Rate Risk – State law limits the allowable investments and the maturities of some of the allowable investments. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The City's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year-end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year-end \$20,897,306 of the City's bank balance of \$22,147,306 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk 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

CITY OF SAGINAW, MICHIGAN

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custodial credit risk since the securities are held in the counterparty's trust department in the City's name.

Concentration of Credit Risk – State law limits allowable investments but does not limit concentration of credit risk as identified above. The City's investment policy does not have specific limits in excess of state law on concentration of credit.

At June 30, 2009, there were no individual investments with a fair value that represents 5% or more of the City's investments. However, amounts invested in a separate equity mutual fund (Harbor International Fund) represents 7% of the Policemen and Firemen Pension Fund's total investments at June 30, 2009. All investments held at year-end are reported above.

B. 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
Income taxes	\$ 1,479,432	\$ -	\$ -
Accounts	3,307,504	5,296,476	-
Accrued interest	6,573	-	23,313
Intergovernmental	4,771,969	2,853,004	-
Property taxes Assessments	785,633	-	43,365
Due within one year	203,983	15,565	-
Notes			
Due within one year	180,000	-	120,000
Due after one year	1,245,194	-	1,552,193
Reserve for uncollectible accounts	(787,031)	(119,919)	(246,320)
Total receivables	\$ 11,193,257	\$ 8,045,126	\$ 1,492,551

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable (General fund)	\$ 66,492	\$ -
Property taxes receivable (Non-major governmental fund types)	34,185	-
Accounts receivable (General fund)	531,503	-
Accounts receivable (Community development)	104,469	-
Assessments receivable (General fund)	164,801	-
Assessments receivable (Nonmajor governmental fund types)	39,182	-
Notes receivable	1,425,194	-
Grant drawdowns prior to meeting all eligibility requirements	-	1,195,202
Total	\$ 2,365,826	\$ 1,195,202

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

C. Capital assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,739,274	\$ -	\$ -	\$ 14,739,274
Construction in progress	<u>90,322</u>	<u>412,462</u>	<u>(277,874)</u>	<u>224,910</u>
Total capital assets not being depreciated	<u>14,829,596</u>	<u>412,462</u>	<u>(277,874)</u>	<u>14,964,184</u>
Capital assets being depreciated				
Infrastructure	40,599,179	253,479	-	40,852,658
Building	15,706,673	24,395	-	15,731,068
Equipment	7,354,618	274,087	-	7,628,705
Vehicular and radio equipment	<u>11,223,712</u>	<u>843,358</u>	<u>(23,968)</u>	<u>12,043,102</u>
Total capital assets being depreciated	<u>74,884,182</u>	<u>1,395,319</u>	<u>(23,968)</u>	<u>76,255,533</u>
Accumulated depreciation				
Infrastructure	(20,525,229)	(1,488,042)	-	(22,013,271)
Building	(9,129,584)	(276,278)	-	(9,405,862)
Equipment	(6,673,280)	(369,165)	-	(7,042,445)
Vehicular and radio equipment	<u>(8,306,844)</u>	<u>(510,478)</u>	<u>7,466</u>	<u>(8,809,856)</u>
Total accumulated depreciation	<u>(44,634,937)</u>	<u>(2,643,963)</u>	<u>7,466</u>	<u>(47,271,434)</u>
Net capital assets being depreciated, net	<u>30,249,245</u>	<u>(1,248,644)</u>	<u>(16,502)</u>	<u>28,984,099</u>
Governmental activities capital assets, net	<u>\$ 45,078,841</u>	<u>\$ (836,182)</u>	<u>\$ (294,376)</u>	<u>\$ 43,948,283</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,621,832	\$ -	\$ -	\$ 1,621,832
Construction in progress	<u>17,764,100</u>	<u>5,996,582</u>	<u>-</u>	<u>23,760,682</u>
Total capital assets not being depreciated	<u>19,385,932</u>	<u>5,996,582</u>	<u>-</u>	<u>25,382,514</u>
Capital assets being depreciated				
Building and improvements	144,667,387	12,500	-	144,679,887
CSO facilities	94,990,460	-	-	94,990,460
Equipment	<u>8,648,692</u>	<u>114,374</u>	<u>-</u>	<u>8,763,066</u>
Total capital assets being depreciated	<u>248,306,539</u>	<u>126,873</u>	<u>-</u>	<u>248,433,413</u>
Accumulated depreciation				
Building and improvements	(85,833,311)	(2,140,577)	-	(87,973,888)
CSO facilities	(49,775,986)	(3,993,674)	-	(53,769,660)
Equipment	<u>(6,056,825)</u>	<u>(570,046)</u>	<u>-</u>	<u>(6,626,871)</u>
Total accumulated depreciation	<u>(141,666,122)</u>	<u>(6,704,297)</u>	<u>-</u>	<u>(148,370,419)</u>
Net capital assets being depreciated, net	<u>106,640,417</u>	<u>(6,577,423)</u>	<u>-</u>	<u>100,062,994</u>
Business-type activities capital assets, net	<u>\$126,026,349</u>	<u>\$ (580,841)</u>	<u>\$ -</u>	<u>\$125,445,508</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

Governmental activities:	
General government	\$ 227,182
Fiscal Services Administration	12,160
Fire	170,368
Police	42,205
General services	184,369
Community services	39,263
Highways and streets	1,488,859
Internal service funds	<u>479,557</u>
Total depreciation expense – governmental activities	<u>\$ 2,643,963</u>
Business-type activities:	
Water	\$ 1,459,885
Sewer	5,225,582
Parking	<u>18,830</u>
Total depreciation expense – business-type activities	<u>\$ 6,704,297</u>

Construction Commitments

The City has active construction projects as of June 30, 2009, consisting of the following:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Commitment Remaining</u>
Woodbridge Street reconstruction	\$ 4,997,252	\$ 3,632,852	\$ 1,364,400
Davis Road watermain	2,001,896	1,767,755	234,141
WTP Interim Improvement	1,024,500	45,417	979,083
Wastewater treatment plant headworks	5,122,527	4,691,135	431,392
WTP engineering services	240,700	94,965	145,735
WTP pipe paining	318,400	285,314	33,086
Court St/Handley/Elmview reconstruction	74,815	73,558	1,257
Water treatment and pumping station	<u>1,463,640</u>	<u>899,969</u>	<u>563,671</u>
Total	<u>\$ 15,243,730</u>	<u>\$ 11,490,965</u>	<u>\$ 3,752,765</u>

D. Payables

Accounts payable and accrued liabilities in the primary government are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts	\$ 886,527	\$ 1,254,645
Accrued liabilities	866,385	249,517
Intergovernmental	219,574	-
Deposits	478,726	919,588
Accrued interest	<u>7,431</u>	<u>215,203</u>
Total payables	<u>\$ 2,458,643</u>	<u>\$ 2,638,953</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

E. Interfund receivables, payables and transfers

Interfund receivable and payable balances at June 30, 2009, consisted of the following:

<u>Due to:</u>	<u>Due from:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Nonmajor Governmental Funds</u>	
General fund	\$ -	\$ 672,969	\$ 373,754	\$ 1,046,723
Nonmajor governmental funds	650,000	-	-	650,000
Internal service funds	4,700,000	-	-	4,700,000
Water fund	111,089	-	-	111,089
Total	\$ 5,461,089	\$ 672,969	\$ 373,754	\$ 6,507,812

The balances due to and from other funds resulted from short-term advances provided for cash flow requirements and negative cash balances.

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

<u>Transfer Out</u>	<u>Transfer In</u>					<u>Total</u>
	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Fund</u>	
General fund	\$ -	\$ -	\$ -	\$ -	\$ 910,000	\$ 910,000
Nonmajor governmental funds	444,363	277,901	488,791	-	-	1,211,055
Nonmajor enterprise funds	420,880	-	-	100,000	-	520,880
Total	\$ 865,243	\$ 277,901	\$ 488,791	\$ 100,000	\$ 910,000	\$ 2,641,935

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected into the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Long-term obligations

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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Long-term debt obligation activity for the year ended June 30, 2009 was:

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009	Due within one year
Governmental activities					
Workers' compensation claims payable	\$2,072,868	\$ 491,291	\$ (796,803)	\$ 1,767,356	\$ -
Insurance claims payable	173,516	2,347,596	(1,230,912)	1,290,200	-
5.10% to 5.90% 1994 general obligation judgment bonds	75,000	-	(75,000)	-	-
Installment contracts payable:					
Fire vehicles	71,484	-	(22,731)	48,753	23,811
Komatsu wheel loader	27,837	-	(27,837)	-	-
Bobcat skid loader	28,121	-	(11,239)	16,882	11,796
Morbark wood chipper	10,053	-	(10,053)	-	-
Accrued sick and vacation/PTO compensatory time payable	5,815,845	754,465	(575,000)	5,995,310	599,531
Section 108 loans payable to Department of Housing and Urban Development (DHUD)	920,000	-	(450,000)	470,000	470,000
Total governmental activities	<u>\$9,194,724</u>	<u>\$ 3,593,352</u>	<u>\$(3,199,575)</u>	<u>\$ 9,588,501</u>	<u>\$1,105,138</u>
Business-type activities					
2.00% State of Michigan sewage disposal system bonds	\$20,573,610	\$ -	\$(3,221,904)	\$17,351,706	\$3,272,955
4.00 to 5.25% 2008 water revenue bonds	11,100,000	-	-	11,100,000	250,000
2.50% State of Michigan sewage disposal system bonds	10,449,648	-	(760,000)	9,689,648	780,000
1.625% State of Michigan wastewater treatment improvement bonds	6,011,575	2,853,004	(435,000)	8,429,579	440,000
2.25% State of Michigan sewage disposal system bonds	5,923,508	-	(498,861)	5,424,647	523,800
3.60% to 5.50% Drake/Douglas sewage general obligation bonds	1,025,000	-	(25,000)	1,000,000	25,000
Accrued sick and vacation payable	1,143,999	468,932	(410,000)	1,202,931	421,026
Total business-type activities	<u>\$56,227,340</u>	<u>\$ 3,321,936</u>	<u>\$(5,350,765)</u>	<u>\$54,198,511</u>	<u>\$5,712,781</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, workers' compensation and insurance claims payable are liquidated by the internal service funds and accrued sick and vacation/PTO compensatory time payable are generally liquidated by the general fund and certain special revenue funds.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2009, excluding accrued sick and vacation/PTO payable, workers' compensation payable, insurance claims payable, and compensatory time payable are as follows:

Due	Governmental activities		Business-type activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 505,607	\$ 11,852	\$ 5,291,755	\$1,282,338	\$ 5,797,362	\$1,294,190
2011	30,028	1,247	5,392,266	1,164,176	5,422,294	1,165,423
2012	-	-	5,570,954	1,012,001	5,570,954	1,012,001
2013	-	-	5,701,916	914,835	5,701,916	914,835
2014	-	-	4,426,080	819,968	4,426,080	819,968
2015-2019	-	-	16,586,575	2,817,438	16,586,575	2,817,438
2020-2024	-	-	5,761,545	1,480,189	5,761,545	1,480,189
2025-2027	-	-	4,264,489	488,053	4,264,489	488,053
Total	<u>\$ 535,635</u>	<u>\$ 13,099</u>	<u>\$52,995,580</u>	<u>\$9,978,999</u>	<u>\$53,531,215</u>	<u>\$9,992,098</u>

The total requirements of principal and interest on long-term obligations at June 30, 2009, for business-type activity obligations and governmental activity obligations are summarized as follows:

	<u>Principal</u>	<u>Interest</u>
Governmental activity obligations		
Section 108 loans payable	\$ 470,000	\$ 8,977
Fire vehicles	48,753	3,501
Bobcat skid loader	<u>16,882</u>	<u>621</u>
Total general obligations	<u>535,635</u>	<u>13,099</u>
Business-type activity obligations		
2008 water revenue bonds	11,100,000	6,184,250
State of Michigan sewage disposal bonds at 2.00%	17,351,706	931,104
bonds at 2.25%	5,424,647	639,115
bonds at 2.50%	9,689,648	1,507,728
Drake/Douglas general obligation bonds	1,000,000	414,830
State of Michigan sewage treatment Improvement bonds at 1.625%	<u>8,429,579</u>	<u>301,972</u>
Total enterprise obligations	<u>52,995,580</u>	<u>9,978,999</u>
Total future debt service requirements	<u>\$ 53,531,215</u>	<u>\$ 9,992,098</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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

G. Operating leases

The City leases several vehicles and various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$249,012 for the year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

<u>Fiscal year</u>	<u>Dodge vehicles</u>	<u>GMAC vehicles</u>	<u>IBM equipment</u>	<u>Total</u>
2010	\$ 53,946	\$ 752	\$ 117,600	\$ 172,298
2011	31,469	-	117,600	149,069
2012	-	-	117,600	117,600
Total	\$ 85,415	\$ 752	\$ 352,800	\$ 438,967

IV. Other information

A. 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.

B. Self insurance

General Liability

The City's insurance carriers are Genesis Insurance Company for general liability and automobile coverage and Amerisure Insurance for automobile physical damage. The City is insured up to \$21 million with a \$250,000 deductible per occurrence for general and automobile liability and a \$1,000 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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

The changes in the claims liability for the fiscal years ended June 30, 2008 and 2009 are as follows:

	<u>Beginning claims liability</u>	<u>Current year claims and changes in reserves</u>	<u>Claims paid</u>	<u>Ending claims liability</u>
6/30/08	\$ 568,465	\$ (209,822)	\$ (185,127)	\$ 173,516
6/30/09	\$ 173,516	\$ 2,347,596	\$(1,230,912)	\$ 1,290,200

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 \$25,000 and Blue Cross is responsible for paying the claims above this amount. There were no 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 of 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, 2008 and 2009, are as follows:

	<u>Beginning claims liability</u>	<u>Current year claims and changes in reserves</u>	<u>Claims paid</u>	<u>Ending claims liability</u>
6/30/08	\$ 744,767	\$11,463,805	\$(11,181,732)	\$ 1,026,840
6/30/09	\$1,026,840	\$11,309,787	\$(11,511,900)	\$ 824,727

Workers' Compensation

The self-insurance program for workers' compensation is accounted for in the Workers' Compensation Internal Service Fund. Cambridge, Inc. 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 Cambridge, Inc. Incurred But Not Reported claims are judged to be immaterial by Management.

The City also carries Excess Workers' Compensation coverage for claims exceeding \$600,000 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 ten workers' compensation claims that exceed \$300,000.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

The changes in the claims liability for the fiscal years ended June 30, 2008 and 2009, are as follows:

	<u>Beginning claims liability</u>	<u>Current year claims and changes in reserves</u>	<u>Claims paid</u>	<u>Ending claims liability</u>
6/30/08	\$2,057,897	\$ 1,107,471	\$(1,092,500)	\$ 2,072,868
6/30/09	\$2,072,868	\$ 491,291	\$ (796,803)	\$ 1,767,356

C. Retirement systems

The City participates in three pension plans: the City of Saginaw Policemen and 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; and a defined contribution system through MERS and ICMA. Permanent, full time employees not covered under the Policemen and 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 for the sole benefit of the participating employees. The Policemen and 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 supplemental 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. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the 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, 2009, there were 154 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. 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, 2009, amounted to \$856,844 and employee contributions were \$341,915.

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

MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

Plan Description

The City's defined benefit pension plan, the City of Saginaw Employees Retirement Plan, provides retirement and

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan, 48917 or by calling (800) 767-6377.

Funding Policy

The City is required to contribute an amount equal to a percentage of covered payroll which is determined based on a flat rate as determined by the actuary. Under the plan, eligible employees are required to contribute 0.0%-4.7% of earned wages to the MERS plan. 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. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear information about whether the actuarial valuation of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Annual Pension Cost

For the year ended June 30, 2009, the City's annual pension cost of \$4,931,952 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, the date of the latest actuarial valuation, was 16 years.

Three-Year Trend Information

<u>Fiscal year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
6/30/07	\$ 4,273,124	100%	\$ -
6/30/08	4,654,056	100%	-
6/30/09	4,931,952	100%	-

Schedule of Funding Progress

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability (AAL) entry age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
12/31/08	\$ 75,094,190	\$ 138,942,208	\$ 63,848,018	54%	\$ 7,289,196	876%

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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 all Police and Fire personnel of the City, subject to certain eligibility requirements. Membership of the plan consisted of the following at June 30, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	375
Active plan members	<u>154</u>
Total	<u>529</u>

Eligible members of the Plan are required to contribute eight percent (8%) for police, with an additional 3.5% for patrol and command members, and eight percent (8%) for fire 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 \$4,931,700 for the year ended June 30, 2009.

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

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.

No single investment comprised more than five percent of the total investments for the Police and Fire Retirement System at June 30. However, amounts invested in a separate equity mutual fund (Harbor International Fund) represent 7% of the System's total investments at June 30, 2009.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Annual Pension Cost

The Plan's annual pension cost of \$4,931,700 was equal to the Plan's required and actual contributions for the current year.

Three-Year Trend Information

<u>Fiscal year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
6/30/07	\$ 4,273,124	100%	\$ -
6/30/08	4,654,056	100%	-
6/30/09	4,931,700	100%	-

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of a June 30, 2006, 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 4.75% 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, 2007, was 29 years.

Funded Status and Funding Progress

The funded status of the Policemen and Firemen Pension Trust as of June 30, 2007, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress

<u>Actuarial valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability (AAL) entry age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
6/30/07	\$ 129,273,674	\$ 168,019,730	\$ 38,746,056	77%	\$ 9,263,203	418%

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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Following are the financial statements for the Policemen and Firemen Pension Trust Fund for the year ended June 30, 2009.

Statement of Plan Net Assets

ASSETS

Cash and cash equivalents	\$ 726,251
Investments, at market value	
Governmental securities	14,391,362
Municipal obligation	3,091,438
Corporate and foreign bonds	14,607,910
Common equity securities	43,555,735
Equity mutual funds	<u>18,001,145</u>

Total investments at fair value 93,647,590

Accrued interest receivable 219,029

Total assets **94,592,870**

LIABILITIES

Accounts payable	80,954
Accrued wages payable	<u>692,205</u>

Total liabilities **773,159**

Net assets held in trust for pension benefits **\$ 93,819,711**

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Statement of Changes in Plan Net Assets

ADDITIONS

Contributions:

Employer	\$ 4,931,700
Plan member	<u>1,038,525</u>

Total contributions 5,970,225

Investments income (loss)

Interest	1,949,531
Dividends	1,535,640
Mutual fund rebates	54,274
Net depreciation in fair value of investments	(23,247,126)
Investment expenses	<u>(160,817)</u>

Total investment loss (19,868,498)

Total reductions (13,898,273)

DEDUCTIONS

Police pension benefits	6,614,020
Fire pension benefits	5,792,959
Administrative expenses	<u>491,092</u>

Total deductions 12,898,071

Net decrease for the year (26,796,344)

Net assets held in trust for pension benefits

Beginning of year 120,616,055

End of year **\$ 93,819,711**

D. Employee benefits

In addition to contributing to the Michigan Municipal Employees Retirement System described in Note IV.C., all full time City employees, except sworn Police and Fire personnel, contribute to Social Security (6.20%), up to a maximum of \$4,984.80, 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%.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

The City paid or accrued premiums, claims and administrative fees to third party administrators for its full time employees totaling \$4,437,681, a decrease of 5.36% from the prior fiscal year, as follows:

	Fiscal year 2009	Fiscal year 2008	Increase (decrease)
Health insurance	\$ 3,643,746	\$ 3,849,605	\$ (205,859)
Dental insurance	322,625	333,136	(10,511)
Life insurance	115,349	102,464	12,885
Short/long term disability	278,865	320,994	(42,129)
Vision care	77,096	82,834	(5,738)
Total payments	\$ 4,437,681	\$ 4,689,033	\$ (251,352)

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

E. Other postemployment benefits

Plan Description and Contribution Information

In addition to the pension benefits described in Note I.V.C, 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 non-union 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 \$7,418,779 were recognized for postretirement health care benefits, an increase of 8.79%, from the prior fiscal year, as follows:

	No. of Retirees	Fiscal year 2009	Fiscal year 2008
Health insurance	751	\$ 7,364,193	\$ 6,760,190
Dental insurance	88	41,864	47,384
Life insurance	532	12,722	11,522
Total payments		\$ 7,418,779	\$ 6,819,096

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.

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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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. For the year ended June 30, 2009, the City paid \$2,100,757 towards the cost of benefits and/or advance funding of the plan.

Funding Progress - For the year ended June 30, 2009, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2007. 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.

Annual OPEB Cost and Net OPEB Obligation - For fiscal year 2009, 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	\$ 20,070,947
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>20,070,947</u>
Contribution made	<u>(7,834,193)</u>
Increase in net OPEB obligation	12,236,754
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 12,236,754</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 (the first year of implementation) were as follows:

<u>Fiscal year ending</u>	<u>Annual required contribution</u>	<u>Actual contribution</u>	<u>Percentage of ARC contributed</u>	<u>Net OPEB obligation</u>
6/30/09	\$ 20,070,947	\$ 7,834,193	39.0%	\$12,236,754

Funded Status - The funded status of the plan as of December 31, 2007, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liabilities (AAL)	\$ 215,996,076
Actuarial value of plan assets	<u>1,215,884</u>
Unfunded actuarial accrued liability (UAAL)	\$ 214,780,192
Funded ratio	0.6%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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 following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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 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	12/31/07
Actuarial cost method	Individual entry age
Amortization method for contributions	Level percent open
Remaining amortization period	30 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	4.8% - 12.9%
Healthcare inflation rate	10% (2008), grading to 4.5% (2017)

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended June 30, 2009.

Statement of Plan Net Assets

<u>ASSETS</u>	
Cash and cash equivalents	\$ 922,015
Investments, at market value	
Other	<u>1,331,804</u>
Total assets	<u>1,331,804</u>
Net assets held in trust for pension benefits	<u>\$ 2,253,819</u>

Statement of Changes in Plan Net Assets

<u>ADDITIONS</u>	
Contributions:	
Employer	\$ <u>470,000</u>
Investments income (loss)	
Interest	51,490
Net depreciation in fair value of investments	<u>(555,700)</u>
Total investment loss	<u>(504,210)</u>
Total reductions	<u>(34,210)</u>
<u>DEDUCTIONS</u>	
Net decrease for the year	(34,210)
Net assets held in trust for pension benefits	
Beginning of year	<u>2,288,029</u>
End of year	<u>\$ 2,253,819</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

F. 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, 2008, levy was assessed at \$580,031,363 and personal property taxable value was assessed at \$80,444,600.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2009, was 5.3056 mills (limited to 7.50 mills) with an additional 2.9532 mills for rubbish collection. Additionally, the City levied 6.0000 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 $\frac{1}{2}$ of 1 percent for every month, or fraction thereof, from August 1 until the date of payment. A penalty of $\frac{1}{2}$ 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 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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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.

G. 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 LDFA 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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Brownfield Authority Site Remediation Revolving Fund (SRRF)

The City received funding from the U.S. Environmental Protection Agency for a Brownfields 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.

H. Restatements

The beginning net assets of the governmental activities and the general fund were decreased by \$256,006 due to over allocation of charges to the Saginaw Housing Commission retirement fund. The City had previously recorded a receivable amount that was determined to be overstated; therefore the receivable was reduced and the expense was properly recorded, thus decreasing the net assets at June 30, 2008.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF SAGINAW, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN

Schedule of Employer Contributions

<u>Fiscal year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
6/30/04	\$ 3,429,637	100%	-
6/30/05	3,369,291	100%	-
6/30/06	3,626,717	100%	-
6/30/07	4,273,124	100%	-
6/30/08	4,654,056	100%	-
6/30/09	4,931,952	100%	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/06	\$ 75,075,398	\$ 136,354,640	\$ 61,279,242	77%	\$ 8,307,523	738%
12/31/07	76,460,718	137,280,271	60,819,553	75%	7,548,542	806%
12/31/08	75,094,190	138,942,208	63,848,018	77%	7,289,196	876%

CITY OF SAGINAW, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

POLICEMEN AND FIREMEN RETIREMENT SYSTEM

Schedule of Employer Contributions

Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/04	\$ 3,429,637	100%	-
6/30/05	3,369,291	100%	-
6/30/06	3,626,717	100%	-
6/30/07	4,273,124	100%	-
6/30/08	4,654,056	100%	-
6/30/09	4,931,700	100%	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/02	\$135,026,633	\$148,878,425	\$13,851,792	91%	\$11,732,914	118%
6/30/03	128,401,451	148,989,436	20,587,985	86%	10,208,281	202%
6/30/04	120,251,339	157,533,568	37,282,229	76%	9,903,748	376%
6/30/05	122,782,274	160,541,137	37,758,863	77%	9,561,886	395%
6/30/06	124,578,186	165,327,614	40,749,428	75%	9,502,885	429%
6/30/07	129,273,674	168,019,730	38,746,056	77%	9,263,203	418%

CITY OF SAGINAW, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

OTHER POST EMPLOYMENT BENEFITS

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 20,070,947	\$ 7,834,193	39.0%	\$ 12,236,754

Funded Status - The funded status of the plan as of December 31, 2007, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liabilities (AAL)	\$ 215,996,076
Actuarial value of plan assets	<u>1,215,884</u>
Unfunded actuarial accrued liability (UAAL)	\$ 214,780,192
Funded ratio	0.6%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

**SUPPLEMENTARY
INFORMATION**

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

This fund is the general operating fund of the City. All general tax revenues, state revenue sharing, income tax and other receipts that are not allocated by law or contractual agreement to another fund are accounted for here. This fund accounts for the general operating expenditures of the City, such as Police and Fire, Recreation, Cemeteries, Employee Services, Inspections, Fiscal Services, Public Works and Engineering and all other expenditures not recorded elsewhere.

**CITY OF SAGINAW, MICHIGAN
BALANCE SHEET
GENERAL FUND
June 30, 2009
(With Comparative Actual Amounts for June 30, 2008)**

	2009	2008
<u>Assets</u>		
Cash and cash equivalents	\$ 2,281,159	\$ 4,260,201
Income taxes receivable	1,479,432	1,107,892
Accounts receivable, net of allowances	1,138,082	825,590
Due from other governmental units	3,122,916	3,327,769
Inventory	3,144	981
Prepays	11,522	-
Property taxes receivable	243,783	68,559
Assessments receivable	164,801	168,844
Due from other funds	1,046,723	799,255
	<hr/>	<hr/>
Total assets	<u>\$ 9,491,562</u>	<u>\$ 10,559,091</u>
 <u>Liabilities and fund balances</u>		
<u>Liabilities</u>		
Accounts payable	\$ 239,540	\$ 460,907
Accrued wages payable	553,480	622,232
Due to other governmental units	119,490	106,793
Due to other funds	5,461,089	6,143,168
Customer deposits	478,726	571,836
Deferred revenue	1,094,776	942,891
	<hr/>	<hr/>
Total liabilities	<u>7,947,101</u>	<u>8,847,827</u>
 <u>Fund balances</u>		
<u>Reserved for:</u>		
Encumbrances	31,306	136,774
Inventory and prepaids	14,666	981
<u>Unreserved:</u>		
<u>Designated for:</u>		
Parking Fund	-	349,931
Subsequent year's expenditures	750,000	701,433
<u>Undesignated, reported in:</u>		
General Fund	748,489	522,145
	<hr/>	<hr/>
Total fund balances	<u>1,544,461</u>	<u>1,711,264</u>
	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 9,491,562</u>	<u>\$ 10,559,091</u>

CITY OF SAGINAW, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009
(With Comparative Actual Amounts for the Year ended June 30, 2008)

	For the Year Ended June 30, 2009				Year Ended
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	June 30, 2008 Actual
Revenues					
General operating property taxes	\$ 3,634,118	\$ 3,536,118	\$ 3,275,436	\$ (260,682)	\$ 3,489,913
Special assessments	700,000	700,000	295,746	(404,254)	83,207
City income tax	12,500,000	12,500,000	12,359,364	(140,636)	12,776,297
State shared revenues					
Sales tax	10,013,591	9,213,591	9,989,816	776,225	9,738,640
Liquor licenses	45,000	45,000	38,087	(6,913)	41,635
Total state shared revenues	<u>10,058,591</u>	<u>9,258,591</u>	<u>10,027,903</u>	<u>769,312</u>	<u>26,129,692</u>
Departmental and miscellaneous					
Housing and business licenses	317,308	317,308	392,077	74,769	267,810
Construction and other permits	300,742	300,742	166,678	(134,064)	189,098
Fees	897,306	897,306	932,260	34,954	877,779
Fines, penalties and forfeitures	150,000	275,000	422,088	147,088	270,825
Grants, donations and contributions	3,860,966	3,966,510	3,279,888	(686,622)	3,312,209
Interest	500,800	500,800	381,913	(118,887)	506,627
Rents and privileges	12,500	12,500	31,218	18,718	104,073
Sale of materials and services	1,334,939	1,348,322	1,319,570	(28,752)	1,175,412
Total departmental and miscellaneous revenues	<u>7,374,561</u>	<u>7,618,488</u>	<u>6,925,692</u>	<u>(692,796)</u>	<u>6,703,833</u>
Total revenues	<u>34,267,270</u>	<u>33,613,197</u>	<u>32,884,141</u>	<u>(729,056)</u>	<u>32,833,525</u>
Expenditures					
General government	4,683,495	4,539,675	4,265,957	(273,718)	3,882,052
Fiscal services (administration)	2,596,711	2,667,062	2,495,163	(171,899)	2,472,000
Public safety	22,562,398	22,361,474	21,289,160	(1,072,314)	20,138,547
General services	3,739,094	3,727,175	3,058,967	(668,208)	3,283,487
Community services	1,878,293	1,847,872	1,729,448	(118,424)	1,878,454
Capital outlay	-	-	1,000	1,000	-
Debt service	-	-	-	-	-
Total expenditures	<u>35,459,991</u>	<u>35,143,258</u>	<u>32,839,695</u>	<u>(2,303,563)</u>	<u>31,654,540</u>
Revenues over (under) expenditures	<u>(1,192,721)</u>	<u>(1,530,061)</u>	<u>44,446</u>	<u>1,574,507</u>	<u>1,178,985</u>
Other financing sources (uses)					
Transfers in	1,067,000	910,000	910,000	-	34,726
Transfers out	<u>(591,914)</u>	<u>(770,771)</u>	<u>(865,243)</u>	<u>(94,472)</u>	<u>(4,229,832)</u>
Total other financing sources (uses)	<u>475,086</u>	<u>139,229</u>	<u>44,757</u>	<u>(94,472)</u>	<u>(4,195,106)</u>
Net change in fund balances	<u>\$ (717,635)</u>	<u>\$ (1,390,832)</u>	<u>89,203</u>	<u>\$ 1,480,035</u>	<u>(3,016,121)</u>
Fund balance, beginning of year, as restated			<u>1,455,258</u>		<u>4,727,385</u>
Fund balance, end of year			<u>\$ 1,544,461</u>		<u>\$ 1,711,264</u>

CITY OF SAGINAW, MICHIGAN
SCHEDULE OF DEPARTMENTAL AND MISCELLANEOUS REVENUES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Revenues	Actual Over (Under) Final Budget
Licenses				
Business and occupational	\$ 75,000	\$ 75,000	\$ 112,468	\$ 37,468
Rental housing	242,308	242,308	279,609	37,301
Total licenses	<u>317,308</u>	<u>317,308</u>	<u>392,077</u>	<u>74,769</u>
Construction and other permits	<u>300,742</u>	<u>300,742</u>	<u>166,678</u>	<u>(134,064)</u>
Fees				
Property tax administration	371,106	371,106	346,628	(24,478)
Gun registration	1,700	1,700	1,845	145
Zoning code	10,000	10,000	5,625	(4,375)
Witness	7,000	7,000	23,421	16,421
Japanese tea house	5,000	5,000	1,109	(3,891)
Hazmat clean up	2,500	2,500	7,517	5,017
Fire department	-	-	200	200
Cable television	500,000	500,000	545,915	45,915
Total fees	<u>897,306</u>	<u>897,306</u>	<u>932,260</u>	<u>34,954</u>
Fines, penalties and forfeitures				
Traffic violations (except parking)	150,000	150,000	178,994	28,994
Traffic violations - parking	-	-	646	646
Penalties on property taxes	-	125,000	178,953	53,953
Transfer affidavit fines	-	-	63,495	63,495
Total fines, penalties and forfeitures	<u>150,000</u>	<u>275,000</u>	<u>422,088</u>	<u>147,088</u>
Grants, donations and contributions				
City/county/school liaison	10,000	10,000	10,000	-
Indirect costs	2,378,201	2,490,745	2,483,939	(6,806)
Reimbursement for police overtime	128,765	128,765	134,968	6,203
Other grants	1,344,000	1,337,000	650,981	(686,019)
Total grants, donations and contributions	<u>3,860,966</u>	<u>3,966,510</u>	<u>3,279,888</u>	<u>(686,622)</u>

continued...

CITY OF SAGINAW, MICHIGAN
SCHEDULE OF DEPARTMENTAL AND MISCELLANEOUS REVENUES
AND OPERATING TRANSFERS IN
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Revenues	Actual Over (Under) Final Budget
Interest				
Investments	\$ 250,000	\$ 250,000	\$ 111,339	\$ (138,661)
Deferred special assessments	800	800	7,790	6,990
City income taxes	250,000	250,000	262,784	12,784
Total interest	<u>500,800</u>	<u>500,800</u>	<u>381,913</u>	<u>(118,887)</u>
Rents and privileges				
Land and buildings	<u>12,500</u>	<u>12,500</u>	<u>31,218</u>	<u>18,718</u>
Sale of materials and services				
Cemetery services and markers	351,200	351,200	382,520	31,320
Cemetery grave spaces	120,000	120,000	133,827	13,827
Police Department services	30,000	30,000	47,710	17,710
Fire Department services	2,000	2,000	1,763	(237)
Engineering plans and specifications	1,000	1,000	4,256	3,256
Sale of land	345,000	345,000	85,296	(259,704)
Insurance proceeds	77,000	93,275	40,645	(52,630)
Surplus receipts	77,000	78,000	101,384	23,384
Other	331,739	327,847	522,169	194,322
Total sale of materials and services	<u>1,334,939</u>	<u>1,348,322</u>	<u>1,319,570</u>	<u>(28,752)</u>
Transfers in				
Police Grant Funds	910,000	910,000	910,000	-
Sick and Vacation Fund	<u>157,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers in	<u>1,067,000</u>	<u>910,000</u>	<u>910,000</u>	<u>-</u>
Total departmental and miscellaneous revenues and transfers in	<u>\$ 8,441,561</u>	<u>\$ 8,528,488</u>	<u>\$ 7,835,692</u>	<u>\$ (692,796)</u>

CITY OF SAGINAW, MICHIGAN
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
General government				
City council	\$ 61,958	\$ 56,958	\$ 44,831	\$ (12,127)
City/county/school liaison	15,000	15,000	8,517	(6,483)
City manager	337,158	338,477	341,952	3,475
Cable television operation	38,899	38,899	39,068	169
Employee services	501,281	490,456	502,521	12,065
City clerk	357,557	366,734	340,172	(26,562)
Elections	195,885	200,664	178,541	(22,123)
City attorney	687,736	589,168	545,930	(43,238)
Unemployment compensation	125,000	244,971	210,957	(34,014)
Retiree health insurance and contributions	2,312,859	2,148,186	1,990,148	(158,038)
Geographical information system charges	50,162	50,162	63,320	13,158
Total general government	4,683,495	4,539,675	4,265,957	(273,718)
Fiscal services				
Administration	293,351	320,538	270,567	(49,971)
Controller	557,121	565,436	520,025	(45,411)
Treasurer/income tax	1,022,687	1,025,999	961,729	(64,270)
Assessor	550,801	578,155	567,048	(11,107)
Purchasing	172,751	176,934	175,794	(1,140)
Total fiscal services	2,596,711	2,667,062	2,495,163	(171,899)
Public safety				
Police department				
Administration	464,123	470,208	446,488	(23,720)
Patrol	8,715,762	8,748,665	8,103,906	(644,759)
Administrative services	412,675	365,732	524,815	159,083
Investigation	1,584,346	1,586,262	1,638,282	52,020
Building and property management	1,272,207	1,173,653	1,183,033	9,380
Technical services	545,382	545,186	540,711	(4,475)
Total police department	12,994,495	12,889,706	12,437,235	(452,471)

continued...

CITY OF SAGINAW, MICHIGAN
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
Public safety (continued)				
Fire department				
Administration	\$ 351,123	\$ 313,326	\$ 402,600	\$ 89,274
Suppression	8,283,599	8,301,143	7,658,203	(642,940)
Training	305,612	305,612	181,492	(124,120)
Prevention	195,862	176,337	171,888	(4,449)
Apparatus operation and maintenance	431,707	375,350	437,742	62,392
Total fire department	<u>9,567,903</u>	<u>9,471,768</u>	<u>8,851,925</u>	<u>(619,843)</u>
Total public safety	<u>22,562,398</u>	<u>22,361,474</u>	<u>21,289,160</u>	<u>(1,072,314)</u>
General services				
Public works and engineering	76,999	78,765	87,525	8,760
Street lighting	695,007	665,204	561,664	(103,540)
Public improvements	514,160	507,901	453,344	(54,557)
Traffic engineering	598,034	583,185	(1,262)	(584,447)
Abatement of nuisances	119,271	114,971	39,218	(75,753)
Cemeteries operation and maintenance	655,711	653,667	677,547	23,880
Japanese tea house and cultural center	45,500	44,932	50,491	5,559
Parks administration	25,000	30,838	32,121	1,283
Building and grounds maintenance	1,009,412	1,047,712	1,158,319	110,607
Total general services	<u>3,739,094</u>	<u>3,727,175</u>	<u>3,058,967</u>	<u>(668,208)</u>
Community services				
Inspections and zoning	831,193	834,937	787,102	(47,835)
Demolitions	720,000	550,000	575,665	25,665
Planning and economic development	327,100	461,935	365,681	(96,254)
Contributions to other organizations	-	1,000	1,000	-
Total community services	<u>1,878,293</u>	<u>1,847,872</u>	<u>1,729,448</u>	<u>(118,424)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>

continued...

CITY OF SAGINAW, MICHIGAN
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
Transfers out				
Anderson Enrichment Center	\$ 16,202	\$ 16,202	\$ 16,202	\$ -
Streets Funds	-	4,261	4,261	-
Public Safety Fund	211,420	234,902	234,902	-
Motor Pool Fund	-	60,197	-	(60,197)
Self Insurance Fund	244,049	244,049	-	(244,049)
Parking Fund	22,001	22,424	420,880	398,456
Police Grant Funds	98,242	188,736	188,998	262
	<u>591,914</u>	<u>770,771</u>	<u>865,243</u>	<u>94,472</u>
Total transfers out				
	<u>591,914</u>	<u>770,771</u>	<u>865,243</u>	<u>94,472</u>
Total appropriations, expenditures and transfers out	<u>\$ 36,051,905</u>	<u>\$ 35,914,029</u>	<u>\$ 33,704,938</u>	(2,209,091)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

BUDGET STABILIZATION FUND

This fund was established to assist in stabilizing revenues during periods of economic downturns and provides a safeguard to protect critical programs for the City's citizens when the City experiences an economic downturn.

MAJOR, LOCAL AND MUNICIPAL 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. The Municipal Street Fund functions as an inventory account for street maintenance materials. These materials are reallocated to the Major and Local Streets Funds upon completion of construction.

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.

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.

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.

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 and Saginaw Township 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 the U.S. Department of Justice. 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.

NONMAJOR GOVERNMENTAL FUNDS

(continued)

SPECIAL REVENUE FUNDS

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 and building rentals for the Andersen Enrichment Center. This fund also accounts for the private donations and individual contributions received by the Saginaw Community Enrichment Commission 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.

URBAN DEVELOPMENT ACTION GRANT

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.

CARL H. IBERSHOFF FUND

This fund accounts for monies received from the Carl H. Ibershoff Trust.

NONMAJOR GOVERNMENTAL FUNDS

(continued)

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds.

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, MICHIGAN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009**

	Special Revenue Funds			
	Budget Stabilization	Major Streets	Local Streets	Municipal Streets
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 3,880	\$ 110,817	\$ -
Accounts receivable, net	-	17,175	-	-
Property taxes receivable	-	-	-	-
Assessments receivable	-	-	4,569	-
Due from other governmental units	-	567,067	158,483	-
Due from other funds	650,000	-	-	-
Inventory	-	429,034	-	103,950
Prepays	-	-	-	-
Restricted assets				
Cash and cash equivalents	1,544,501	-	-	-
Accrued interest receivable	5,499	-	-	-
Investments	-	-	-	-
Total assets	<u>\$ 2,200,000</u>	<u>\$ 1,017,156</u>	<u>\$ 273,869</u>	<u>\$ 103,950</u>
<u>Liabilities and fund balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 37,071	\$ 282	\$ -
Accrued payroll	-	31,803	7,381	-
Due to other funds	-	224,300	-	103,950
Deferred revenue	-	-	4,569	-
Total liabilities	<u>-</u>	<u>293,174</u>	<u>12,232</u>	<u>103,950</u>
Fund balances				
Reserved for:				
Trust and endowments	-	-	-	-
Encumbrances	-	37,003	-	-
Inventory and prepaids	-	429,034	-	103,950
Specific projects	2,200,000	-	-	-
Unreserved:				
Designated for capital projects	-	-	-	-
Undesignated (deficit)	-	257,945	261,637	(103,950)
Total fund balances	<u>2,200,000</u>	<u>723,982</u>	<u>261,637</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,200,000</u>	<u>\$ 1,017,156</u>	<u>\$ 273,869</u>	<u>\$ 103,950</u>

Special Revenue Funds

Public Safety Millage	Rubbish Collection	Police Grants Funds				Youth Initiative Grant
		Community Policing	Auto Theft Prevention Grant	Police Training		
\$ 164,274	\$ 555,446	\$ 16	\$ 5,343	\$ 26,887	\$ 9,701	
-	48,809	-	-	-	-	
-	541,850	-	-	-	-	
-	34,613	-	-	-	-	
-	-	21,554	12,621	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	174,865	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 164,274</u>	<u>\$ 1,355,583</u>	<u>\$ 21,570</u>	<u>\$ 17,964</u>	<u>\$ 26,887</u>	<u>\$ 9,701</u>	
\$ -	\$ 352,766	\$ 4,153	\$ 2,514	\$ 3,909	\$ 741	
164,274	16,649	10,522	4,021	-	8,960	
-	-	6,879	-	-	-	
-	117,607	-	-	22,978	-	
<u>164,274</u>	<u>487,022</u>	<u>21,554</u>	<u>6,535</u>	<u>26,887</u>	<u>9,701</u>	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	174,865	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	693,696	16	11,429	-	-	
-	868,561	16	11,429	-	-	
<u>\$ 164,274</u>	<u>\$ 1,355,583</u>	<u>\$ 21,570</u>	<u>\$ 17,964</u>	<u>\$ 26,887</u>	<u>\$ 9,701</u>	

Continued

**CITY OF SAGINAW, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009**

	Special Revenue Funds			
	Drug Forfeiture	Andersen Center Operation	Urban Development Action Grant	Boat Launch Operation
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 79,162	\$ 348,771	\$ 22,404
Accounts receivable, net of allowances	-	-	-	-
Property taxes receivable	-	-	-	-
Assessments receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	-
 Restricted assets				
Cash and cash equivalents	773,481	25,066	-	-
Accrued interest receivable	-	1,074	-	-
Investments	-	-	-	-
 Total assets	 <u>\$ 773,481</u>	 <u>\$ 105,302</u>	 <u>\$ 348,771</u>	 <u>\$ 22,404</u>
 <u>Liabilities and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 1,523	\$ 3,715	\$ 9,167	\$ 1,742
Accrued payroll	-	2,907	-	-
Due to other funds	38,625	-	-	-
Deferred revenue	275,237	-	-	-
 Total liabilities	 <u>315,385</u>	 <u>6,622</u>	 <u>9,167</u>	 <u>1,742</u>
 <u>Fund balances</u>				
Reserved for:				
Trust and endowments	-	-	-	-
Encumbrances	-	-	-	-
Inventory and prepaids	-	-	-	-
Specific projects	-	25,066	-	-
Unreserved:				
Designated for capital projects	-	-	-	-
Undesignated (deficit)	458,096	73,614	339,604	20,662
 Total fund balances	 <u>458,096</u>	 <u>98,680</u>	 <u>339,604</u>	 <u>20,662</u>
 Total liabilities and fund balances	 <u>\$ 773,481</u>	 <u>\$ 105,302</u>	 <u>\$ 348,771</u>	 <u>\$ 22,404</u>

Special Revenue Funds					
Economic Development	Carl H. Ibershoff Trust	Total	Capital Projects	Permanent Fund	Totals
\$ 63,794	\$ 2,807	\$ 1,393,302	\$ 101,466	\$ 88,708	\$ 1,583,476
-	-	65,984	-	-	65,984
-	-	541,850	-	-	541,850
-	-	39,182	-	-	39,182
-	-	759,725	-	-	759,725
-	-	650,000	-	-	650,000
-	-	532,984	-	-	532,984
-	-	174,865	-	-	174,865
-	-	2,343,048	-	-	2,343,048
-	-	6,573	-	-	6,573
-	-	-	-	2,449,935	2,449,935
<u>\$ 63,794</u>	<u>\$ 2,807</u>	<u>\$ 6,507,513</u>	<u>\$ 101,466</u>	<u>\$ 2,538,643</u>	<u>\$ 9,147,622</u>
\$ -	\$ -	\$ 417,583	\$ -	\$ 3,036	\$ 420,619
-	-	246,517	-	-	246,517
-	-	373,754	-	-	373,754
-	-	420,391	-	-	420,391
-	-	1,458,245	-	3,036	1,461,281
-	-	-	-	2,449,935	2,449,935
-	-	37,003	-	-	37,003
-	-	707,849	-	-	707,849
-	-	2,225,066	-	-	2,225,066
-	-	-	101,466	-	101,466
63,794	2,807	2,079,350	-	85,672	2,165,022
<u>63,794</u>	<u>2,807</u>	<u>5,049,268</u>	<u>101,466</u>	<u>2,535,607</u>	<u>7,686,341</u>
<u>\$ 63,794</u>	<u>\$ 2,807</u>	<u>\$ 6,507,513</u>	<u>\$ 101,466</u>	<u>\$ 2,538,643</u>	<u>\$ 9,147,622</u>

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009**

	<u>Special Revenue Funds</u>			
	<u>Budget Stabilization</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Municipal Streets</u>
Revenues				
General operating property taxes	\$ -	\$ -	\$ -	\$ -
State of Michigan gas and weight taxes	-	3,512,455	981,408	-
Trunkline maintenance	-	341,600	-	-
Fees	-	-	-	-
Drug forfeitures	-	-	-	-
Grants and entitlements	-	946,125	-	-
Interest on deposits and investments	-	1,230	(302)	-
Sale of materials and services	-	122,949	3,502	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>4,924,359</u>	<u>984,608</u>	<u>-</u>
Expenditures				
Current expenditures				
Public safety	-	-	-	-
Highways and streets	-	3,853,702	1,213,215	-
Garbage and rubbish	-	-	-	-
Community service	-	-	-	-
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>3,853,702</u>	<u>1,213,215</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,070,657</u>	<u>(228,607)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	2,808	490,244	-
Transfers out	-	(488,791)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(485,983)</u>	<u>490,244</u>	<u>-</u>
Net change in fund balances	-	584,674	261,637	-
Fund balances, beginning of year	<u>2,200,000</u>	<u>139,308</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,200,000</u>	<u>\$ 723,982</u>	<u>\$ 261,637</u>	<u>\$ -</u>

Special Revenue Funds

Public Safety Millage	Rubbish Collection	Community Policing	Police Grants Funds		
			Auto Theft Prevention Grant	Police Training	Youth Initiative Grant
3,638,310	\$ 1,781,839	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,984,087	-	-	-	-
-	-	-	-	-	-
-	-	310,956	54,750	17,991	212,720
-	6,086	15	-	141	-
-	1,938	-	1,041	-	-
-	-	-	-	-	-
<u>3,638,310</u>	<u>3,773,950</u>	<u>310,971</u>	<u>55,791</u>	<u>18,132</u>	<u>212,720</u>
3,873,212	-	697,711	118,939	18,132	218,286
-	-	-	-	-	-
-	3,302,192	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,873,212</u>	<u>3,302,192</u>	<u>697,711</u>	<u>118,939</u>	<u>18,132</u>	<u>218,286</u>
<u>(234,902)</u>	<u>471,758</u>	<u>(386,740)</u>	<u>(63,148)</u>	<u>-</u>	<u>(5,566)</u>
234,902	-	386,756	74,577	-	5,566
-	-	-	-	-	-
<u>234,902</u>	<u>-</u>	<u>386,756</u>	<u>74,577</u>	<u>-</u>	<u>5,566</u>
-	471,758	16	11,429	-	-
-	396,803	-	-	-	-
<u>\$ -</u>	<u>\$ 868,561</u>	<u>\$ 16</u>	<u>\$ 11,429</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009**

	Special Revenue Funds			
	Drug Forfeiture	Andersen Center Operation	Urban Development Action Grant	Boat Launch Operation
Revenues				
General operating property taxes	\$ -	\$ -	\$ -	\$ -
State of Michigan gas and weight taxes	-	-	-	-
Trunkline maintenance	-	-	-	-
Fees	-	46,614	-	27,901
Drug forfeitures	365,485	-	-	-
Grants and entitlements	10,687	153,995	-	-
Interest on deposits and investments	7,411	2,321	6,950	89
Sale of materials and services	-	44,217	-	-
Miscellaneous	1,270	-	-	-
Total revenues	384,853	247,147	6,950	27,990
Expenditures				
Current expenditures				
Public safety	63,976	-	-	-
Highways and streets	-	-	-	-
Garbage and rubbish	-	-	-	-
Community service	-	249,929	-	-
Economic development	-	-	105,500	17,065
Total expenditures	63,976	249,929	105,500	17,065
Revenues over (under) expenditures	320,877	(2,782)	(98,550)	10,925
Other financing sources (uses)				
Transfers in	-	16,202	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	16,202	-	-
Net change in fund balances	320,877	13,420	(98,550)	10,925
Fund balance, beginning of year	137,219	85,260	438,154	9,737
Fund balance, end of year	<u>\$ 458,096</u>	<u>\$ 98,680</u>	<u>\$ 339,604</u>	<u>\$ 20,662</u>

<u>Special Revenue Funds</u>					
<u>Economic Development</u>	<u>Carl H. Ibershoff Trust</u>	<u>Total</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Totals</u>
\$ -	\$ -	\$ 5,420,149	\$ -	\$ -	\$ 5,420,149
-	-	4,493,863	-	-	4,493,863
-	-	341,600	-	-	341,600
-	-	2,058,602	-	-	2,058,602
-	-	365,485	-	-	365,485
45,000	-	1,752,224	-	-	1,752,224
3,173	-	27,114	-	553	27,667
-	-	173,647	-	1	173,648
-	-	1,270	-	-	1,270
<u>48,173</u>	<u>-</u>	<u>14,633,954</u>	<u>-</u>	<u>554</u>	<u>14,634,508</u>
-	-	4,990,256	-	-	4,990,256
-	-	5,066,917	-	-	5,066,917
-	-	3,302,192	-	-	3,302,192
-	-	249,929	-	7,087	257,016
<u>47,456</u>	<u>-</u>	<u>170,021</u>	<u>-</u>	<u>-</u>	<u>170,021</u>
<u>47,456</u>	<u>-</u>	<u>13,779,315</u>	<u>-</u>	<u>7,087</u>	<u>13,786,402</u>
<u>717</u>	<u>-</u>	<u>854,639</u>	<u>-</u>	<u>(6,533)</u>	<u>848,106</u>
-	-	1,211,055	-	-	1,211,055
<u>-</u>	<u>-</u>	<u>(488,791)</u>	<u>-</u>	<u>-</u>	<u>(488,791)</u>
<u>-</u>	<u>-</u>	<u>722,264</u>	<u>-</u>	<u>-</u>	<u>722,264</u>
717	-	1,576,903	-	(6,533)	1,570,370
<u>63,077</u>	<u>2,807</u>	<u>3,472,365</u>	<u>101,466</u>	<u>2,542,140</u>	<u>6,115,971</u>
<u>\$ 63,794</u>	<u>\$ 2,807</u>	<u>\$ 5,049,268</u>	<u>\$ 101,466</u>	<u>\$ 2,535,607</u>	<u>\$ 7,686,341</u>

CITY OF SAGINAW, MICHIGAN
MAJOR STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
State of Michigan gas and weight taxes	\$ 3,672,000	\$ 3,512,455	\$ (159,545)
Trunkline maintenance	279,949	341,600	61,651
Grants and entitlements	215,000	946,125	731,125
Interest	-	1,230	1,230
Sale of materials and services	25,000	122,949	97,949
Total revenues	4,191,949	4,924,359	732,410
Expenditures			
Current expenditures			
Routine maintenance of roads and streets	1,259,916	1,030,812	(229,104)
Routine maintenance of bridges	108,630	159,757	51,127
Winter maintenance of roads and streets	256,069	233,713	(22,356)
Traffic services maintenance	517,465	1,050,510	533,045
State trunkline maintenance	287,075	263,411	(23,664)
Administration	844,001	783,315	(60,686)
Capital outlay			
Construction and resurfacing of streets	349,530	277,715	(71,815)
Bridge reconstruction	87,000	54,469	(32,531)
Total expenditures	3,709,686	3,853,702	144,016
Revenues over expenditures	482,263	1,070,657	588,394
Other financing sources (uses)			
Transfers in	2,808	2,808	-
Transfers out	(488,791)	(488,791)	-
Total other financing sources (uses)	(485,983)	(485,983)	-
Net change in fund balance	\$ (3,720)	584,674	\$ 588,394
Fund balance, beginning of year		139,308	
Fund balance, end of year		\$ 723,982	

CITY OF SAGINAW, MICHIGAN
LOCAL STREETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
State of Michigan gas and weight taxes	\$ 960,000	\$ 981,408	\$ 21,408
Interest on deposits and investments	6,000	(302)	(6,302)
Sale of materials and services	23,000	3,502	(19,498)
	<u>989,000</u>	<u>984,608</u>	<u>(4,392)</u>
Total revenues			
Expenditures			
Current expenditures			
Routine maintenance of roads and streets	603,172	539,974	(63,198)
Winter maintenance of roads and streets	165,412	122,837	(42,575)
Traffic services maintenance	93,430	109,200	15,770
Administration	617,230	441,204	(176,026)
	<u>1,479,244</u>	<u>1,213,215</u>	<u>(266,029)</u>
Total expenditures			
Revenues under expenditures	(490,244)	(228,607)	261,637
Other financing sources			
Transfers in	490,244	490,244	-
	<u>490,244</u>	<u>490,244</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	261,637	<u>\$ 261,637</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 261,637</u>	

**CITY OF SAGINAW, MICHIGAN
PUBLIC SAFETY MILLAGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
General operating property taxes	<u>\$ 3,707,250</u>	<u>\$ 3,638,310</u>	<u>\$ (68,940)</u>
Expenditures			
Current expenditures			
Police patrol	1,870,959	1,716,119	(154,840)
Police investigation	516,630	641,220	124,590
Fire suppression	1,432,319	1,405,443	(26,876)
Fire prevention	<u>122,244</u>	<u>110,430</u>	<u>(11,814)</u>
Total expenditures	<u>3,942,152</u>	<u>3,873,212</u>	<u>(68,940)</u>
Revenues under expenditures	(234,902)	(234,902)	-
Other financing sources			
Transfers in	<u>234,902</u>	<u>234,902</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u><u>\$ -</u></u>	

CITY OF SAGINAW, MICHIGAN
RUBBISH COLLECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
General operating property taxes	\$ 1,953,241	\$ 1,781,839	\$ (171,402)
Fees	1,606,890	1,984,087	377,197
Interest on deposits and investments	1,000	6,086	5,086
Sale of materials and services	<u>2,500</u>	<u>1,938</u>	<u>(562)</u>
Total revenues	<u>3,563,631</u>	<u>3,773,950</u>	<u>210,319</u>
Expenditures			
Current expenditures			
Administration	557,140	498,649	(58,491)
Rubbish collection and disposal	2,438,111	2,419,930	(18,181)
Brush collection and disposal	123,110	90,484	(32,626)
Recycling and composting	<u>666,038</u>	<u>293,129</u>	<u>(372,909)</u>
Total expenditures	<u>3,784,399</u>	<u>3,302,192</u>	<u>(482,207)</u>
Net change in fund balance	<u>\$ (220,768)</u>	471,758	<u>\$ 692,526</u>
Fund balance, beginning of year		<u>396,803</u>	
Fund balance, end of year		<u>\$ 868,561</u>	

CITY OF SAGINAW, MICHIGAN
POLICE GRANTS FUNDS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ 498,869	\$ 596,417	\$ 97,548
Interest on deposits and investments	-	156	156
Sale of materials and services	-	1,041	1,041
	<u>498,869</u>	<u>597,614</u>	<u>98,745</u>
Total revenues	498,869	597,614	98,745
Expenditures			
Current expenditures			
Public safety	1,086,848	1,053,068	(33,780)
	<u>1,086,848</u>	<u>1,053,068</u>	<u>(33,780)</u>
Revenues under expenditures	(587,979)	(455,454)	132,525
Other financing sources			
Transfers in	485,936	466,899	(19,037)
	<u>485,936</u>	<u>466,899</u>	<u>(19,037)</u>
Net change in fund balance	<u>\$ (102,043)</u>	11,445	<u>\$ 113,488</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 11,445</u>	

**CITY OF SAGINAW, MICHIGAN
DRUG FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Drug forfeitures	\$ 376,471	\$ 365,485	\$ (10,986)
Grants and entitlements	-	10,687	10,687
Interest on deposits and investments	5,000	7,411	2,411
Miscellaneous	<u>5,379</u>	<u>1,270</u>	<u>(4,109)</u>
 Total revenues	 386,850	 384,853	 (1,997)
 Expenditures			
Current expenditures			
Public safety	<u>421,446</u>	<u>63,976</u>	<u>(357,470)</u>
 Net change in fund balance	 <u>\$ (34,596)</u>	 320,877	 <u>\$ 355,473</u>
 Fund balance, beginning of year		 <u>137,219</u>	
 Fund balance, end of year		 <u>\$ 458,096</u>	

**CITY OF SAGINAW, MICHIGAN
ANDERSEN CENTER OPERATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fees	\$ 50,000	\$ 46,614	\$ (3,386)
Grants and entitlements	106,961	153,995	47,034
Interest on deposits and investments	175	2,321	2,146
Sale of materials and services	<u>44,782</u>	<u>44,217</u>	<u>(565)</u>
Total revenues	201,918	247,147	45,229
Expenditures			
Current expenditures			
Community service	<u>218,120</u>	<u>249,929</u>	<u>31,809</u>
Revenues under expeditures	(16,202)	(2,782)	13,420
Other financing sources			
Transfers in	<u>16,202</u>	<u>16,202</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	13,420	<u>\$ 13,420</u>
Fund balance, beginning of year		<u>85,260</u>	
Fund balance, end of year		<u>\$ 98,680</u>	

CITY OF SAGINAW, MICHIGAN
BOAT LAUNCH OPERATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fees	\$ 29,400	\$ 27,901	\$ (1,499)
Interest on deposits and investments	-	89	89
Total revenues	29,400	27,990	(1,410)
Expenditures			
Current expenditures			
Community services	38,350	17,065	(21,285)
Net change in fund balance	<u>\$ (8,950)</u>	10,925	<u>\$ 19,875</u>
Fund balance, beginning of year		<u>9,737</u>	
Fund balance, end of year		<u>\$ 20,662</u>	

**CITY OF SAGINAW, MICHIGAN
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ 145,000	\$ 45,000	\$ (100,000)
Interest on deposits and investments	-	3,173	3,173
	<u>145,000</u>	<u>48,173</u>	<u>(96,827)</u>
Total revenues	145,000	48,173	(96,827)
Expenditures			
Current expenditures			
Economic development	<u>345,000</u>	<u>47,456</u>	<u>(297,544)</u>
	(200,000)	717	(200,717)
Revenues OVER (under) expenditures			
Other financing sources			
Transfers in	<u>485,936</u>	<u>-</u>	<u>(485,936)</u>
	<u>\$ 285,936</u>	717	<u>\$ (285,219)</u>
Net change in fund balance			
Fund balance, beginning of year		<u>63,077</u>	
Fund balance, end of year		<u>\$ 63,794</u>	

NONMAJOR ENTERPRISE FUNDS

PARKING FUND

Revenues and expenses relating to the operation of the parking system are recorded in the Parking Fund. Assets of the parking system are also recorded here.

CELEBRATION PARK FUND

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

WAVE POOL FUND

The fund accounts for the operation, maintenance and debt service expenses of the wave pool complex.

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2009**

	Parking	Celebration Park	Wave Pool	Totals
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 43,905	\$ 128,695	\$ 106,872	\$ 279,472
Accounts receivable, net	554,345	-	-	554,345
Total current assets	598,250	128,695	106,872	833,817
Capital assets				
Land	201,203	-	-	201,203
Buildings and improvements	8,178,846	-	3,458,870	11,637,716
Plant and office equipment	541,413	-	69,139	610,552
Less allowances for depreciation	(8,660,540)	-	(3,528,009)	(12,188,549)
Net capital assets	260,922	-	-	260,922
Total assets	859,172	128,695	106,872	1,094,739
<u>Liabilities</u>				
Current liabilities				
Accounts payable	3,009	37,079	-	40,088
Accrued payroll	1,635	-	-	1,635
Unearned revenue	554,345	-	-	554,345
Total current liabilities	558,989	37,079	-	596,068
Long-term liabilities				
Accrued sick and vacation/PTO payable	7,076	-	-	7,076
Other noncurrent liability - net other postemployment benefit liability	145,592	-	-	145,592
Total liabilities	711,657	37,079	-	748,736
<u>Net assets</u>				
Investment in capital assets	260,922	-	-	260,922
Unrestricted (deficit)	(113,407)	91,616	106,872	85,081
Total net assets	\$ 147,515	\$ 91,616	\$ 106,872	\$ 346,003

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2009

	Parking	Celebration Park	Wave Pool	Totals
Operating revenues				
Parking ramps	\$ 37,264	\$ -	\$ -	\$ 37,264
Parking lots	137,963	-	-	137,963
Parking fines and tickets	111,469	-	-	111,469
Charges for services	-	29,650	-	29,650
	<u>286,696</u>	<u>29,650</u>	<u>-</u>	<u>316,346</u>
Total operating revenues				
Operating expenses				
Salaries	53,224	-	-	53,224
Employee benefits	298,155	-	-	298,155
Contractual services	30,344	38,034	-	68,378
Internal user charges	17,061	-	-	17,061
Insurance	25,706	-	-	25,706
Utilities	38,541	-	-	38,541
Supplies and materials	3,698	-	-	3,698
Depreciation	18,830	-	-	18,830
Other	4,323	-	-	4,323
	<u>489,882</u>	<u>38,034</u>	<u>-</u>	<u>527,916</u>
Total operating expenses				
Operating loss	<u>(203,186)</u>	<u>(8,384)</u>	<u>-</u>	<u>(211,570)</u>
Nonoperating revenues (expenses)				
Interest on investments	-	-	864	864
Net income (loss) before transfers	<u>(203,186)</u>	<u>(8,384)</u>	<u>864</u>	<u>(210,706)</u>
Transfers				
Transfers in	420,880	100,000	-	520,880
Transfers out	-	-	(100,000)	(100,000)
	<u>420,880</u>	<u>100,000</u>	<u>(100,000)</u>	<u>420,880</u>
Total transfers				
Change in net assets	217,694	91,616	(99,136)	210,174
Net assets (deficit), beginning of year	<u>(70,179)</u>	<u>-</u>	<u>206,008</u>	<u>135,829</u>
Net assets, end of year	<u>\$ 147,515</u>	<u>\$ 91,616</u>	<u>\$ 106,872</u>	<u>\$ 346,003</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2009

	Parking	Celebration Park	Wave Pool	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 286,697	\$ 29,650	\$ -	\$ 316,347
Payments to suppliers	(104,244)	(955)	-	(105,199)
Payments to employees	(211,680)	-	-	(211,680)
Payments for interfund services used	(348,373)	-	-	(348,373)
Net cash provided by (used in) operating activities	<u>(377,600)</u>	<u>28,695</u>	<u>-</u>	<u>(348,905)</u>
Cash flows from noncapital financing activities:				
Transfers in	420,880	100,000	-	520,880
Transfers out	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net cash provided by (used in) non-capital financing activities	<u>420,880</u>	<u>100,000</u>	<u>(100,000)</u>	<u>420,880</u>
Cash flows from investing activities:				
Interest on investments	<u>-</u>	<u>-</u>	<u>864</u>	<u>864</u>
Net increase (decrease) in cash and cash equivalents	43,280	128,695	(99,136)	72,839
Cash and cash equivalents at beginning of year	<u>625</u>	<u>-</u>	<u>206,008</u>	<u>206,633</u>
Cash and cash equivalents at end of year	<u>\$ 43,905</u>	<u>\$ 128,695</u>	<u>\$ 106,872</u>	<u>\$ 279,472</u>
Cash flows from operating activities:				
Operating income (loss)	\$ (203,186)	\$ (8,384)	\$ -	\$ (211,570)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	18,830	-	-	18,830
(Increase) Decrease in assets:				
Accounts receivable	(15,850)	-	-	(15,850)
Increase (Decrease) in liabilities:				
Due to other funds	(331,312)	-	-	(331,312)
Accounts payable	(1,632)	37,079	-	35,447
Accrued wages payable	(1,604)	-	-	(1,604)
Unearned revenue	15,851	-	-	15,851
Accrued sick and vacation/PTO payable	(4,289)	-	-	(4,289)
Net OPEB Obligation	145,592	-	-	145,592
Net cash provided by (used in) operating activities	<u>\$ (377,600)</u>	<u>\$ 28,695</u>	<u>\$ -</u>	<u>\$ (348,905)</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 acquiring and maintaining vehicles and other motorized equipment for use in general City operations. The costs of maintenance and replacement are recovered through rental rates charged to City operations using the vehicles and equipment.

CENTRAL STORES FUND

This operation inventories and supplies to operating departments office supplies, postage, small hand tools, parts and other products needed in everyday operations. All incoming, outgoing and inter-departmental mail is processed by this operation. Offset printing and other duplicating services are also provided to City departments. Costs are recovered through user charges.

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 or 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, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	Information Services	GIS	Motor Pool
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 105,911	\$ 1,339	\$ 1,500,845
Due from other funds	-	-	-
Accounts receivable	-	27,349	1,098,423
Inventory	-	-	270,422
Prepaid insurance	-	-	-
Total current assets	<u>105,911</u>	<u>28,688</u>	<u>2,869,690</u>
Capital assets			
Buildings and improvements	-	-	182,829
Plant and office equipment	324,116	108,334	92,219
Vehicular and radio equipment	-	-	7,496,303
Less allowances for depreciation	<u>(315,254)</u>	<u>(91,063)</u>	<u>(6,065,782)</u>
Net capital assets	<u>8,862</u>	<u>17,271</u>	<u>1,705,569</u>
Total assets	<u>114,773</u>	<u>45,959</u>	<u>4,575,259</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	935	3,013	23,240
Accrued payroll	16,468	10,257	12,963
Current portion of long-term debt	-	-	35,607
Total current liabilities	<u>17,403</u>	<u>13,270</u>	<u>71,810</u>
Long-term liabilities			
Workers' comp claims payable	-	-	-
Insurance claims payable	-	-	-
Accrued sick and vacation/PTO payable	95,567	20,777	65,822
Bonds and contracts payable	-	-	30,028
Total long-term liabilities	<u>95,567</u>	<u>20,777</u>	<u>95,850</u>
Total liabilities	<u>112,970</u>	<u>34,047</u>	<u>167,660</u>
<u>Net assets</u>			
Investment in capital assets, net of related debt	8,862	17,271	1,639,934
Restricted for:			
Insurance and other claims	-	-	-
Unrestricted (deficit)	<u>(7,059)</u>	<u>(5,359)</u>	<u>2,767,665</u>
Total net assets	<u>\$ 1,803</u>	<u>\$ 11,912</u>	<u>\$ 4,407,599</u>

Central Stores	Radio	Self Insurance	Workers' Compensation	Public Works Building	Totals
\$ 106	\$ 730,790	\$ 1,227,318	\$ 1,628,778	\$ 27,532	\$ 5,222,619
-	-	4,700,000	-	-	4,700,000
-	-	-	86,166	-	1,211,938
-	-	-	-	-	270,422
-	-	72,237	62,870	-	135,107
<u>106</u>	<u>730,790</u>	<u>5,999,555</u>	<u>1,777,814</u>	<u>27,532</u>	<u>11,540,086</u>
-	-	-	-	-	182,829
76,954	-	-	-	-	601,623
-	1,351,478	-	-	-	8,847,781
<u>(76,954)</u>	<u>(1,165,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,714,262)</u>
-	186,269	-	-	-	1,917,971
<u>106</u>	<u>917,059</u>	<u>5,999,555</u>	<u>1,777,814</u>	<u>27,532</u>	<u>13,458,057</u>
106	-	9,356	3,841	3,847	44,338
-	72	-	1,052	2,635	43,447
-	-	-	-	-	35,607
<u>106</u>	<u>72</u>	<u>9,356</u>	<u>4,893</u>	<u>6,482</u>	<u>123,392</u>
-	-	-	1,767,356	-	1,767,356
-	-	1,290,200	-	-	1,290,200
-	-	-	4,337	20,412	206,915
-	-	-	-	-	30,028
-	-	1,290,200	1,771,693	20,412	3,294,499
<u>106</u>	<u>72</u>	<u>1,299,556</u>	<u>1,776,586</u>	<u>26,894</u>	<u>3,417,891</u>
-	186,269	-	-	-	1,852,336
-	-	4,699,999	1,228	-	4,701,227
-	730,718	-	-	638	3,486,603
<u>\$ -</u>	<u>\$ 916,987</u>	<u>\$ 4,699,999</u>	<u>\$ 1,228</u>	<u>\$ 638</u>	<u>\$ 10,040,166</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2009

	Information Services	GIS	Motor Pool
Operating revenues			
Charges for services	\$ 1,350,309	\$ 481,116	\$2,370,498
Sale of materials and services	-	(578)	5,647
Total operating revenues	<u>1,350,309</u>	<u>480,538</u>	<u>2,376,145</u>
Operating expenses			
Cost of goods sold	-	-	-
Salaries	461,879	220,383	339,850
Employee benefits	277,777	153,001	488,799
Contractual services	396,249	40,243	75,398
Internal user charges	93,273	33,220	115,312
Insurance	25,323	7,572	167,986
Utilities	29,582	-	5,901
Supplies and materials	18,427	5,802	160,945
Claims and judgments	-	-	-
Depreciation	23,676	6,065	398,117
Other	28,765	4,676	22,632
Net operating expenses	<u>1,354,951</u>	<u>470,962</u>	<u>1,774,940</u>
Operating income (loss)	<u>(4,642)</u>	<u>9,576</u>	<u>601,205</u>
Nonoperating revenues (expenses)			
Interest on investments	-	-	-
Interest expense on bonded indebtedness	-	-	(6,979)
Loss on sale of capital assets	-	-	(16,503)
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(23,482)</u>
Net income (loss) before transfers	(4,642)	9,576	577,723
Transfers			
Transfers out	-	-	-
Change in net assets	(4,642)	9,576	577,723
Net assets, beginning of year	<u>6,445</u>	<u>2,336</u>	<u>3,829,876</u>
Net assets, end of year	<u>\$ 1,803</u>	<u>\$ 11,912</u>	<u>\$4,407,599</u>

<u>Central Stores</u>	<u>Radio</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Totals</u>
\$ 87,904	\$ 216,265	\$3,097,522	\$ 894,825	\$312,988	\$ 8,811,427
-	-	-	-	-	5,069
<u>87,904</u>	<u>216,265</u>	<u>3,097,522</u>	<u>894,825</u>	<u>312,988</u>	<u>8,816,496</u>
72,947	-	-	-	-	72,947
-	6,032	-	28,383	74,139	1,130,666
9,262	2,171	(137,722)	15,887	50,171	859,346
5,695	8,579	159,531	92,208	26,344	804,247
-	6,826	-	-	-	248,631
-	9,595	882,069	-	18,693	1,111,238
-	731	-	-	123,548	159,762
-	1,541	-	180	21,563	208,458
-	-	1,230,912	821,874	-	2,052,786
-	51,699	-	-	-	479,557
-	517	-	1,403	1,040	59,033
<u>87,904</u>	<u>87,691</u>	<u>2,134,790</u>	<u>959,935</u>	<u>315,498</u>	<u>7,186,671</u>
-	128,574	962,732	(65,110)	(2,510)	1,629,825
-	-	-	33,556	-	33,556
-	-	(2,213)	-	-	(9,192)
-	-	-	-	-	(16,503)
-	-	(2,213)	33,556	-	7,861
-	128,574	960,519	(31,554)	(2,510)	1,637,686
-	(910,000)	-	-	-	(910,000)
-	(781,426)	960,519	(31,554)	(2,510)	727,686
-	1,698,413	3,739,480	32,782	3,148	9,312,480
<u>\$ -</u>	<u>\$ 916,987</u>	<u>\$4,699,999</u>	<u>\$ 1,228</u>	<u>\$ 638</u>	<u>\$ 10,040,166</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2009

	Information Services	GIS	Motor Pool
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 1,350,309	\$ 470,554	\$ 2,499,306
Payments to suppliers	(503,043)	(56,334)	(433,093)
Payments to employees	(735,120)	(374,672)	(833,815)
Payments for interfund services used	(93,273)	(33,220)	(115,312)
Net cash provided by (used in) operating activities	<u>18,873</u>	<u>6,328</u>	<u>1,117,086</u>
Cash flows from noncapital financing activities:			
Transfers out	-	-	-
Cash flows from capital and related financing activities:			
Purchases of property and equipment	-	(8,397)	(644,817)
Principal paid on long-term debt	-	-	(71,860)
Interest paid on long-term debt	-	-	(6,979)
Net cash used in capital and related financing activities	<u>-</u>	<u>(8,397)</u>	<u>(723,656)</u>
Cash flows from investing activities:			
Interest on investments	-	-	-
Net increase (decrease) in cash and cash equivalents	18,873	(2,069)	393,430
Cash and cash equivalents at beginning of year	<u>87,038</u>	<u>3,408</u>	<u>1,107,415</u>
Cash and cash equivalents at end of year	<u>\$ 105,911</u>	<u>\$ 1,339</u>	<u>\$ 1,500,845</u>
Cash flows from operating activities:			
Operating income (loss)	\$ (4,642)	\$ 9,576	\$ 601,205
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	23,676	6,065	398,117
Changes in assets and liabilities:			
Due from other funds	-	-	1,221,584
Accounts receivable	-	(9,984)	(1,098,423)
Inventory	-	-	(10,511)
Prepaid insurance	-	-	-
Accounts payable	(4,697)	1,959	10,280
Accrued wages payable	(2,216)	(552)	(2,247)
Due to other governments	-	-	-
Claims payable	-	-	-
Accrued sick and vacation/PTO payable	6,752	(736)	(2,919)
Net cash provided by (used in) operating activities	<u>\$ 18,873</u>	<u>\$ 6,328</u>	<u>\$ 1,117,086</u>

Central Stores	Radio	Self Insurance	Workers' Compensation	Public Works Building	Totals
\$ 87,904	\$ 216,265	\$ 3,097,522	\$ 2,030,243	\$ 312,988	\$ 10,065,091
(78,771)	(21,071)	(1,193,753)	(1,285,273)	(192,186)	(3,763,524)
(9,262)	(8,478)	137,722	(43,866)	(122,267)	(1,989,758)
-	324,486	(1,000,000)	-	-	(917,319)
(129)	511,202	1,041,491	701,104	(1,465)	3,394,490
-	(910,000)	-	-	-	(910,000)
-	(198,539)	-	-	-	(851,753)
-	-	(75,000)	-	-	(146,860)
-	-	(2,213)	-	-	(9,192)
-	(198,539)	(77,213)	-	-	(1,007,805)
-	-	-	33,556	-	33,556
(129)	(597,337)	964,278	734,660	(1,465)	1,510,241
235	1,328,127	263,040	894,118	28,997	3,712,378
<u>\$ 106</u>	<u>\$ 730,790</u>	<u>\$ 1,227,318</u>	<u>\$ 1,628,778</u>	<u>\$ 27,532</u>	<u>\$ 5,222,619</u>
\$ -	\$ 128,574	\$ 962,732	\$ (65,110)	\$ (2,510)	\$ 1,629,825
-	51,699	-	-	-	479,557
-	331,312	(1,000,000)	1,221,584	-	1,774,480
-	-	-	(86,166)	-	(1,194,573)
-	-	-	-	-	(10,511)
-	-	(31,462)	(62,870)	-	(94,332)
(129)	(108)	(6,463)	(1,226)	(998)	(1,382)
-	(275)	-	94	(297)	(5,493)
-	-	-	-	-	-
-	-	1,116,684	(305,512)	-	811,172
-	-	-	310	2,340	5,747
<u>\$ (129)</u>	<u>\$ 511,202</u>	<u>\$ 1,041,491</u>	<u>\$ 701,104</u>	<u>\$ (1,465)</u>	<u>\$ 3,394,490</u>

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 \$215 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.

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 contractors during construction projects and employee and employer payroll withholdings and benefits are also recorded here.

CITY OF SAGINAW, MICHIGAN
EMPLOYEE PENSION AND OTHER BENEFITS TRUST FUNDS
COMBINING STATEMENT OF PLAN NET ASSETS
June 30, 2009

	<u>Public Employee Healthcare</u>	<u>Policemen and Firemen Pension</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 922,015	\$ 726,251	\$ 1,648,266
Investments, at fair value			
Governmental securities	-	14,391,362	14,391,362
Municipal obligations	-	3,091,438	3,091,438
Corporate and foreign bonds	-	14,607,910	14,607,910
Common equity securities	-	43,555,735	43,555,735
Equity mutual funds	-	18,001,145	18,001,145
Other	1,331,804	-	1,331,804
	<u>1,331,804</u>	<u>93,647,590</u>	<u>94,979,394</u>
Total investments	1,331,804	93,647,590	94,979,394
Accrued interest receivable	-	219,029	219,029
	<u>-</u>	<u>219,029</u>	<u>219,029</u>
Total assets	<u>2,253,819</u>	<u>94,592,870</u>	<u>96,846,689</u>
<u>Liabilities</u>			
Accounts payable	-	80,954	80,954
Accrued payroll	-	692,205	692,205
	<u>-</u>	<u>692,205</u>	<u>692,205</u>
Total liabilities	<u>-</u>	<u>773,159</u>	<u>773,159</u>
Net assets held In trust for pension and other employee benefits	<u>\$ 2,253,819</u>	<u>\$ 93,819,711</u>	<u>\$ 96,073,530</u>

**CITY OF SAGINAW, MICHIGAN
EMPLOYEE PENSION AND OTHER BENEFITS TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Year Ended June 30, 2009**

	<u>Public Employee Healthcare</u>	<u>Policemen and Firemen Pension</u>	<u>Total</u>
<u>Additions</u>			
Contributions:			
Employer	\$ 470,000	\$ 4,931,700	\$ 5,401,700
Plan members	-	1,038,525	1,038,525
	<u>470,000</u>	<u>5,970,225</u>	<u>6,440,225</u>
Total contributions			
Investment income (loss):			
Interest	51,490	1,949,531	2,001,021
Dividends	-	1,535,640	1,535,640
Mutual fund rebates	-	54,274	54,274
Net depreciation in fair value of investments	(555,700)	(23,247,126)	(23,802,826)
Investment expenses	-	(160,817)	(160,817)
	<u>(504,210)</u>	<u>(19,868,498)</u>	<u>(20,372,708)</u>
Total investment loss			
Net investment loss in excess of contributions	<u>(34,210)</u>	<u>(13,898,273)</u>	<u>(13,932,483)</u>
<u>Deductions</u>			
Police pension benefits	-	6,614,020	6,614,020
Fire pension benefits	-	5,792,959	5,792,959
Administrative expenses	-	491,092	491,092
	<u>-</u>	<u>12,898,071</u>	<u>12,898,071</u>
Total deductions			
Net decrease	(34,210)	(26,796,344)	(26,830,554)
Net assets held in trust for pension and other employee benefits			
Beginning of year	<u>2,288,029</u>	<u>120,616,055</u>	<u>122,904,084</u>
End of year	<u>\$ 2,253,819</u>	<u>\$ 93,819,711</u>	<u>\$ 96,073,530</u>

**CITY OF SAGINAW, MICHIGAN
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2009**

	Intermediate School Tax Collection	Saginaw County Tax Collection	School District Tax Collection	State Education Tax Collection	Delta College Tax Collection	Public Libraries Tax Collection
<u>Assets</u>						
Cash and cash equivalents	\$ 5,954	\$ 26,469	\$ 57,818	\$ 17,068	\$ 5,529	\$ 10,711
Accounts receivable	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Taxes receivable for other governmental units	<u>26,550</u>	<u>100,333</u>	<u>244,083</u>	<u>77,384</u>	<u>25,950</u>	<u>56,106</u>
Total assets	<u>\$ 32,504</u>	<u>\$ 126,802</u>	<u>\$ 301,901</u>	<u>\$ 94,452</u>	<u>\$ 31,479</u>	<u>\$ 66,817</u>
 <u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	32,504	126,802	301,901	94,452	31,479	66,817
Claims payable	-	-	-	-	-	-
Other current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 32,504</u>	<u>\$ 126,802</u>	<u>\$ 301,901</u>	<u>\$ 94,452</u>	<u>\$ 31,479</u>	<u>\$ 66,817</u>

<u>Saginaw Transit Tax Collection</u>	<u>Undistributed Tax Collection</u>	<u>Employee Benefits</u>	<u>Housing Commission</u>	<u>Totals</u>
\$ 8,004	\$ 288,367	\$ 200,071	\$ -	\$ 619,991
-	-	-	1,098,423	1,098,423
-	-	1,256,845	-	1,256,845
<u>30,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,029</u>
<u>\$ 38,627</u>	<u>\$ 288,367</u>	<u>\$ 1,456,916</u>	<u>\$ 1,098,423</u>	<u>\$ 3,536,288</u>
\$ -	\$ 16,827	\$ 193,653	\$ 1,098,423	\$ 1,308,903
38,627	271,540	-	-	964,122
-	-	824,727	-	824,727
-	-	438,536	-	438,536
<u>\$ 38,627</u>	<u>\$ 288,367</u>	<u>\$ 1,456,916</u>	<u>\$ 1,098,423</u>	<u>\$ 3,536,288</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2009

	Balance			Balance
	June 30, 2008	Additions	Deductions	June 30, 2009
<u>Intermediate School Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 138,775	\$ 3,397,242	\$ 3,530,063	\$ 5,954
Taxes receivable for the account of other governmental units	27,430	1,604,158	1,605,038	26,550
Total assets	<u>\$ 166,205</u>	<u>\$ 5,001,400</u>	<u>\$ 5,135,101</u>	<u>\$ 32,504</u>
<u>Liabilities</u>				
Accounts payable	\$ 133,947	\$ 338,353	\$ 204,406	\$ -
Due to other governmental units	31,308	2,834,206	2,835,402	32,504
Total liabilities	<u>\$ 165,255</u>	<u>\$ 3,172,559</u>	<u>\$ 3,039,808</u>	<u>\$ 32,504</u>
<u>Saginaw County Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 152,473	\$ 8,652,340	\$ 8,778,344	\$ 26,469
Taxes receivable for the account of other governmental units	104,646	5,337,887	5,342,200	100,333
Total assets	<u>\$ 257,119</u>	<u>\$ 13,990,227</u>	<u>\$ 14,120,544</u>	<u>\$ 126,802</u>
<u>Liabilities</u>				
Accounts payable	\$ 135,717	\$ 144,687	\$ 8,970	\$ -
Due to other governmental units	121,402	9,354,656	9,360,056	126,802
Total liabilities	<u>\$ 257,119</u>	<u>\$ 9,499,343</u>	<u>\$ 9,369,026</u>	<u>\$ 126,802</u>
<u>School District Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 606,457	\$ 15,875,608	\$ 16,424,247	\$ 57,818
Taxes receivable for the account of other governmental units	267,360	8,486,628	8,509,905	244,083
Due from other governmental units	(424,834)	424,834		-
Total assets	<u>\$ 448,983</u>	<u>\$ 24,787,070</u>	<u>\$ 24,934,152</u>	<u>\$ 301,901</u>
<u>Liabilities</u>				
Accounts payable	\$ 141,452	\$ 2,215,327	\$ 2,073,875	\$ -
Due to other governmental units	307,531	15,292,232	15,286,602	301,901
Total liabilities	<u>\$ 448,983</u>	<u>\$ 17,507,559</u>	<u>\$ 17,360,477</u>	<u>\$ 301,901</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>State Education Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 11,561	\$ 6,424,005	\$ 6,418,498	\$ 17,068
Taxes receivable for the account of other governmental units	80,841	3,921,773	3,925,230	77,384
Total assets	<u>\$ 92,402</u>	<u>\$ 10,345,778</u>	<u>\$ 10,343,728</u>	<u>\$ 94,452</u>
<u>Liabilities</u>				
Accounts payable	\$ 175	\$ 175	\$ -	\$ -
Due to other governmental units	92,227	7,106,258	7,108,483	94,452
Total liabilities	<u>\$ 92,402</u>	<u>\$ 7,106,433</u>	<u>\$ 7,108,483</u>	<u>\$ 94,452</u>

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>Delta College Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 3,557	\$ 2,300,651	\$ 2,298,679	\$ 5,529
Taxes receivable for the account of other governmental units	28,340	1,388,208	1,390,598	25,950
Total assets	<u>\$ 31,897</u>	<u>\$ 3,688,859</u>	<u>\$ 3,689,277</u>	<u>\$ 31,479</u>
<u>Liabilities</u>				
Accounts payable	\$ 114	\$ 114	\$ -	\$ -
Due to other governmental units	31,787	2,532,992	2,532,684	31,479
Total liabilities	<u>\$ 31,901</u>	<u>\$ 2,533,106</u>	<u>\$ 2,532,684</u>	<u>\$ 31,479</u>

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>Public Libraries Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 6,899	\$ 4,485,635	\$ 4,481,823	\$ 10,711
Taxes receivable for the account of other governmental units	53,377	2,721,426	2,718,697	56,106
Total assets	<u>\$ 60,276</u>	<u>\$ 7,207,061</u>	<u>\$ 7,200,520</u>	<u>\$ 66,817</u>
<u>Liabilities</u>				
Accounts payable	\$ 207	\$ 207	\$ -	\$ -
Due to other governmental units	60,068	4,942,904	4,949,653	66,817
Total liabilities	<u>\$ 60,275</u>	<u>\$ 4,943,111</u>	<u>\$ 4,949,653</u>	<u>\$ 66,817</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2009

	Balance			Balance
<u>Saginaw Transit Tax Collection</u>	June 30, 2008	Additions	Deductions	June 30, 2009
<u>Assets</u>				
Cash and cash equivalents	\$ 5,152	\$ 3,379,294	\$ 3,376,442	\$ 8,004
Taxes receivable for the account of other governmental units	31,762	2,039,559	2,040,698	30,623
Total assets	<u>\$ 36,914</u>	<u>\$ 5,418,853</u>	<u>\$ 5,417,140</u>	<u>\$ 38,627</u>

<u>Liabilities</u>				
Accounts payable	\$ 164	\$ 164	\$ -	\$ -
Due to other governmental units	36,750	3,716,808	3,718,685	38,627
Total liabilities	<u>\$ 36,914</u>	<u>\$ 3,716,972</u>	<u>\$ 3,718,685</u>	<u>\$ 38,627</u>

	Balance			Balance
<u>Undistributed Tax Collection</u>	June 30, 2008	Additions	Deductions	June 30, 2009
<u>Assets</u>				
Cash and cash equivalents	\$ 170,738	\$ 1,651,401	\$ 1,533,772	\$ 288,367
Accounts receivable	-	1,698,534	1,698,534	-
Total assets	<u>\$ 170,738</u>	<u>\$ 3,349,935</u>	<u>\$ 3,232,306</u>	<u>\$ 288,367</u>

<u>Liabilities</u>				
Accounts payable	\$ 5,016	\$ 838,626	\$ 850,437	\$ 16,827
Due to other funds	-	589,814	589,814	-
Due to other governmental units	165,722	-	105,818	271,540
Deferred revenue	-	575,643	575,643	-
Total liabilities	<u>\$ 170,738</u>	<u>\$ 2,004,083</u>	<u>\$ 2,121,712</u>	<u>\$ 288,367</u>

	Balance			Balance
<u>Employee Benefits</u>	June 30, 2008	Additions	Deductions	June 30, 2009
<u>Assets</u>				
Cash and cash equivalents	\$ 765,781	\$ 24,840,479	\$ 25,406,189	\$ 200,071
Prepaid insurance	782,349	1,256,845	782,349	1,256,845
Total assets	<u>\$ 1,548,130</u>	<u>\$ 26,097,324</u>	<u>\$ 26,188,538</u>	<u>\$ 1,456,916</u>

<u>Liabilities</u>				
Accounts payable	\$ 27,865	\$ 1,212,977	\$ 1,378,765	\$ 193,653
Claims payable	1,026,840	202,113	-	824,727
Other current liabilities	390,354	26,278,794	26,326,976	438,536
Total liabilities	<u>\$ 1,445,059</u>	<u>\$ 27,693,884</u>	<u>\$ 27,705,741</u>	<u>\$ 1,456,916</u>

continued...

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>Housing Commission</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 249,929	\$ 249,929	\$ -
Accounts receivable	729,738	1,050,210	681,525	1,098,423
Due from other governmental units	624,692	-	624,692	-
	<u>624,692</u>	<u>-</u>	<u>624,692</u>	<u>-</u>
Total assets	<u>\$ 1,354,430</u>	<u>\$ 1,300,139</u>	<u>\$ 1,556,146</u>	<u>\$ 1,098,423</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,351,703	\$ 253,522	\$ 242	\$ 1,098,423
Other current liabilities	2,727	1,310,544	1,307,817	-
	<u>2,727</u>	<u>1,310,544</u>	<u>1,307,817</u>	<u>-</u>
Total liabilities	<u>\$ 1,354,430</u>	<u>\$ 1,564,066</u>	<u>\$ 1,308,059</u>	<u>\$ 1,098,423</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
For the Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>Total Agency Funds</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,861,393	\$ 71,256,584	\$ 72,497,986	\$ 619,991
Accounts receivable	729,738	2,748,744	2,380,059	1,098,423
Prepaid insurance	782,349	1,256,845	782,349	1,256,845
Taxes receivable for the account of other governmental units	1,218,448	25,499,639	26,157,058	561,029
TOTAL ASSETS	\$ 4,591,928	\$ 100,761,812	\$ 101,817,452	\$ 3,536,288
<u>LIABILITIES</u>				
Accounts payable	\$ 1,796,360	\$ 5,004,152	\$ 4,516,695	\$ 1,308,903
Due to other governmental units	846,795	45,780,056	45,897,383	964,122
Claims payable	1,026,840	202,113	-	824,727
Other current liabilities	390,354	26,278,794	26,326,976	438,536
TOTAL LIABILITIES	\$ 4,060,349	\$ 77,265,115	\$ 76,741,054	\$ 3,536,288

COMPONENT UNITS

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
TIFA COMPONENT UNITS
June 30, 2009

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Net Assets
<u>Assets</u>					
Cash and cash equivalents	<u>\$ 5,185</u>	<u>\$26,120</u>	<u>\$ 31,305</u>	<u>\$ -</u>	<u>\$ 31,305</u>
<u>Fund Balances / Net Assets</u>					
Reserved for:					
TIFA/LDFA projects	<u>\$ 5,185</u>	<u>\$26,120</u>	<u>\$ 31,305</u>	<u>(31,305)</u>	<u>-</u>
Net assets - unrestricted				<u>\$ (31,305)</u>	<u>\$ 31,305</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
TIFA COMPONENT UNITS
For the Year Ended June 30, 2009

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Activities
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues					
General operating property taxes	\$ -	\$ -	\$ -	\$ (13)	\$ (13)
Fund balances / net assets at beginning of year	<u>5,185</u>	<u>26,120</u>	<u>31,305</u>	<u>13</u>	<u>31,318</u>
Fund balances / net assets at end of year	<u>\$ 5,185</u>	<u>\$ 26,120</u>	<u>\$ 31,305</u>	<u>\$ -</u>	<u>\$ 31,305</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
DDA COMPONENT UNITS
June 30, 2009

	Commerce Center DDA	Sils Island DDA	Downtown Development Authority
<u>Assets</u>			
Cash and cash equivalents	\$ 60,336	\$ 2,914	\$ 113,431
Property taxes receivable	103	3,847	35,785
Land held for resale	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 60,439</u>	<u>\$ 6,761</u>	<u>\$ 149,216</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ 1,987
Deferred revenue	103	3,847	35,785
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>103</u>	<u>3,847</u>	<u>37,772</u>
<u>Fund Balances / Net Assets</u>			
Reserved for:			
Specific Projects	<u>60,336</u>	<u>2,914</u>	<u>111,444</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 60,439</u>	<u>\$ 6,761</u>	<u>\$ 149,216</u>

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$ 176,681	\$ -	\$ 176,681
39,735	-	39,735
<u>-</u>	<u>33,182</u>	<u>33,182</u>
<u>\$ 216,416</u>	<u>\$ -</u>	<u>249,598</u>

\$ 1,987	\$ -	1,987
<u>39,735</u>	<u>(39,735)</u>	<u>-</u>
<u>41,722</u>	<u>(39,735)</u>	<u>1,987</u>

<u>174,694</u>	<u>(174,694)</u>	<u>-</u>
<u>\$ 216,416</u>		

Net assets - unrestricted	<u>\$ 214,429</u>	<u>\$ 247,611</u>
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CITY OF SAGINAW, MICHIGAN
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DDA COMPONENT UNITS
For the Year Ended June 30, 2009

	Commerce Center DDA	Sils Island DDA	Downtown Development Authority
	<u> </u>	<u> </u>	<u> </u>
Revenues			
General operating property taxes	\$ 31,315	\$ 3,549	\$ 8,973
Miscellaneous	<u> -</u>	<u> -</u>	<u> 5,489</u>
Total revenues	<u> 31,315</u>	<u> 3,549</u>	<u> 14,462</u>
Expenditures/Expenses			
Current expenditures/expenses			
Administration	-	-	2,638
Tax increment payments	<u> 28,385</u>	<u> 21,323</u>	<u> -</u>
Total expenditures/expenses	<u> 28,385</u>	<u> 21,323</u>	<u> 2,638</u>
Change in net assets	2,930	(17,774)	11,824
Fund balances / net assets at beginning of year	<u> 57,406</u>	<u> 20,688</u>	<u> 99,620</u>
Fund balances / net assets at end of year	<u> \$ 60,336</u>	<u> \$ 2,914</u>	<u> \$ 111,444</u>

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 43,837	\$ 3,192	\$ 47,029
<u>5,489</u>	<u>-</u>	<u>5,489</u>
<u>49,326</u>	<u>3,192</u>	<u>52,518</u>
2,638	-	2,638
<u>49,708</u>	<u>-</u>	<u>49,708</u>
<u>52,346</u>	<u>-</u>	<u>52,346</u>
(3,020)	3,192	172
<u>177,714</u>	<u>69,725</u>	<u>247,439</u>
<u>\$ 174,694</u>	<u>\$ 72,917</u>	<u>\$ 247,611</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
LDFA COMPONENT UNITS
June 30, 2009

	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA
<u>Assets</u>			
Cash and cash equivalents	\$ 2,888,193	\$ 439,194	\$ 170,222
Property taxes receivable	1,088	-	-
Accrued interest receivable	23,313	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,912,594</u>	<u>\$ 439,194</u>	<u>\$ 170,222</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ 1,428
Deferred revenue	1,088	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,088</u>	<u>-</u>	<u>1,428</u>
<u>Fund Balances / Net Assets</u>			
Reserved for:			
TIFA/LDFA projects	<u>2,911,506</u>	<u>439,194</u>	<u>168,794</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 2,912,594</u>	<u>\$ 439,194</u>	<u>\$ 170,222</u>

Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Net Assets
\$ 61,127 5 -	\$ 4,513 - -	\$ 74,836 - -	\$ 3,638,085 1,093 23,313	\$ - - -	\$ 3,638,085 1,093 23,313
<u>\$ 61,132</u>	<u>\$ 4,513</u>	<u>\$ 74,836</u>	<u>\$ 3,662,491</u>	<u>\$ -</u>	<u>3,662,491</u>
\$ - 5	\$ - -	\$ - -	\$ 1,428 1,093	\$ - (1,093)	1,428 -
<u>5</u>	<u>-</u>	<u>-</u>	<u>2,521</u>	<u>(1,093)</u>	<u>1,428</u>
<u>61,127</u>	<u>4,513</u>	<u>74,836</u>	<u>3,659,970</u>	<u>(3,659,970)</u>	<u>-</u>
<u>\$ 61,132</u>	<u>\$ 4,513</u>	<u>\$ 74,836</u>	<u>\$ 3,662,491</u>		
				Net assets - unrestricted	
				<u>\$ 3,661,063</u>	<u>\$ 3,661,063</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
LDFA COMPONENT UNITS
For the Year Ended June 30, 2009

	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA
	<u> </u>	<u> </u>	<u> </u>
Revenues			
General operating property taxes	\$ 120,251	\$ 22,074	\$ 42,501
Interest on loans and investments	38,304	-	-
	<u>158,555</u>	<u>22,074</u>	<u>42,501</u>
Total revenues			
Expenditures/Expenses			
Current			
Administration	-	-	9,862
	<u> </u>	<u> </u>	<u> </u>
Change in net assets	158,555	22,074	32,639
Fund balances / net assets at beginning of year	<u>2,752,951</u>	<u>417,120</u>	<u>136,155</u>
Fund balances / net assets at end of year	<u><u>\$ 2,911,506</u></u>	<u><u>\$ 439,194</u></u>	<u><u>\$ 168,794</u></u>

Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Activities
\$ 6,459	\$ -	\$ 28,184	\$ 219,469	\$ (26,040)	\$ 193,429
-	-	-	38,304	-	38,304
<u>6,459</u>	<u>-</u>	<u>28,184</u>	<u>257,773</u>	<u>(26,040)</u>	<u>231,733</u>
-	-	-	9,862	-	9,862
6,459	-	28,184	247,911	(26,040)	221,871
<u>54,668</u>	<u>4,513</u>	<u>46,652</u>	<u>3,412,059</u>	<u>27,133</u>	<u>3,439,192</u>
<u>\$ 61,127</u>	<u>\$ 4,513</u>	<u>\$ 74,836</u>	<u>\$ 3,659,970</u>	<u>\$ 1,093</u>	<u>\$ 3,661,063</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
SEDC COMPONENT UNIT
June 30, 2009

	Saginaw Economic Development Corporation	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and cash equivalents	\$ 307,577	\$ -	\$ 307,577
Notes and contracts receivable Economic development projects	<u>1,672,193</u>	<u>(246,320)</u>	<u>1,425,873</u>
Total assets	<u>\$ 1,979,770</u>	<u>\$ (246,320)</u>	<u>1,733,450</u>
<u>Liabilities</u>			
Accounts payable	\$ 14,633	\$ -	14,633
Deferred revenue	<u>1,672,193</u>	<u>(1,672,193)</u>	<u>-</u>
Total liabilities	1,686,826	(1,672,193)	14,633
<u>Fund Balances / Net Assets</u>			
Reserved for:			
Specific Projects	<u>292,944</u>	<u>(292,944)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,979,770</u>		
Net assets, unrestricted		<u>\$ 1,965,137</u>	<u>\$ 1,718,817</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SEDC COMPONENT UNIT
For the Year Ended June 30, 2009

	Saginaw Economic Development Corporation	Adjustments	Statement of Activities
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Fees and loan repayments	\$ 163,318	\$ (122,592)	\$ 40,726
Interest on loans and investments	60,365	-	60,365
	<u> </u>	<u> </u>	<u> </u>
Total revenues	223,683	(122,592)	101,091
	<u> </u>	<u> </u>	<u> </u>
Expenditures/Expenses			
Current expenditures/expenses			
Loan disbursements	745,320	(745,320)	-
Provision for loan losses	-	262,504	262,504
	<u> </u>	<u> </u>	<u> </u>
Total expenditures/expenses	745,320	(482,816)	262,504
	<u> </u>	<u> </u>	<u> </u>
Change in net assets	(521,637)	360,224	(161,413)
Fund balances / net assets at beginning of year	814,581	1,065,649	1,880,230
	<u> </u>	<u> </u>	<u> </u>
Fund balances / net assets at end of year	<u>\$ 292,944</u>	<u>\$ 1,425,873</u>	<u>\$ 1,718,817</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
BROWNFIELD COMPONENT UNIT
June 30, 2009

	Brownfield Authority SRRF	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and cash equivalents	\$ 132,716	\$ -	\$ 132,716
Property taxes receivable	2,537	-	2,537
Total assets	<u>\$ 135,253</u>	<u>\$ -</u>	<u>135,253</u>
<u>Liabilities</u>			
Deferred revenue	\$ 2,537	\$ (2,537)	-
<u>Fund Balances / Net Assets</u>			
Reserved for:			
Specific Projects	<u>132,716</u>	<u>(132,716)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 135,253</u>		
Net assets - unrestricted		<u>\$ 135,253</u>	<u>\$ 135,253</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BROWNFIELD COMPONENT UNIT
For the Year Ended June 30, 2009

	Brownfield Authority SRRF	Adjustments	Statement of Activities
	<u> </u>	<u> </u>	<u> </u>
Revenues			
General operating property taxes	\$ 32,483	\$ 1,640	\$ 34,123
Expenditures/Expenses			
Tax increment payments	<u>6,136</u>	<u>-</u>	<u>6,136</u>
Change in net assets	26,347	1,640	27,987
Fund balances / net assets at beginning of year	106,369	<u>897</u>	<u>107,266</u>
Fund balances / net assets at end of year	<u>\$ 132,716</u>	<u>\$ 2,537</u>	<u>\$ 135,253</u>

STATISTICAL SECTION

Financial Trends – These schedules contain trend information to assist the reader in understanding how the City’s financial performance and well-being 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 Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 29,607,486	\$ 30,031,876	\$ 32,145,099	\$ 32,080,041	\$ 45,625,909	\$ 44,021,349	\$ 43,412,648
Restricted	3,446,122	3,606,255	3,519,523	3,141,661	3,308,444	5,503,153	5,726,440
Unrestricted (deficit)	7,599,317	4,497,035	6,829,300	6,061,704	8,840,328	5,639,120	(4,288,914)
Total governmental activities net assets	<u>\$ 40,652,925</u>	<u>\$ 38,135,166</u>	<u>\$ 42,493,922</u>	<u>\$ 41,283,406</u>	<u>\$ 57,774,681</u>	<u>\$ 55,163,622</u>	<u>\$ 44,850,174</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 67,688,629	\$ 68,419,903	\$ 68,063,253	\$ 69,779,191	\$ 75,854,872	\$ 70,941,541	\$ 72,449,928
Restricted	3,889,096	7,213,017	8,991,506	7,550,734	8,616,819	8,083,872	999,026
Unrestricted	13,930,516	12,464,912	16,111,007	20,853,812	17,211,864	24,924,823	27,555,338
Total business-type activities net assets	<u>\$ 85,508,241</u>	<u>\$ 88,097,832</u>	<u>\$ 93,165,766</u>	<u>\$ 98,183,737</u>	<u>\$ 101,683,555</u>	<u>\$ 103,950,236</u>	<u>\$ 101,004,292</u>
Primary government							
Invested in capital assets, net of related debt	\$ 97,296,115	\$ 98,451,779	\$ 100,208,352	\$ 101,859,232	\$ 121,480,781	\$ 114,962,890	\$ 115,862,576
Restricted	7,335,218	10,819,272	12,511,029	10,692,395	11,925,263	13,587,025	6,725,466
Unrestricted	21,529,833	16,961,947	22,940,307	26,915,516	26,052,192	30,563,943	23,266,424
Total primary government net assets	<u>\$ 126,161,166</u>	<u>\$ 126,232,998</u>	<u>\$ 135,659,688</u>	<u>\$ 139,467,143</u>	<u>\$ 159,458,236</u>	<u>\$ 159,113,858</u>	<u>\$ 145,854,466</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Saginaw, Michigan
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 6,035	\$ 5,065	\$ 3,958	\$ 4,031	\$ 4,270	\$ 4,257	\$ 8,108
Administration	2,244	2,734	2,050	2,201	2,332	2,391	2,431
Public safety	22,342	25,222	23,258	23,557	25,321	24,814	32,375
General services	13,032	12,565	9,651	12,178	13,919	13,735	12,877
Community services	2,160	1,516	1,764	1,875	1,999	2,476	2,325
Economic development	4,142	3,157	2,342	3,205	3,263	2,843	2,876
Interest on long-term debt	210	188	150	107	66	61	28
Total governmental activities expenses	50,165	50,447	43,173	47,154	51,170	50,577	61,020
Business-type activities:							
Sewer	15,465	15,887	15,454	16,138	17,203	17,392	19,050
Water	11,321	10,392	10,426	10,532	11,637	11,859	13,513
Parking	618	627	524	393	359	359	481
Celebration Park	-	-	-	-	-	-	38
Wave Pool	184	142	142	142	927	-	-
Total business-type activities expenses	27,588	27,048	26,546	27,205	30,126	29,610	33,082
Total primary government expenses	\$ 77,753	\$ 77,495	\$ 69,719	\$ 74,359	\$ 81,296	\$ 80,187	\$ 94,102
Program Revenues							
Governmental activities:							
Charges for services							
General government	\$ 584	\$ 696	\$ 791	\$ 832	\$ 1,077	\$ 988	\$ 1,107
Administration	1,978	1,971	1,854	2,192	2,351	2,738	2,484
Public safety	259	242	223	(200)	262	213	650
General services	2,709	2,472	2,174	2,033	2,786	1,681	2,929
Community services	643	622	677	826	854	(89)	789
Economic development	558	575	203	187	220	131	169
Operating grants and contributions	10,219	10,157	8,436	10,008	10,162	9,633	10,309
Capital grants and contributions	292	2,353	140	408	65	-	-
Total governmental activities program revenues	17,242	19,088	14,498	16,286	17,777	15,295	18,437
Business-type activities:							
Charges for services							
Sewer	17,972	17,996	17,633	17,826	18,239	16,664	16,739
Water	10,572	10,149	13,035	12,624	12,553	12,305	12,112
Parking	157	368	504	554	309	255	287
Wave Pool	-	8	-	-	-	-	30
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	-	96	-	240	2,507	2,291	402
Total business-type activities program revenues	28,701	28,617	31,172	31,244	33,608	31,515	29,570
Total primary government program revenues	\$ 45,943	\$ 47,705	\$ 45,670	\$ 47,530	\$ 51,385	\$ 46,810	\$ 48,007
Net (expense)/revenue							
Governmental activities	\$ (32,923)	\$ (31,359)	\$ (28,675)	\$ (30,868)	\$ (33,393)	\$ (35,282)	\$ (42,583)
Business-type activities	1,113	1,569	4,626	4,039	3,482	1,905	(3,512)
Total primary government net expense	\$ (31,810)	\$ (29,790)	\$ (24,049)	\$ (26,829)	\$ (29,911)	\$ (33,377)	\$ (46,095)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 6,096	\$ 5,770	\$ 6,289	\$ 6,376	\$ 9,928	\$ 9,659	\$ 9,281
Income taxes	13,696	12,918	13,229	13,549	13,526	12,776	12,359
Unrestricted grants and contributions	11,639	10,430	10,498	10,168	9,885	10,190	10,660
Unrestricted investment earnings	524	246	421	641	784	657	438
Miscellaneous	54	55	124	146	83	84	138
Gain on disposal of capital assets	102	97	99	-	44	88	69
Transfers	-	(417)	31	(21)	-	(40)	(421)
Total governmental activities	32,111	29,099	30,691	30,859	34,250	33,414	32,524
Business-type activities:							
Unrestricted investment earnings	123	39	145	222	351	322	146
Miscellaneous	-	-	-	4	-	-	-
Insurance proceeds	151	425	-	-	-	-	-
Increase in investment in Saginaw-Midland Water Supply Corporation	356	140	328	-	-	-	-
Gain on bond refunding	28	-	-	-	-	-	-
Transfers	-	417	(31)	21	-	40	421
Total business-type activities	658	1,021	442	247	351	362	567
Total primary government	\$ 32,769	\$ 30,120	\$ 31,133	\$ 31,106	\$ 34,601	\$ 33,776	\$ 33,091
Change in Net Assets							
Governmental activities	\$ (812)	\$ (2,260)	\$ 2,016	\$ (9)	\$ 857	\$ (1,868)	\$ (10,059)
Business-type activities	1,771	2,590	5,068	4,286	3,833	2,267	(2,945)
Total primary government	\$ 959	\$ 330	\$ 7,084	\$ 4,277	\$ 4,690	\$ 399	\$ (13,004)

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

	Fiscal Year									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund										
Reserved	\$ 573	\$ 695	\$ 192	\$ 634	\$ 146	\$ 81	\$ 58	\$ 45	\$ 137	\$ 46
Unreserved	7,099	7,032	6,565	5,581	4,952	4,897	5,126	7,626	1,574	1,498
Total general fund	<u>\$ 7,672</u>	<u>\$ 7,727</u>	<u>\$ 6,757</u>	<u>\$ 6,215</u>	<u>\$ 5,098</u>	<u>\$ 4,978</u>	<u>\$ 5,184</u>	<u>\$ 7,671</u>	<u>\$ 1,711</u>	<u>\$ 1,544</u>
All other governmental funds										
Reserved	\$ 1,971	\$ 1,376	\$ 1,178	\$ 2,981	\$ 3,994	\$ 3,787	\$ 3,301	\$ 3,459	\$ 6,642	\$ 6,284
Unreserved, reported in:										
Special revenue funds	4,480	4,147	2,688	327	293	1,322	1,681	990	(719)	1,215
Capital projects funds	435	355	277	252	73	26	101	101	101	101
Debt service fund	790	682	254	198	-	-	-	-	-	-
Permanent fund	-	-	-	120	112	105	187	217	92	85
Total all other governmental funds	<u>\$ 7,676</u>	<u>\$ 6,560</u>	<u>\$ 4,397</u>	<u>\$ 3,878</u>	<u>\$ 4,472</u>	<u>\$ 5,240</u>	<u>\$ 5,270</u>	<u>\$ 4,767</u>	<u>\$ 6,116</u>	<u>\$ 7,685</u>

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
General operating property taxes	\$ 5,618	\$ 5,921	\$ 5,881	\$ 5,932	\$ 5,620	\$ 5,669	\$ 5,824	\$ 9,305	\$ 9,218	\$ 8,695
Special assessments	64	298	74	148	101	93	67	45	83	296
City income tax	15,570	14,872	14,354	13,696	12,918	13,229	13,550	13,526	12,776	12,359
State shared revenues	18,159	18,293	17,233	16,409	15,638	15,718	15,199	14,797	14,809	14,863
Licenses, permits and fees	2,748	2,419	2,920	2,521	3,384	3,008	3,072	3,450	2,649	3,550
Fines, penalties and forfeitures	601	529	563	420	359	442	334	356	293	788
Grants, donations and contributions	8,339	8,551	9,038	7,517	9,143	6,165	7,741	7,596	7,713	8,600
Interest on loans and investments	1,259	1,676	995	520	326	361	583	682	597	431
Rents and privileges	998	762	113	68	67	-	52	1	104	31
Sale of materials and services	1,763	1,580	1,522	1,781	1,143	1,175	995	1,540	1,281	1,493
Sale of land	38	-	-	-	-	-	-	-	-	115
Loan repayments	1,343	302	323	208	375	69	131	159	104	35
Total revenues	56,500	55,203	53,016	49,220	49,074	45,929	47,548	51,457	49,627	51,256
Expenditures										
General government	2,366	2,546	2,628	4,656	4,502	3,702	3,597	3,901	3,882	4,266
Administration	3,196	3,583	3,767	2,629	2,868	2,761	3,002	3,199	3,280	3,308
Public safety	20,711	22,274	21,939	23,496	24,584	22,745	23,714	24,834	24,862	26,279
Highway and streets	-	-	-	5,321	5,394	5,281	6,158	5,930	5,984	5,067
General services	6,656	6,869	6,860	7,365	6,194	6,053	6,067	6,590	6,752	6,361
Community services	3,893	3,781	2,030	2,169	1,501	1,288	1,217	1,512	2,143	1,986
Economic development	-	-	-	2,788	2,443	1,450	2,258	2,029	1,835	1,785
Program support services	2,778	1,871	2,477	-	-	-	-	-	-	-
Maintenance and improvements	3,635	4,542	4,173	-	-	-	-	-	-	-
Loan disbursements	294	301	360	-	-	-	-	-	-	-
Grant expenditures	1,854	3,044	2,435	-	-	-	-	-	-	-
Miscellaneous	2,462	2,159	3,379	-	-	-	-	-	-	-
Capital outlay	5,205	5,109	4,717	4,851	2,712	866	825	843	542	557
Debt service:										
Principal	3,191	1,377	1,252	1,399	1,164	765	780	576	430	450
Interest and other fees	318	265	220	171	155	128	90	59	40	26
Total expenditures	56,559	57,721	56,237	54,845	51,517	45,039	47,708	49,473	49,750	50,085
Excess of revenues over (under) expenditures	(59)	(2,518)	(3,221)	(5,625)	(2,443)	890	(160)	1,984	(123)	1,171
Other financing sources (uses)										
Proceeds from installment contract	456	-	-	1,185	-	-	-	-	-	-
Section 109 loan proceeds	1,047	756	196	35	1,412	65	-	-	-	-
Transfers in	2,504	2,096	1,533	1,548	2,348	1,457	1,811	1,686	1,388	2,121
Transfers from component units	323	220	85	75	-	-	-	-	-	-
Transfers (out)	(2,438)	(1,616)	(1,671)	(1,031)	(1,582)	(1,445)	(1,415)	(1,686)	(5,133)	(1,632)
Total other financing sources (uses)	1,892	1,456	143	1,812	2,178	77	396	-	(3,745)	489
Net change in fund balances	\$ 1,833	\$ (1,062)	\$ (3,078)	\$ (3,813)	\$ (265)	\$ 967	\$ 236	\$ 1,984	\$ (3,868)	\$ 1,660
Debt service as a percentage of noncapital expenditures	6.83%	3.12%	2.86%	3.14%	2.70%	2.02%	1.86%	1.31%	0.96%	0.96%

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Therefore, in 2003 some of the expenditure classifications changed.

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

Fiscal Year	Property Taxes
2000	\$ 6,385,681
2001	6,802,300
2002	6,605,349
2003	5,931,867
2004	5,619,698
2005	5,669,266
2006	5,824,455
2007	9,305,384
2008	9,218,163
2009	8,695,585

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

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					
2000	\$ 382,985	\$ 83,229	\$ 43,021	\$ 175,114	\$ 684,349	8.0700	\$ 1,368,698	50.00%
2001	400,074	82,586	43,360	165,689	691,709	8.6129	1,383,418	50.00%
2002	423,517	82,819	46,632	206,486	759,454	8.2785	1,518,908	50.00%
2003	439,276	85,365	44,679	154,356	723,676	8.5345	1,447,352	50.00%
2004	454,252	94,800	44,868	132,584	726,504	8.5638	1,453,008	50.00%
2005	479,561	95,550	45,119	124,302	744,532	8.4944	1,489,064	50.00%
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%

Source: City of Saginaw Assessor's Office

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.

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

<u>Fiscal Year (1) (2)</u>	<u>City of Saginaw</u>				<u>Overlapping Rates</u>						<u>Total Direct & Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Rubbish Millage</u>	<u>Police & Fire Millage</u>	<u>Total City Millage</u>	<u>School District</u>	<u>Public Libraries</u>	<u>Delta College</u>	<u>Intermediate School</u>	<u>Saginaw Transit</u>	<u>County</u>	
2000	5.7950	2.2750	0.0000	8.0700	24.0000	4.0000	2.0427	2.0910	3.0000	6.6764	49.8801
2001	5.7872	2.8257	0.0000	8.6129	24.0000	4.0000	2.0427	2.0885	3.0000	6.6380	50.3821
2002	5.5819	2.6966	0.0000	8.2785	23.0000	4.0000	2.5427	2.0885	3.0000	7.2067	50.1164
2003	5.5813	2.9532	0.0000	8.5345	24.0000	4.0000	2.5427	2.0885	3.0000	7.2022	51.3679
2004	5.6106	2.9532	0.0000	8.5638	23.0000	4.0000	2.5427	2.0885	3.0000	7.2022	50.3972
2005	5.5412	2.9532	0.0000	8.4944	25.9500	3.9947	2.0427	2.0876	3.0000	7.6343	53.2037
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

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. 2000 refers to the 1999 tax collection, 2001 refers to the 2000 tax collection, and so on.

**City of Saginaw, Michigan
Principal Property Taxpayers
June 30, 2009 and Ten Years Previous**

<u>Taxpayer</u>	<u>2009</u>			<u>1999</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
General Motors	\$ 38,509,523	1	5.34%	\$ 244,291,705	1	30.92%
Consumers Energy	16,880,912	2	2.34%	19,972,212	2	2.53%
Delphi Corporation	14,809,244	3	2.05%			0.00%
Enterprise Automotive Systems	5,804,400	4	0.80%			0.00%
Linear Motion	5,212,624	5	0.72%			0.00%
CMI - Schneible Co	4,157,000	6	0.58%			0.00%
Machining Enterprises Inc	4,105,900	7	0.57%			0.00%
Corvus Nodular Interest II, LLC	3,564,841	8	0.49%			0.00%
SSP Associates Inc	3,517,860	9	0.49%			0.00%
Housing Urban Dev.	3,113,416	10	0.43%			0.00%
Eaton Manufacturing Inc				10,428,560	3	1.32%
Thomson Saginaw Ball Screw Co				8,840,424	4	1.12%
Uvalde (Rodarte)				2,975,235	5	0.38%
Means Stamping Co.				2,926,887	6	0.37%
Fullerton Tool Co.				2,825,065	7	0.36%
TCI American Cable				2,718,370	8	0.34%
Saginaw Tool and Die/Mistequay				2,642,253	9	0.33%
Citizens Bank				2,455,690	10	0.31%
Totals	<u>\$ 99,675,720</u>		<u>13.81%</u>	<u>\$ 300,076,401</u>		<u>37.98%</u>

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
2000	\$ 5,634,207	\$ 5,605,019	99.48%	\$ 11,338	\$ 5,616,357	99.68%
2001	5,993,051	5,863,405	97.84%	69,246	5,932,651	98.99%
2002	5,837,459	5,816,497	99.64%	30,857	5,847,354	100.17%
2003	5,948,340	5,921,484	99.55%	15,012	5,936,496	99.80%
2004	5,935,226	5,339,899	89.97%	15,280	5,355,179	90.23%
2005	5,761,018	5,295,856	91.93%	26,599	5,322,455	92.39%
2006	5,734,227	5,187,414	90.46%	28,411	5,215,825	90.96%
2007	9,272,645	8,787,931	94.77%	1,781	8,789,712	94.79%
2008	9,329,357	9,443,527	101.22%	6,235	9,449,762	101.29%
2009	9,145,982	8,519,765	93.15%	2,999	8,522,764	93.19%

City of Saginaw, Michigan
Ratios of Outstanding Debt by Type
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	Capital Leases	Revenue Bonds	General Obligation Bonds	Term Loans			
2000	\$ 560,000	\$ 3,587,964	\$ 2,275,000	\$ -	\$ 10,220,000	\$ 69,011,890	\$ -	\$ 85,654,854	15.94%	3,346
2001	510,000	2,431,381	2,055,000	-	9,140,000	67,036,906	-	81,173,287	15.15%	3,173
2002	460,000	1,419,598	1,815,000	-	7,960,000	64,494,047	-	76,148,645	14.40%	3,011
2003	405,000	2,046,837	1,569,644	-	6,710,000	60,184,749	-	70,916,230	12.99%	2,705
2004	345,000	1,112,284	2,700,000	-	5,435,000	55,727,006	-	65,319,290	11.77%	2,448
2005	285,000	543,269	2,245,000	-	4,100,000	51,567,656	-	58,740,925	10.43%	2,156
2006	220,000	327,482	1,770,000	-	2,680,000	49,450,766	-	54,448,248	9.31%	1,907
2007	150,000	197,769	1,350,000	-	1,165,000	46,329,795	-	49,192,564	8.48%	1,715
2008	75,000	137,495	920,000	-	11,100,000	43,983,341	-	56,215,836	9.58%	1,922
2009	-	65,635	470,000	-	11,100,000	41,895,580	-	53,531,215	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 15 for personal income and population data.

N/A - personal income and per capita for 2009 not yet available.

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Less: Self Supporting	Total	Percentage of Estimated Actual Taxable Value of Property	Percentage of Per Capita (1)
2000	\$ 69,571,890	\$ 434,944	\$ 69,011,890	\$ 125,056	18.27%	4,885.19
2001	67,546,906	354,944	67,036,906	155,056	22.42%	6,061.14
2002	64,954,047	277,331	64,494,047	182,669	24.05%	7,222.97
2003	60,589,749	197,716	60,184,749	207,284	28.64%	7,907.08
2004	56,072,006	117,234	55,727,006	227,766	31.35%	8,536.32
2005	51,852,656	39,241	51,567,656	245,759	33.01%	9,020.00
2006	49,670,766	-	49,450,766	220,000	28.44%	7,705.78
2007	46,479,795	-	46,329,795	150,000	18.94%	5,230.31
2008	44,058,341	-	43,983,341	75,000	9.43%	2,564.45
2009	41,895,580	-	41,895,580	-	0.00%	-

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 15 for population data.

City of Saginaw, Michigan
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Overlapping Debt:</u>			
Saginaw school district	\$ 64,950,000	76.61%	\$ 49,758,195
Saginaw county	39,004,899	13.58%	5,296,865
Saginaw ISD	3,200,000	13.75%	440,000
Delta Community College	-	6.19%	-
			<hr/>
TOTAL OVERLAPPING DEBT			<u>55,495,060</u>
<u>Direct Debt:</u>			
Saginaw City	53,531,215	100.00%	<u>53,531,215</u>
<u>Indirect Debt:</u>			
Saginaw county	3,861,000	100.00%	3,861,000
Muiti - Authority	9,887,424	100.00%	<u>9,887,424</u>
TOTAL INDIRECT DEBT			<u>13,748,424</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 122,774,699</u></u>

Sources: Debt outstanding and estimated 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 estimates 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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 65,979	\$ 66,025	\$ 68,440	\$ 68,600	\$ 72,650	\$ 74,453	\$ 77,366	\$ 79,195	\$ 79,574	\$ 74,844
Total net debt applicable to limit	17,921	16,391	14,970	14,730	16,365	14,757	14,666	13,210	11,250	10,393
Legal debt margin	<u>\$ 48,058</u>	<u>\$ 49,634</u>	<u>\$ 53,470</u>	<u>\$ 53,870</u>	<u>\$ 56,285</u>	<u>\$ 59,696</u>	<u>\$ 62,700</u>	<u>\$ 65,985</u>	<u>\$ 68,324</u>	<u>\$ 64,451</u>
Total net debt applicable to the limit as a percentage of debt limit	27.16%	24.83%	21.87%	21.47%	22.53%	19.82%	18.96%	16.68%	14.14%	13.89%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed valuation, December 31, 2008	<u>\$ 748,435</u>
Debt limit (10% of assessed valuation)	\$ 74,844
Debt applicable to limit: (1)	\$ 26,040
Less:	
Assets in Debt Service funds available for pymnt of principal	<u>-</u>
Total amount of debt applicable to debt limit	<u>26,040</u>
Legal debt margin	<u>\$ 48,804</u>

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

Water System Revenue Bonds

<u>Fiscal Year</u>	<u>Operating Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>		
2000	\$ 11,127,261	\$ 7,034,151	\$ 4,093,110	\$ 1,071,071	\$ 591,459	\$ 1,662,530	2.46
2001	10,546,141	6,826,421	3,719,720	1,015,000	572,144	1,587,144	2.34
2002	11,052,000	7,021,179	4,030,821	1,115,000	480,428	1,595,428	2.53
2003	10,590,326	7,630,656	2,959,670	1,185,000	424,678	1,609,678	1.84
2004	10,242,044	7,484,399	2,757,645	1,260,000	364,380	1,624,380	1.70
2005	13,169,793	7,785,202	5,384,591	1,335,000	288,643	1,623,643	3.32
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	-	2,124,332	2,124,332	1.00

Water Park Revenue Bonds

2000	151,495	305,635	(154,140)	65,000	16,082	81,082	(1.90)
2001	155,116	320,342	(165,226)	65,000	9,764	74,764	(2.21)
2002	147,692	196,807	(49,115)	65,000	3,774	68,774	(0.71)
2003	1,970	40,421	(38,451)	65,000	1,923	66,923	(0.57)
2004	2,759	9	2,750	15,000	600	15,600	0.18

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

(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 (2) (amounts expressed in thousands)	Per Capita (2) Personal Income	School Enrollment (3)	Unemployment Rate (2)
2000	61,570	\$ 5,373,864	\$ 25,599	4,833	7.20%
2001	61,570	5,356,307	25,582	4,823	10.00%
2002	61,570	5,288,616	25,290	4,815	12.30%
2003	61,570	5,460,178	26,215	4,924	15.20%
2004	61,570	5,548,271	26,682	5,205	14.70%
2005	61,570	5,630,291	27,246	5,155	13.50%
2006	61,570	5,850,647	28,550	5,244	12.80%
2007	61,570	5,801,000	28,679	5,286	12.30%
2008	61,570	5,871,000	29,246	5,273	14.80%
2009	61,570	(4)	(4)	5,273	15.20%

Data Sources:

- (1) Population Division, U.S. Census Bureau
- (2) Michigan labor market information, Data Explorer
- (3) Local school districts
- (4) Not available

**City of Saginaw, Michigan
Principal Employers
2009 and 1999**

2009			2000		
Employer	Employees	Rank		Employees	Rank
Covenant Medical Center	4,574	1	Covenant Medical Center	4,368	2
General Motors Corporation	1,581	5	General Motors Corporation	4,639	1
St. Marys of Michigan	2,602	2	St Marys of Michigan	2,496	5
School District City of Saginaw	1,800	3	School District City of Saginaw	3,524	4
Department of Veterans Affairs	906	7	Department of Veterans Affairs	630	10
Delphi Automotive Systems	1,726	4	Delphi Automotive Systems	4,242	3
TRW Integrated Chassis Systems	693	9			
State of Michigan	724	8	State of Michigan	612	11
US MN Postal Data	578	11	US MN Postal Data	1,469	6
City of Saginaw	587	10	City of Saginaw	1,272	7
Saginaw County Courts	985	6	Saginaw County Courts	1,076	8
			Eaton Corporation	692	9
Totals	<u>16,756</u>			<u>25,020</u>	

Source:
City of Saginaw Income Tax Department

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function										
General government	24	25	21	22	25	29	26	25	25	26
Fiscal services	30	32	31	30	28	28	29	30	32	27
Public safety										
Police	171	153	140	127	126	157	143	155	155	140
Fire	98	98	91	90	77	77	77	69	69	70
Highways and streets	38	26	29	34	28	31	34	33	28	20
General services	145	117	92	84	71	57	54	73	64	52
Community services	10	13	12	12	11	12	13	16	19	18
Economic development	2	2	1	2	2	9	12	11	11	11
Parking system	4	4	4	2	3	2	2	2	2	2
Water	51	52	51	55	55	55	56	65.0	65	71
Sewer	77	81	73	79	80	79	74	76	80	99
Total	650	603	545	537	506	536	520	555	550	536

Source: City of Saginaw Annual Budget

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

Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government										
Elections	48,507	47,409	43,968							
Number of registered voters										40,158
Public safety										
Police Department										
Number of citations issued										
Number of complaints filed										
Number of calls for service										
Number of DUI offenses										
Fire Department										
Number of emergency runs										1,645
Public works										
Streets										
Tons of salt used										
Recreation and culture										
Park acreage maintained	600	600	600	600						308
Special events										60
Shelter rentals										35
Block parties										11
Street trees planted										
Street trees trimmed										
Street trees removal										
Community and Economic Development										
Housing units rehabilitated										16
Basic needs and 50/50										32
Sewer System										
Sanitary and storm sewer (miles)	303.55	303.85								
Daily average treatment (million gallons)	22.0	22.0								
Maximum daily capacity (million gallons)	75.0	75.0								
Water system										
Miles of water mains	423.53	423.90								419.71
Daily average consumption (million gallons)	26.2	25.3	26.0	25.8	23.3	22.0	22.1	21.50	21.50	20.3
Maximum daily treatment (million gallons)	36.8	36.4	44.7	37.8	35.0	31.8	32.3	37.4	34.5	29.6
Cemetery										
Interments										
Grave sales										
Foundations set										
Marina										
Boat Launch										1

Sources: 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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles										69
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Vehicles										
Public works										
Streets (miles)										
Major	99	99	99	99	99	99	99	99	99	99
Local	182	182	184	184	184	184	184	184	184	184
State highways	21	21	32	32	32	32	32	32	32	32
Recreation and culture										
Park areas	71	71	71	71						45

Sources: 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.

**INFORMATION ON
SINGLE AUDIT
(Compliance section)**

City of Saginaw
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2009

	Federal CFDA Number	Federal or Pass-Through Grant Number	Amended Grant Amount	Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant Entitlement	14.218	B-07-MC-260028	\$ 2,556,090	\$ 964,449
Community Development Block Grant Entitlement	14.218	B-08-MC-260028	2,461,205	1,972,655
Total Community Development Block Grant Entitlements			5,017,295	2,937,104
Emergency Shelter Grants Program				
Stewart McKinney Homeless Assistance	14.231	S-07-MC-260028	110,323	27,896
Stewart McKinney Homeless Assistance	14.231	S-08-MC-260028	110,133	90,214
Total Stewart McKinney Homeless Assistance			220,456	118,110
Home Investment Partnerships Program				
City of Saginaw HOME programs	14.239	M-06-MC-260212	663,601	682,091
City of Saginaw HOME programs	14.239	M-07-MC-260212	658,408	-
City of Saginaw HOME programs	14.239	M-08-MC-260212	637,959	-
Total Home Investment Partnerships Program			1,959,968	682,091
Total U.S. Department of Housing and Urban Development			7,197,719	3,737,305
U.S. Department of Justice				
Weed and Seed Program	16.595		175,000	52,916
Edward Byrne Memorial Formula Grant Program				
Police Drug Investigation Grant	16.579		-	122,761
Bulletproof Vest Partnership	16.607		15,750	10,687
Public Safety Partnership and Community Policing Grants	16.710		-	266,440
Passed-Through Detroit Community Justice Partnership				
Project Safe Neighborhoods	16.744		20,400	7,749
Total U.S. Department of Justice			211,150	460,553
U.S. Department of Transportation				
Passed-Through the Saginaw County Sheriff				
State and Community Highway Safety Enforcement Grants	20.600		-	7,848
U.S. Environmental Protection Agency				
Surveys, Studies, Investigations and Special Purpose Grants	66.034		1,101,301	381,671
Brownfield Assessment and Cleanup Cooperative Agreements	66.818		-	45,000
Passed-Through Michigan Dept of Environmental Quality				
State Revolving Fund Loan Program - Phase I	66.458	5230-01	3,415,000	192,321
State Revolving Fund Loan Program - Phase II	66.458	5230-02	1,575,000	-
State Revolving Fund Loan Program - Phase III	66.458	5230-03	5,010,000	2,185,088
Total U.S. Environmental Protection Agency			11,101,301	2,804,080

continued...

City of Saginaw
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2009

	<u>Federal CFDA Number</u>	<u>Federal or Pass-Through Grant Number</u>	<u>Amended Grant Amount</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services Reimbursement of State Costs for Provision of Medicare Part D	93.794		\$ -	\$ 239,976
U.S. Department of Homeland Security Assistance to Firefighters Grant	97.044		-	22,975
Passed-Through State of Michigan Police Public Assistance Grant Program	97.036	1777-DR	-	823,730
Passed-Through Bay County Homeland Security Conference 2009	97.076		-	540
HazMat Training	97.076		-	1,438
Total U.S. Department of Homeland Security			-	848,683
Total Expenditures of Federal Awards			<u>\$18,510,170</u>	<u>\$ 8,098,445</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Saginaw, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, **Audits of States, Local Governments and Non-Profit Organizations**. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**INDEPENDENT AUDITORS'
REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

December 23, 2009

Honorable Mayor and
Members of City Council
City of Saginaw
Saginaw, MI 48601

We have audited the 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, Michigan** (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting: 2009-1, 2009-2, 2009-3 and 2009-4.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-1, 2009-2 and 2009-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of the City of Saginaw in a separate letter dated December 23, 2009.

The City of Saginaw's written responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of City management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

December 23, 2009

Honorable Mayor and
Members of City Council
City of Saginaw
Saginaw, MI 48601

Compliance

We have audited the compliance of the **City of Saginaw, Michigan** (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a

timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

CITY OF SAGINAW, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended, June 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal controls over financial reporting:
Material weakness(es) identified? X yes no
Significant deficiencies identified not
considered to be material weaknesses? X yes none reported

Noncompliance material to financial
statements noted? yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified not
considered to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance
for major programs: *Unqualified on compliance for Major Programs*

Any audit findings disclosed that are required to
be reported in accordance with Circular A-133,
Section 510(a)? yes X no

Identification of Major Programs:

CFDA Number

Name of Federal Program or Cluster

14.218	Community Development Block Grant Entitlements
14.239	Home Investment Partnership Program
97.036	Public Assistance Grant Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

CITY OF SAGINAW, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended, June 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

2009-1 Significant Deficiency Considered to be a Material Weakness

- Criteria:** All governments are required to have in place internal controls over recording, processing and summarizing accounting data (e.g., maintaining internal books and records).
- Condition:** The City failed to properly adjust the investment in the Saginaw-Midland Municipal Water Supply Corporation which required a material adjustment. In addition, a material adjustment was needed to properly adjust the current property tax revenue. There is no procedure currently in place to reconcile the balance in the police forfeitures account which contains a material balance.
- Effect:** The City's general ledger account balances noted above were materially misstated during the year and were not properly reconciled until after June 30, 2009. This situation caused internally generated financial reports to be misstated and placed the City at risk of having assets misappropriated and not being detected by City officials within a reasonable period of time.
- Cause:** The adjustments needed were mainly an oversight by the Controller's office when preparing year-end adjustments.
- Recommendation:** We recommend that the City review their current procedures and make appropriate alterations to those procedures to ensure that all general ledger account balances are properly reconciled in a timely manner throughout the year.
- Response:** The Controller's office recorded the investment in the Saginaw-Midland Municipal Water Supply Corporation but did not calculate the annual adjustment (performed in prior year by the auditors). Procedures have been created to ensure this process is performed annually in subsequent years by the Controller's Office. The property tax adjustment related to the tax captures for the capture districts such as DDA's, LDFA's and TIFA's. The tax capture is a manual calculation by the treasurer's office and in the current year the calculation incorrectly included captures for certain debt and school levies. The treasurer's office has adjusted their procedures for preparation of the tax capture schedules to ensure only allowable levy's are included.

2009-2 Significant Deficiency Considered to be a Material Weakness

- Criteria:** A strong system of internal controls mandates that cash accounts are properly reconciled on a periodic basis.
- Condition:** The City has not prepared bank reconciliations in a timely manner. The bank reconciliations for several bank accounts were not reconciled on a monthly basis through October 2008. Since then, the City has maintained monthly reconciliations for all bank accounts.

CITY OF SAGINAW, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended, June 30, 2009

- Effect:** When the City does not reconcile their cash accounts on a timely basis, the cash is more susceptible to fraud and misstatement.
- Cause:** Many factors are responsible for this situation; however, the main reason was that the Controller's office did not have sufficient personnel to perform these duties.
- Recommendation:** We recommend that the City continue their current bank reconciliation procedures to ensure that all bank account balances are properly reconciled in a timely manner throughout the year.
- Response:** Plante & Moran was hired to on July 2008 to become the contract Controllers Office. The bank reconciliations were not current at the time of hire and it took them until the end of October 2008 to get all bank reconciliations up to date. All bank reconciliations were performed timely from that point forward.

2009-3 Significant Deficiency Considered to be a Material Weakness

- Criteria:** The State of Michigan requires that local municipalities that collect taxes on behalf of others distribute those collections in a timely manner. Failure to comply with this requirement needs to be reported by the auditor to the State of Michigan.
- Condition:** The City has not distributed delinquent personal property tax collections for several prior years, that are received in the Tax Collection Agency Funds, to the other units in a timely manner.
- Effect:** The City has delinquent personal property tax collections that have not yet been distributed to the proper units. The Treasurer has reconciled and distributed current year collections, however, has not reconciled several prior years. Therefore, the City is not in compliance with State of Michigan requirements for collections and disbursements to other units.
- Cause:** Many factors are responsible for this situation; however, the main reason was that the Treasurer's office did not have sufficient personnel to perform these duties.
- Recommendation:** We recommend that the Treasury Department take all steps possible to reconcile the tax collection agency funds on a regular basis to determine the amounts to be returned to the City or distributed to the other governmental units.
- Status:** This matter has not been corrected for the year ended June 30, 2009.
- Response:** Plante & Moran along with the Treasurer's office have been working to clean up all old receivable and payable balances in the general ledger including the delinquent personal property tax collection payables. At June 30, 2009 all delinquent personal property collection balances had been reconciled and disbursed except for the last quarter of fiscal year ended June 30, 2009 (current procedure is to disburse quarterly). The Treasurer's office will be revising its procedures to disburse the collections in a more timely manner.

CITY OF SAGINAW, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended, June 30, 2009

2009-4 Significant Deficiency

- Criteria:** OMB Circular A-133, requires that the City “identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.” In addition, the City is required to “prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards (SEFA) in accordance with OMB Circular A-133.
- Condition:** As is the case with many City governments, the City of Saginaw administers a vast array of federal and state grants throughout its many departments. The function of grant administration, then, is very decentralized. While management was able to provide us with a partially complete schedule of revenues of federal awards during our audit fieldwork, there were no schedules of related expenses.
- Effect:** The City’s decentralized grants administration function resulted in certain federal grants not being properly reconciled.
- Cause:** Many factors are responsible for this situation; however, the main reason was that the Controller’s office did not have procedures in place for all departments to submit grant documents for reconciling.
- Recommendation:** We recommend that the City formally adopt a policy for grants administration, and clearly assign the responsibility for grant reporting and preparation of the SEFA each year. All grant financial reports should be reviewed centrally by a member of management prior to submission, and compared against the City’s accounting records. Incoming grant receipts should similarly be reviewed to determine the appropriate program for coding.
- Response:** The City of Saginaw currently allows any department head to apply for and obtain grants. Plante & Moran (P&M) met with all department heads in July and August 2008 and asked that as grants are approved a copy of the grant award be forwarded to the Controller’s office to assist with reconciliation. P&M did receive several new grant agreements during the year but found during final audit reconciliation that they had not received all new agreements. P&M met with the Assistant City Manager subsequent to year-end and assisted him with creation of the City’s new procedures that now require all department head grant applications be preapproved. The preapproval process allows for the creation of an itemized centralized listing that is forward to the Controller’s office for reconciliation purposes.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF SAGINAW, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended, June 30, 2009

SECTION IV – PRIOR YEAR FINDINGS

The findings shown below relate to financial statement findings in prior years and as of June 30, 2009, these have been corrected by the City.

2003-1, 2004-1, 2004-4, 2004-5, 2004-6, 2004-7, 2005-1, 2005-4, 2006-1, 2006-2, 2006-3, 2006-4, 2006-5 and 2006-6.

The findings shown below relate to federal award findings in prior years and as of June 30, 2009, these have been corrected by the City.

2007-1 and 2007-3.