



**CITY OF**  
**SAGINAW**

Michigan

**Comprehensive Annual  
Financial Report**

**For the Fiscal Year Ended  
June 30, 2010**

**Including  
Single Audit Act Compliance**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF SAGINAW, MICHIGAN

For the Fiscal Year Ended June 30, 2010

Including  
Single Audit Act Compliance

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# **INTRODUCTORY SECTION**

# CITY OF SAGINAW



December 2, 2010

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, 2010 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law requires that all local governments, subject to a certain size criteria, publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report.

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

## **Profile of the Government**

The City of Saginaw, Michigan has operated under a Council/Manager form of government since January 6, 1936. As required by City Charter, the nine member City Council is elected at-large on a non-partisan basis to serve four-year terms of office. The Council is vested with all legislative powers of the City except as otherwise provided by state law or the charter. The Mayor is selected from the nine members of the Council via a vote at the first meeting following the election and serves as the executive head of the City for a two-year term. The Mayor presides at all meetings of the Council, and may speak and vote in such meetings as any other member of the Council. The Mayor Pro-Tem is also selected by a vote during the first meeting following the election and performs the duties of the Mayor in his or her absence. The City Manager is appointed by the Council and is the Chief Administrative Officer and the head of the administrative branch of the City government. The City Manager is responsible for

administering the policies and ordinances of the Council, for appointing the department heads of the City's various departments, and overseeing the day-to-day operations of the City.

The City of Saginaw is located in east central Michigan near the Saginaw Bay, and covers 18.09 square miles within Saginaw County. The cities of Saginaw, Midland, and Bay City form a metropolitan region known as the Great Lakes Bay Region. Saginaw is the largest of the three cities with a population of approximately 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 and wastewater treatment; maintenance of highways, streets, and infrastructure; parks; planning and zoning; other general administrative services; and other services as mandated by law.

### **Economic Conditions and Outlook**

The City remains in 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 (37%), State Shared Revenue (28%), and grants/donations/and contributions (12%); property tax is the fourth highest revenue. It is important to note that the City is limited in property tax collection due to a 1979 Charter amendment that placed a property tax cap on general operating collections. The City may only assess 7.5 mills or collect \$3.8 million, whichever is less, for general operations.

As the economy in Michigan and nationally has declined in recent years, so has the level of state shared revenue allocated to the City by the state government. As this trend continues, the City has had to direct additional efforts to collections of delinquent funds owed to the City, such as delinquent income taxes. The Management Team is determined to continue to improve processes and efficiencies to manage and collect all sources of revenue that are due to the City. Furthermore, the continuing development of a fee based service delivery system, where applicable, for the City will be a priority in the upcoming fiscal year as the City will depend more upon service fees as a means to provide the current level of services to the community. Additionally, the citizens of Saginaw voted to renew the City's 6-mill levy for public safety services, and also voted for an additional 1.5 mills for public safety. The new levy (7.5-mills) will be in place for the next five years (until 2015).

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 2011 will be another challenging year as state shared revenue 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. The City has also created a grants coordinator position in the Department of Fiscal Services to assist departments in finding and applying for grants. Finally, the City has updated or created several fees for service in the past year and will continue to review 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 of that year. The forecast illustrated what may happen to the City's financial position if it were to continue operating as if the economic climate has not changed. The forecast has been updated semi-annually since the initial forecast in 2009 and is an integral part of the prudent financial management of the City.

During fiscal year 2010, the City engaged a consulting firm to perform a substantial review of operations and provide recommendations to improve efficiency. Upon receiving the analysis, the City Management Team identified areas where changes could be made while developing the fiscal year 2011 budget. The analysis and implementation was undertaken to address the projected future deficit that the City would face if changes were not made. The Management team will continue to review operations and analyze the additional recommendations proposed by the consulting firm.

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. Revenue will continue to be enhanced as the City seeks new and alternative methods of funding and focuses on the collection of past due receivables.

### **Strategic Planning**

The City of Saginaw Management Team and Council believe that long-term planning is vitally important to ensure the City's fiscal viability. The City of Saginaw's City Council and Management Team meet 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 and remain priorities:

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

### Internal Controls

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

### Single Audit

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

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

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of achievement for Excellence in Financial Reporting to the City of Saginaw for its comprehensive annual financial report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

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

### Acknowledgements

The preparation and completion of the comprehensive annual financial report could not be accomplished on a timely basis without the dedicated services of the entire Department of Fiscal

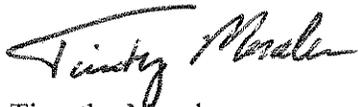
Services. Additionally, we would like to thank all members of City departments who assisted and contributed to its preparation.

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Darnell Earley". The signature is written in a cursive style with a prominent initial "D".

Darnell Earley  
City Manager

A handwritten signature in black ink that reads "Timothy Morales". The signature is written in a cursive style with a prominent initial "T".

Timothy Morales  
Assistant City Manager  
for Administrative Services

# City of Saginaw



# CITY OF SAGINAW, MICHIGAN

Honorable Greg Branch  
Mayor



Darnell Earley  
City Manager

Honorable Amos O'Neal, Mayor Pro-Tem

Dennis Browning, Council Member

Larry Coulouris, Council Member

Dan Fitzpatrick, Council Member

Amanda Kitterman-Miller, Council Member

William G. Scharffe, Council Member

Paul Virciglio, Council Member

Andrew Wendt, Council Member

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saginaw  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

President

A second, more legible handwritten signature in black ink, clearly reading "Jeffrey R. Enos".

Executive Director

# FINANCIAL

## INDEPENDENT AUDITORS' REPORT

December 2, 2010

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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2010, 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 presented on pages 3 through 10 and Pension and Other Post Employment Benefits schedules presented 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, Michigan'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, Michigan**. 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, appearing to read "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, 2010. 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, Saginaw Economic Development Corporation, Local Development Finance Authority, and a Brownfield Redevelopment Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 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-one 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, Geographic Information Services, Radio Revolving activities, Motor Pool operations, Risk Management program, and Central Stores.

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 \$135,665,711. Business type activities comprise \$102,299,055 and governmental activities make up \$33,366,656 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 26,767,725	\$ 24,971,184	\$ 33,575,731	\$ 34,360,568	\$ 60,343,456	\$ 59,331,752
Capital assets	42,387,929	43,948,283	124,886,297	125,445,508	167,274,226	169,393,791
Total assets	69,155,654	68,919,467	158,462,028	159,806,076	227,617,682	228,725,543
Current liabilities	5,711,961	4,758,983	9,913,420	8,906,186	15,625,381	13,665,169
Long-term liabilities	30,077,037	19,310,310	46,249,553	49,895,537	76,326,590	69,205,847
Total liabilities	35,788,998	24,069,293	56,162,973	58,801,723	91,951,971	82,871,016
Net assets:						
Invested in capital related debt	42,357,901	43,412,648	77,177,910	72,449,928	119,535,811	115,862,576
Restricted	4,855,840	5,726,440	995,343	999,026	5,851,183	6,725,466
Unrestricted (deficit)	(13,847,085)	(4,288,914)	24,125,802	27,555,399	10,278,717	23,266,424
Total net assets	\$ 33,366,656	\$ 44,850,174	\$ 102,299,055	\$ 101,004,353	\$ 135,665,711	\$ 145,854,466

Net assets decreased \$10,188,816 during the year. The primary cause of the change is due to the increase in the other postemployment benefit liability for retiree health care; the liability is \$23,871,690 and \$12,236,754 as of June 30, 2010 and 2009, respectively, a change of \$11,634,936.

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, 2010.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,882,912	\$ 8,127,623	\$ 34,665,258	\$29,166,913	\$ 42,548,170	\$ 37,294,536
Operating grants and Contributions	13,117,043	10,309,424	101,500	-	13,218,543	10,309,424
Capital grants and Contributions	-	-	-	401,822	-	401,822
General revenues:						
Property taxes	9,072,172	9,280,700	-	-	9,072,172	9,280,700
Income taxes	11,802,819	12,359,364	-	-	11,802,819	12,359,364
Grants and contribution not restricted to specific programs	9,298,873	10,660,535	-	-	9,298,873	10,660,535
Unrestricted investment Earnings	418,677	437,765	73,686	146,631	492,363	584,396
Miscellaneous	104,002	137,933	-	-	104,002	137,933
Gain on disposal of capital assets	365	68,793	-	-	365	68,793
<b>Total revenues</b>	<b>51,696,863</b>	<b>51,382,137</b>	<b>34,840,444</b>	<b>29,715,366</b>	<b>86,537,307</b>	<b>81,097,503</b>
Expenses:						
General government	7,381,313	10,538,966	-	-	7,381,313	10,538,966
Public safety	31,687,576	32,374,542	-	-	31,687,576	32,374,542
Highway/streets	6,465,896	6,680,316	-	-	6,465,896	6,680,316
Garbage, rubbish and Recycling	3,471,693	3,340,803	-	-	3,471,693	3,340,803
Other general services	5,916,546	2,855,433	-	-	5,916,546	2,855,433
Community services	1,351,524	1,408,608	-	-	1,351,524	1,408,608
Contributions to other organizations	1,000	1,000	-	-	1,000	1,000
Demolitions	768,270	914,990	-	-	768,270	914,990
Economic development	6,131,974	2,875,628	-	-	6,131,974	2,875,628
Interest on long-term debt	4,433	28,413	-	-	4,433	28,413
Water	-	-	13,871,560	13,513,282	13,871,560	13,513,282
Sewer	-	-	19,245,068	19,050,096	19,245,068	19,050,096
Parking	-	-	420,546	480,690	420,546	480,690
Celebration Park	-	-	8,724	38,034	8,724	38,034
<b>Total expenses</b>	<b>63,180,225</b>	<b>61,018,699</b>	<b>33,545,898</b>	<b>33,082,102</b>	<b>96,726,123</b>	<b>94,100,801</b>
Transfers	(156)	(420,880)	156	420,880	-	-
Increase (decrease) in net assets	(11,483,518)	(10,057,442)	1,294,702	(2,945,856)	(10,188,816)	(13,003,298)
Net assets	44,850,174	54,907,616	101,004,353	103,950,209	145,854,527	158,857,825
<b>Total net assets</b>	<b>\$33,366,656</b>	<b>\$ 44,850,174</b>	<b>\$102,299,055</b>	<b>\$101,004,353</b>	<b>\$135,665,711</b>	<b>\$ 145,854,527</b>

## **Governmental Activities**

General revenues for governmental activities totaled approximately \$31 million for the year ended June 30, 2010. A total of approximately \$9.0 million was in the form of property tax collections and related revenues that reflected an increase in the tax rate for general operations from 5.3056 (\$5.3056 per \$1,000 of taxable value) to 5.5849 mills, which was offset by \$394,375 of chargebacks. Income tax generated approximately \$11.8 million from residents and non-residents who live or work in the City respectively. Intergovernmental revenues, in the form of state shared revenues, continue to be of concern. While they provided approximately \$9.3 million, it is uncertain what will happen in the next several years, given the State of Michigan's financial difficulties.

The decrease in charges for services for governmental activities is due to decrease in special assessments. In addition, the increase in governmental activities general government and public safety expenses is due to additional other postemployment benefit liability being recorded in 2010. The increase in operating grants is due to additional grants received during fiscal year 2010.

## **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 \$34.7 million. Significant items include sewer service - \$20.7 million, water supply - \$13.6 million, parking - \$302 thousand and celebrations park \$102 thousand.

The decrease in capital grants and contributions for business type activities due to completion of the EPA passed thru Michigan Department of Environmental Quality State Revolving Fund Loan Program in 2010. The increase in water and sewer charges for service is due to rate increases.

Raw water from Lake Huron is provided via the Saginaw-Midland Municipal Water Supply Corporation (SMMWSC), a joint venture between the City of Saginaw and the City of Midland. The SMMWSC pipeline supplies the City's water treatment plant as well as Midland's large industrial customers. The City owns and operates its own sanitary sewer collection and treatment system. In accordance with regulations promulgated by the Michigan Department of Environmental Quality, the sewer treatment system is operated by the City of Saginaw. 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 is being negotiated with other communities as they increase business and residential development. These agreements will provide a direct revenue flow to the general fund. The most promising Public Act 425 Agreement revenue stream is local income tax.

Local income tax: The City of Saginaw receives approximately 37.0% of its general fund revenue from local income tax. Economic conditions continue to have a negative impact on this revenue source. For the 2010-2011 budget, the revenue from income taxes is expected to be consistent with the 2009-2010 budget amount.

State shared revenues: The City of Saginaw receives approximately 28.0% 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 2009-2010 with a fund balance of approximately \$1.6 million, of which the following amounts were unreserved but designated:

- \$750,000 for subsequent years' expenditures

Of the remaining \$821,779 of fund balance, \$45,190 is reserved for encumbrances, and \$14,235 is reserved for inventory for use in the 2010-2011 fiscal year. The unreserved, undesignated fund balance is \$762,354 as of June 30, 2010. The unreserved amount (\$1,512,354) represented 4.7% of the June 30, 2010 general fund expenditures and other financing uses. That same number represents 4.4% of the fiscal year 2010-2011 budget (prior to 2010-2011 budget amendments).

Several factors affected general fund operating results:

- Local income tax collections decreased \$556,545
- State shared revenue decreased \$1,106,547
- Grants, donations and contributions increased by \$558,936

The general fund budget is amended throughout the year, and resulted in \$532,437 in revenues over expenditures. Revenues were \$1,595,378 under budget while expenditures were \$2,788,026 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, 2010.

The rubbish fund has a June 30, 2010, fund balance of \$685,630 with reserved fund balance of \$174,865 and unreserved fund balance of \$510,765.

The City's June 30, 2010, \$215 million in unfunded health care liability impacts all funds per the December 31, 2007, actuary valuation. Prior to the 2003-2004 fiscal year, the general fund was the single contributing fund to this liability. After receiving the June 30, 2001 actuary report, other funds were budgeted to contribute. A plan to fund 50% of the \$215 million liability is being developed and requires a \$470,000, 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, 2010, amounted to \$167,274,226 (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%.

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

- WTP Interim Improvements – approximately \$1,004,443
- Woodbridge construction project – approximately \$689,006
- Genesee Ave Streetscape – approximately 1,020,454
- Celebration Park Improvements – approximately 947,914

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 \$47.7 million in principal and \$10.0 million in interest. Of this amount, \$1.0 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		Business-type		Total	
	Activities		Activities		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest
General obligation debt	\$ 30,028	\$ 1,247	\$ 975,000	\$ 366,919	\$ 1,005,028	\$ 368,166
Revenue bonds	-	-	46,733,387	9,256,585	46,733,387	9,256,585
<b>Total</b>	<b>\$ 30,028</b>	<b>\$ 1,247</b>	<b>\$47,708,387</b>	<b>\$ 9,623,504</b>	<b>\$47,738,415</b>	<b>\$ 9,624,751</b>

The City's total debt decreased by \$5,792,800 (11.0%) 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 \$54,085,000, 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 44-46 of this report

### **Economic factors and next year's budget**

The following factors were considered in preparing the City's budget for the 2011 fiscal year:

State cuts to state share 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](mailto:saginaw-mi@domino.com).

**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF SAGINAW**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 9,194,864	\$ 5,546,923	\$ 14,741,787	\$ 4,303,980
Investments	-	7,087,190	7,087,190	-
Receivables	14,086,855	5,900,201	19,987,056	1,483,098
Internal balances	(2,645,848)	2,645,848	-	-
Prepaid items and other assets	187,330	-	187,330	33,182
Inventory	831,451	1,089,118	1,920,569	-
Other assets	124,364	10,749,631	10,873,995	-
Restricted cash and cash equivalents	2,538,774	556,820	3,095,594	-
Restricted investments	2,449,935	-	2,449,935	-
Nondepreciable capital assets	15,516,669	29,188,315	44,704,984	-
Depreciable capital assets, net	26,871,260	95,697,982	122,569,242	-
<b>Total assets</b>	<b>69,155,654</b>	<b>158,462,028</b>	<b>227,617,682</b>	<b>5,820,260</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	3,740,439	3,445,433	7,185,872	3,478
Unearned revenue	1,303,320	612,304	1,915,624	-
Noncurrent liabilities:				
Due within one year	668,202	5,855,683	6,523,885	-
Due in more than one year	9,263,863	43,191,037	52,454,900	-
Other noncurrent liability - net other postemployment benefit liability	20,813,174	3,058,516	23,871,690	-
<b>Total liabilities</b>	<b>35,788,998</b>	<b>56,162,973</b>	<b>91,951,971</b>	<b>3,478</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	42,357,901	77,177,910	119,535,811	-
Restricted for:				
Capital projects	101,466	-	101,466	-
Endowments:				
Expendable	78,687	-	78,687	-
Nonexpendable	2,449,935	-	2,449,935	-
Specific projects	2,225,752	-	2,225,752	-
Bond and interest redemption	-	960,750	960,750	-
Repairs and replacements	-	34,593	34,593	-
Unrestricted (deficit)	(13,847,085)	24,125,802	10,278,717	5,816,782
<b>Total net assets</b>	<b>\$ 33,366,656</b>	<b>\$ 102,299,055</b>	<b>\$ 135,665,711</b>	<b>\$ 5,816,782</b>

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

**CITY OF SAGINAW  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

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	\$ 4,959,027	\$ 1,175,807	\$ 10,000	\$ -	\$ (3,773,220)
Administration					
Fiscal services	2,422,286	2,929,843	-	-	507,557
Public safety					
Fire protection	12,822,729	7,235	-	-	(12,815,494)
Police protection	17,347,163	350,771	320,083	-	(16,676,309)
Police grants	1,517,684	2,245	966,391	-	(549,048)
Other public safety	-	6	149,985	-	149,991
General services					
Highways and streets	6,465,896	75,651	4,967,380	-	(1,422,865)
Garbage, rubbish and recycling	3,471,693	1,365,570	-	-	(2,106,123)
Other general services	5,916,546	980,836	51,396	-	(4,884,314)
Community services					
Demolitions	768,270	145,263	-	-	(623,007)
Contributions to other organizations	1,000	-	-	-	(1,000)
Other community services	1,351,524	686,511	116,183	-	(548,830)
Economic development	6,131,974	163,174	6,535,625	-	566,825
Interest on long-term debt	4,433	-	-	-	(4,433)
Total governmental activities	<u>63,180,225</u>	<u>7,882,912</u>	<u>13,117,043</u>	<u>-</u>	<u>(42,180,270)</u>
Business-type activities:					
Water	13,871,560	13,630,036	-	-	(241,524)
Sewer	19,245,068	20,733,158	-	-	1,488,090
Parking	420,546	301,953	-	-	(118,593)
Celebration Park	8,724	111	101,500	-	92,887
Total business-type activities	<u>33,545,898</u>	<u>34,665,258</u>	<u>101,500</u>	<u>-</u>	<u>1,220,860</u>
Total primary government	<u>\$ 96,726,123</u>	<u>\$ 42,548,170</u>	<u>\$ 13,218,543</u>	<u>\$ -</u>	<u>\$ (40,959,410)</u>
Component units	<u>\$ 347,411</u>	<u>\$ -</u>	<u>\$ 23,856</u>	<u>\$ -</u>	<u>\$ (323,555)</u>

continued...

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	<u>\$ (42,180,270)</u>	<u>\$ 1,220,860</u>	<u>\$ (40,959,410)</u>	<u>\$ (323,555)</u>
General revenues and transfers:				
Property taxes	9,072,172	-	9,072,172	262,261
Income taxes	11,802,819	-	11,802,819	-
Grants and contributions not restricted to specific programs	9,298,873	-	9,298,873	-
Unrestricted investment earnings	418,677	73,686	492,363	84,027
Miscellaneous	104,002	-	104,002	-
Gain on sale of capital assets	365	-	365	-
Transfers	<u>(156)</u>	<u>156</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>30,696,752</u>	<u>73,842</u>	<u>30,770,594</u>	<u>346,288</u>
Change in net assets	(11,483,518)	1,294,702	(10,188,816)	22,733
Net assets, beginning of year	<u>44,850,174</u>	<u>101,004,353</u>	<u>145,854,527</u>	<u>5,794,049</u>
Net assets, end of year	<u>\$ 33,366,656</u>	<u>\$ 102,299,055</u>	<u>\$ 135,665,711</u>	<u>\$ 5,816,782</u>

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

**CITY OF SAGINAW, MICHIGAN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	General	Community Development	Nonmajor Funds	Totals
<u>Assets</u>				
Cash and cash equivalents	\$ 1,314,564	\$ 528,224	\$ 1,422,567	\$ 3,265,355
Accounts receivable, net	2,908,757	104,810	43,487	3,057,054
Property taxes receivable	105,456	-	547,972	653,428
Assessments receivable	355,711	-	24,577	380,288
Income taxes receivable	1,449,058	-	-	1,449,058
Due from other governmental units	1,947,828	3,591,653	1,334,280	6,873,761
Due from other funds	2,114,494	-	735,000	2,849,494
Inventory	1,770	-	664,146	665,916
Prepays	12,465	-	174,865	187,330
Notes and contracts receivable				
Housing and other	-	1,351,453	-	1,351,453
Restricted assets				
Cash and cash equivalents	-	85,518	2,453,256	2,538,774
Accrued interest receivable	-	-	5,881	5,881
Investments	-	-	2,449,935	2,449,935
<b>Total assets</b>	<b>\$ 10,210,103</b>	<b>\$ 5,661,658</b>	<b>\$ 9,855,966</b>	<b>\$ 25,727,727</b>
<u>Liabilities and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 635,323	\$ 833,595	\$ 480,353	\$ 1,949,271
Accrued payroll	579,307	50,504	264,476	894,287
Due to other governmental units	98,293	100,084	-	198,377
Due to other funds	5,350,000	2,683,556	859,124	8,892,680
Deposits payable	576,177	-	-	576,177
Deferred revenue	1,399,224	1,993,919	472,379	3,865,522
<b>Total liabilities</b>	<b>8,638,324</b>	<b>5,661,658</b>	<b>2,076,332</b>	<b>16,376,314</b>
<u>Fund balances</u>				
Reserved for:				
Encumbrances	45,190	-	151,456	196,646
Inventory and prepaids	14,235	-	839,011	853,246
Trusts and endowments	-	-	2,449,935	2,449,935
Specific projects	-	-	2,225,752	2,225,752
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	762,354	-	-	762,354
Special Revenue Funds	-	-	1,933,327	1,933,327
Permanent Fund	-	-	78,687	78,687
<b>Total fund balances</b>	<b>1,571,779</b>	<b>-</b>	<b>7,779,634</b>	<b>9,351,413</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,210,103</b>	<b>\$ 5,661,658</b>	<b>\$ 9,855,966</b>	<b>\$ 25,727,727</b>

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, 2010**

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Fund balances - total governmental funds	\$	9,351,413
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.		2,562,202
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add - capital assets		82,723,536
Deduct - accumulated depreciation		(41,745,411)
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Deduct - accumulated compensated absences		(6,190,607)
Deduct - net other postemployment benefits obligation		(20,813,174)
Elimination of Internal Service Fund activities		<u>7,478,697</u>
Net assets of governmental activities	\$	<u><u>33,366,656</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 - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	General	Community Development	Nonmajor Funds	Totals
<b>Revenues</b>				
General operating property taxes	\$ 3,241,739	\$ -	\$ 5,159,695	\$ 8,401,434
Special assessments	159,928	-	-	159,928
City income tax	11,802,819	-	-	11,802,819
State shared revenues	8,921,356	-	4,740,105	13,661,461
Licenses, permits and fees	1,510,405	-	1,464,478	2,974,883
Fines, penalties and forfeitures	543,878	-	38,527	582,405
Grants, donations and contributions	3,838,824	6,584,502	1,334,714	11,758,040
Interest on loans and investments	403,166	27,987	7,414	438,567
Rents and privileges	32,360	4,740	-	37,100
Sale of materials and services	1,422,940	-	124,719	1,547,659
Loan repayments	-	123,459	-	123,459
Miscellaneous	-	7,205	5,455	12,660
<b>Total revenues</b>	<b>31,877,415</b>	<b>6,747,893</b>	<b>12,875,107</b>	<b>51,500,415</b>
<b>Expenditures</b>				
<b>Current expenditures</b>				
General government	4,646,576	-	-	4,646,576
Administration	2,304,181	847,292	-	3,151,473
Public safety	20,131,088	-	5,229,148	25,360,236
Highways and streets	-	-	4,600,047	4,600,047
General services	2,716,618	-	3,305,871	6,022,489
Community services	1,546,515	-	220,158	1,766,673
Economic development	-	4,556,439	139,639	4,696,078
Capital outlay	-	657,099	-	657,099
<b>Debt service</b>				
Principal	-	470,000	-	470,000
Interest	-	8,977	-	8,977
<b>Total expenditures</b>	<b>31,344,978</b>	<b>6,539,807</b>	<b>13,494,863</b>	<b>51,379,648</b>
<b>Revenues over (under) expenditures</b>	<b>532,437</b>	<b>208,086</b>	<b>(619,756)</b>	<b>120,767</b>
<b>Other financing sources (uses)</b>				
Transfers in	63,770	47,606	1,033,159	1,144,535
Transfers out	(568,889)	(255,692)	(320,110)	(1,144,691)
<b>Total other financing sources (uses)</b>	<b>(505,119)</b>	<b>(208,086)</b>	<b>713,049</b>	<b>(156)</b>
<b>Net change in fund balances</b>	<b>27,318</b>	<b>-</b>	<b>93,293</b>	<b>120,611</b>
Fund balances, beginning of year	1,544,461	-	7,686,341	9,230,802
<b>Fund balances, end of year</b>	<b>\$ 1,571,779</b>	<b>\$ -</b>	<b>\$ 7,779,634</b>	<b>\$ 9,351,413</b>

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

**CITY OF SAGINAW  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

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Net change in fund balances - total governmental funds	\$	120,611
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		196,376
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Add - capital additions		1,136,052
Deduct - depreciation expense		(2,188,239)
<p>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.</p>		
Add - principal payments on long-term liabilities		470,000
Deduct - increase in accrued compensated absences		(402,212)
Add - decrease in accrued interest payable		7,431
Deduct - increase in other postemployment benefit obligation		(9,986,227)
Elimination of internal service fund activities		<u>(837,310)</u>
Change in net assets of governmental activities	\$	<u><u>(11,483,518)</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, 2010**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
General operating property taxes	\$ 3,517,594	\$ 3,517,594	\$ 3,241,739	\$ (275,855)
Special assessments	350,000	350,000	159,928	(190,072)
City income tax	12,025,000	12,025,000	11,802,819	(222,181)
State shared revenues	9,931,721	8,762,562	8,921,356	158,794
Licenses, permits and fees	1,502,950	1,502,950	1,510,405	7,455
Fines, penalties and forfeitures	330,000	330,000	543,878	213,878
Grants, donations and contributions	4,947,892	4,680,007	3,838,824	(841,183)
Interest on loans and investments	536,100	468,300	403,166	(65,134)
Rents and privileges	500	32,360	32,360	-
Sale of materials and services	1,576,691	1,804,020	1,422,940	(381,080)
<b>Total revenues</b>	<b>34,718,448</b>	<b>33,472,793</b>	<b>31,877,415</b>	<b>(1,595,378)</b>
<b>Expenditures</b>				
<b>Current expenditures</b>				
General government	4,542,166	4,848,864	4,646,576	(202,288)
Administration	2,487,010	2,460,825	2,304,181	(156,644)
Public safety	22,625,371	21,797,217	20,131,088	(1,666,129)
General services	3,166,659	3,302,817	2,716,618	(586,199)
Community services	2,158,888	1,723,281	1,546,515	(176,766)
<b>Total expenditures</b>	<b>34,980,094</b>	<b>34,133,004</b>	<b>31,344,978</b>	<b>(2,788,026)</b>
<b>Revenues over (under) expenditures</b>	<b>(261,646)</b>	<b>(660,211)</b>	<b>532,437</b>	<b>1,192,648</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	16,688	63,770	47,082
Transfers out	(505,042)	(505,042)	(568,889)	(63,847)
<b>Total other financing sources (uses)</b>	<b>(505,042)</b>	<b>(488,354)</b>	<b>(505,119)</b>	<b>(16,765)</b>
<b>Net change in fund balances</b>	<b>\$ (766,688)</b>	<b>\$ (1,148,565)</b>	<b>27,318</b>	<b>\$ 1,175,883</b>
Fund balance, beginning of year			1,544,461	
Fund balance, end of year			<u>\$ 1,571,779</u>	

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

**CITY OF SAGINAW, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Grants and entitlements	\$ 3,712,339	\$ 9,342,686	\$ 6,584,502	\$ (2,758,184)
Interest on deposits and investments	10,500	10,500	217	(10,283)
Interest on loans	32,000	32,000	27,770	(4,230)
Loan repayments	100,000	100,000	123,459	23,459
Rental income	5,412	5,412	4,740	(672)
Miscellaneous	-	-	7,205	7,205
<b>Total revenues</b>	<u>3,860,251</u>	<u>9,490,598</u>	<u>6,747,893</u>	<u>(2,742,705)</u>
<b>Expenditures</b>				
<b>Current expenditures</b>				
Administration	870,392	870,392	847,292	(23,100)
Program support services	998,534	1,813,759	1,006,309	(807,450)
Loan disbursements	195,948	208,327	119,133	(89,194)
Grant expenditures	629,464	4,795,799	3,430,997	(1,364,802)
<b>Capital outlay</b>				
Public improvements	468,850	1,137,197	657,099	(480,098)
<b>Debt service</b>				
Principal	470,000	470,000	470,000	-
Interest	8,977	8,977	8,977	-
<b>Total expenditures</b>	<u>3,642,165</u>	<u>9,304,451</u>	<u>6,539,807</u>	<u>(2,764,644)</u>
<b>Revenues over expenditures</b>	<u>218,086</u>	<u>186,147</u>	<u>208,086</u>	<u>21,939</u>
<b>Other financing sources (uses)</b>				
Transfers in	47,606	47,606	47,606	-
Transfers out	(362,147)	(362,147)	(255,692)	(106,455)
<b>Total other financing sources (uses)</b>	<u>(314,541)</u>	<u>(314,541)</u>	<u>(208,086)</u>	<u>(106,455)</u>
<b>Net change in fund balances</b>	<u>\$ (96,455)</u>	<u>\$ (128,394)</u>	-	<u>\$ 128,394</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, 2010**

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor Funds	Totals	Activities Internal Service
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 4,349,116	\$ 1,090,373	\$ 107,434	\$ 5,546,923	\$ 5,929,509
Investments	5,972,649	1,114,541	-	7,087,190	-
Accounts receivable, net	1,754,522	3,519,192	610,912	5,884,626	315,932
Assessments receivable	2,524	13,051	-	15,575	-
Due from other funds	-	2,320,581	-	2,320,581	4,700,000
Inventory	1,089,118	-	-	1,089,118	165,535
Prepaid expenses	-	-	-	-	124,364
<b>Restricted current assets</b>					
Cash - bond proceeds	556,820	-	-	556,820	-
<b>Total current assets</b>	<b>13,724,749</b>	<b>8,057,738</b>	<b>718,346</b>	<b>22,500,833</b>	<b>11,235,340</b>
<b>Noncurrent assets</b>					
Investment in Saginaw-Midland Water Supply Corporation	10,652,645	-	-	10,652,645	-
Unamortized bond discount	96,986	-	-	96,986	-
<b>Capital assets</b>					
Land	438,255	982,374	201,203	1,621,832	-
Buildings and improvements	66,394,174	68,026,271	8,196,847	142,617,292	182,829
Combined sewer overflow facilities	-	95,312,042	-	95,312,042	-
Plant and office equipment	3,806,273	4,739,010	527,078	9,072,361	235,195
Vehicular and radio equipment	-	-	-	-	7,787,451
Construction in progress	12,232,041	14,386,529	947,913	27,566,483	-
Less allowances for depreciation	(41,609,503)	(101,034,579)	(8,659,631)	(151,303,713)	(6,795,671)
<b>Net capital assets</b>	<b>41,261,240</b>	<b>82,411,647</b>	<b>1,213,410</b>	<b>124,886,297</b>	<b>1,409,804</b>
<b>Total noncurrent assets</b>	<b>52,010,871</b>	<b>82,411,647</b>	<b>1,213,410</b>	<b>135,635,928</b>	<b>1,409,804</b>
<b>Total assets</b>	<b>65,735,620</b>	<b>90,469,385</b>	<b>1,931,756</b>	<b>158,136,761</b>	<b>12,645,144</b>

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

**CITY OF SAGINAW, MICHIGAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010**

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor Funds	Totals	Internal Service
<b>Liabilities</b>					
<b>Current liabilities payable from current assets</b>					
Accounts payable	\$ 1,080,094	\$ 617,968	\$ 280,048	\$ 1,978,110	\$ 73,850
Accrued payroll	128,198	177,764	3,484	309,446	48,477
Due to other funds	576,947	-	400,448	977,395	-
Unearned revenue	1,391	-	610,913	612,304	-
Current portion of accrued sick and vacation/PTO payable	233,272	235,145	-	468,417	-
Current portion of long-term debt	-	690,000	-	690,000	30,028
<b>Total current liabilities payable from current assets</b>	<b>2,019,902</b>	<b>1,720,877</b>	<b>1,294,893</b>	<b>5,035,672</b>	<b>152,355</b>
<b>Current liabilities payable from restricted assets</b>					
Customer deposits	955,273	-	-	955,273	-
Accrued interest	-	202,604	-	202,604	-
Current portion of long-term debt	-	4,697,266	-	4,697,266	-
<b>Total current liabilities payable from restricted assets</b>	<b>955,273</b>	<b>4,899,870</b>	<b>-</b>	<b>5,855,143</b>	<b>-</b>
<b>Total current liabilities</b>	<b>2,975,175</b>	<b>6,620,747</b>	<b>1,294,893</b>	<b>10,890,815</b>	<b>152,355</b>
<b>Long-term liabilities</b>					
Workers' comp claims payable	-	-	-	-	2,147,374
Insurance claims payable	-	-	-	-	1,372,921
Accrued sick and vacation/PTO payable	407,148	453,032	9,736	869,916	191,135
Other noncurrent liability - net other postemployment benefit liability	1,218,630	1,537,164	302,722	3,058,516	-
<b>Long-term debt, net of current portion</b>					
Revenue bonds	10,600,000	-	-	10,600,000	-
General obligation bonds and contracts	250,000	31,471,121	-	31,721,121	-
<b>Total long-term liabilities</b>	<b>12,475,778</b>	<b>33,461,317</b>	<b>312,458</b>	<b>46,249,553</b>	<b>3,711,430</b>
<b>Total liabilities</b>	<b>15,450,953</b>	<b>40,082,064</b>	<b>1,607,351</b>	<b>57,140,368</b>	<b>3,863,785</b>
<b>Net assets</b>					
Investment in capital assets, net of related debt	30,411,240	45,553,260	1,213,410	77,177,910	1,379,776
<b>Restricted for:</b>					
Bond and interest redemption	960,750	-	-	960,750	-
Operation and maintenance	-	-	-	-	-
Repairs and replacements	34,593	-	-	34,593	-
Unrestricted (deficit)	18,878,084	4,834,061	(889,005)	22,823,140	7,401,583
<b>Total net assets</b>	<b>\$ 50,284,667</b>	<b>\$ 50,387,321</b>	<b>\$ 324,405</b>	<b>\$ 100,996,393</b>	<b>\$ 8,781,359</b>

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, 2010**

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Net assets - total enterprise funds	\$ 100,996,393
Amounts reported for business-type activities in the statement of net assets are different because:	
Elimination of internal service fund activities	<u>1,302,662</u>
Net assets of business-type activities	<u><u>\$ 102,299,055</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, 2010**

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor	Totals	Activities
			Funds		Internal
					Service
Operating revenues					
User charges	\$ 13,113,131	\$ 20,099,147	\$ 403,564	\$ 33,615,842	\$ 5,315,647
Sale of materials and services	398,259	86,357	-	484,616	94,092
Penalties for delinquencies	118,646	547,654	-	666,300	-
<b>Total operating revenues</b>	<b>13,630,036</b>	<b>20,733,158</b>	<b>403,564</b>	<b>34,766,758</b>	<b>5,409,739</b>
Operating expenses					
Salaries	-	-	46,884	46,884	1,105,317
Employee benefits	-	-	285,170	285,170	1,019,378
Contractual services	-	-	20,342	20,342	793,672
Internal user charges	-	-	5,447	5,447	365,268
Insurance	-	-	-	-	1,000,138
Utilities	-	-	39,490	39,490	131,776
Supplies and materials	-	-	4,348	4,348	362,412
Administration	2,827,989	3,459,673	-	6,287,662	-
Customer accounting	416,885	472,794	-	889,679	-
Meter maintenance and service	380,379	540,010	-	920,389	-
System maintenance and service	2,216,395	1,858,172	-	4,074,567	-
Treatment, disposal and pumping	3,886,831	5,407,105	-	9,293,936	-
Remote facilities	-	1,223,165	-	1,223,165	-
Operations and maintenance	58,403	155,344	-	213,747	-
Raw water operations	1,138,243	-	-	1,138,243	-
Claims and judgments	-	-	-	-	1,278,055
Depreciation	1,393,920	5,069,107	16,976	6,480,003	483,461
Other	-	-	7,309	7,309	127,280
<b>Total operating expenses</b>	<b>12,319,045</b>	<b>18,185,370</b>	<b>425,966</b>	<b>30,930,381</b>	<b>6,666,757</b>
<b>Operating income (loss)</b>	<b>1,310,991</b>	<b>2,547,788</b>	<b>(22,402)</b>	<b>3,836,377</b>	<b>(1,257,018)</b>
Nonoperating revenues (expenses)					
Interest on investments	35,030	22,965	648	58,643	11,046
Interest expense on bonded indebtedness	(684,822)	(821,357)	-	(1,506,179)	(2,887)
Gain on sale of investments	-	15,043	-	15,043	-
Loss on sale of capital assets	-	-	-	-	(9,948)
Contractual obligations to Saginaw-Midland					
Water Supply Corporation	(1,175,343)	-	-	(1,175,343)	-
Increase in investment in Saginaw-Midland					
Water Supply Corporation	487,502	-	-	487,502	-
<b>Total nonoperating revenues (expenses)</b>	<b>(1,337,633)</b>	<b>(783,349)</b>	<b>648</b>	<b>(2,120,334)</b>	<b>(1,789)</b>
<b>Net income (loss) before transfers</b>	<b>(26,642)</b>	<b>1,764,439</b>	<b>(21,754)</b>	<b>1,716,043</b>	<b>(1,258,807)</b>
Transfers					
Transfers in	-	-	213,918	213,918	-
Transfers out	-	-	(213,762)	(213,762)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>156</b>	<b>156</b>	<b>-</b>
<b>Change in net assets</b>	<b>(26,642)</b>	<b>1,764,439</b>	<b>(21,598)</b>	<b>1,716,199</b>	<b>(1,258,807)</b>
Net assets, beginning of year	50,311,309	48,622,882	346,003	99,280,194	10,040,166
<b>Net assets, end of year</b>	<b>\$ 50,284,667</b>	<b>\$ 50,387,321</b>	<b>\$ 324,405</b>	<b>\$ 100,996,393</b>	<b>\$ 8,781,359</b>

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, 2010**

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Net change in fund net assets - total enterprise funds	\$ 1,716,199
Elimination of internal service fund activities	<u>(421,497)</u>
Change in net assets of business-type activities	<u>\$ 1,294,702</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, 2010**

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor Funds	Totals	Internal Service
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 688,036	\$ -	\$ 400,448	\$ 1,088,484	\$ 6,305,745
Receipts from customers	13,583,958	23,028,552	642,748	37,255,258	-
Payments to suppliers	(6,383,089)	(6,688,399)	(70,712)	(13,142,200)	(3,055,085)
Payments to employees	(3,639,444)	(5,474,855)	(170,415)	(9,284,714)	(2,135,447)
Payments for interfund services used	-	(2,320,581)	(5,447)	(2,326,028)	(365,268)
Net cash provided by operating activities	<u>4,249,461</u>	<u>8,544,717</u>	<u>796,622</u>	<u>13,590,800</u>	<u>749,945</u>
Cash flows from noncapital financing activities:					
Transfers in	-	-	213,918	213,918	-
Transfers out	-	-	(213,762)	(213,762)	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>156</u>	<u>156</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(2,931,858)	(2,019,468)	(969,464)	(5,920,790)	(15,607)
Bond / installment contract proceeds	-	4,562	-	4,562	-
Principal paid on long-term debt	(250,000)	(5,041,755)	-	(5,291,755)	(35,607)
Interest paid on long-term debt	(684,822)	(833,957)	-	(1,518,779)	(2,887)
Contractual obligations to Saginaw-Midland Water Supply Corporation	(1,175,343)	-	-	(1,175,343)	-
Net cash used in capital and related financing activities	<u>(5,042,023)</u>	<u>(7,890,618)</u>	<u>(969,464)</u>	<u>(13,902,105)</u>	<u>(54,101)</u>
Cash flows from investing activities:					
Purchase of investments	(10,771)	(27,915)	-	(38,686)	-
Interest on investments	35,030	38,008	648	73,686	11,046
Net cash provided by investing activities	<u>24,259</u>	<u>10,093</u>	<u>648</u>	<u>35,000</u>	<u>11,046</u>
Net increase (decrease) in cash and cash equivalents	(768,303)	664,192	(172,038)	(276,149)	706,890
Cash and cash equivalents at beginning of year	5,674,239	426,181	279,472	6,379,892	5,222,619
Cash and cash equivalents at end of year	<u>\$ 4,905,936</u>	<u>\$ 1,090,373</u>	<u>\$ 107,434</u>	<u>\$ 6,103,743</u>	<u>\$ 5,929,509</u>
Cash flows from operating activities:					
Operating income (loss)	\$ 1,310,991	\$ 2,547,788	\$ (22,402)	\$ 3,836,377	\$ (1,257,018)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,393,920	5,069,107	16,976	6,480,003	483,461
Change in assets and liabilities:					
Accounts receivable	(94,831)	(545,816)	(56,567)	(697,214)	896,006
Assessments receivable	11,784	(11,794)	-	(10)	10,743
Due from other governmental units	-	2,853,004	-	2,853,004	-
Due from other funds	111,089	(2,320,581)	-	(2,209,492)	-
Inventory	(310,275)	-	-	(310,275)	104,887
Accounts payable	437,692	45,813	239,960	723,465	59,879
Accrued payroll	26,721	31,329	1,849	59,899	5,029
Due to other governmental units	-	-	-	-	-
Due to other funds	576,947	-	400,448	977,395	-
Unearned revenue	1,284	-	56,568	57,852	-
Customer deposits	35,685	-	-	35,685	-
Claims payable	-	-	-	-	462,739
Accrued sick and vacation/PTO payable	74,630	58,112	2,660	135,402	(15,781)
Net OPEB Obligation	673,824	817,755	157,130	1,648,709	-
Net cash provided by operating activities	<u>\$ 4,249,461</u>	<u>\$ 8,544,717</u>	<u>\$ 796,622</u>	<u>\$ 13,590,800</u>	<u>\$ 749,945</u>

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

**CITY OF SAGINAW, MICHIGAN  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010**

	<u>Pension and Other Employee Benefits Trust Funds</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 1,055,406
Accounts receivable	-	325,698
Prepaid Insurance	-	1,214,699
Taxes receivable for the account of other governmental units	-	516,373
Restricted assets		
Cash and cash equivalents	2,401,223	-
Accrued interest receivable	170,102	-
Investments, at fair value		
Governmental securities	14,643,160	-
Municipal obligations	2,551,727	-
Corporate and foreign bonds	13,081,943	-
Common equity securities	49,242,867	-
Equity mutual funds	25,014,810	-
Other	1,416,757	-
<b>Total Assets</b>	<u>108,522,589</u>	<u>\$ 3,112,176</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,939,696	\$ 454,094
Accrued wages payable	644,178	-
Due to other governmental units	-	924,465
Claims payable	-	825,502
Other current liabilities	-	908,115
<b>Total liabilities</b>	<u>2,583,874</u>	<u>\$ 3,112,176</u>
Net assets		
Held in trust for pension and other employee benefits	<u>\$ 105,938,715</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, 2010**

Additions

Contributions:	
Employer	\$ 4,923,364
Current premium contributions	8,475,764
Plan members	912,082
	<hr/>
Total contributions	14,311,210
Investment income:	
Interest	1,590,002
Dividends	1,352,090
Mutual fund rebates	83,033
Net appreciation in fair value of investments	14,339,476
Investment expenses	(92,512)
	<hr/>
Total investment income	17,272,089
	<hr/>
Total additions	31,583,299

Deductions

Police pension benefits	6,724,468
Fire pension benefits	5,875,027
Retiree healthcare premium payments	8,475,764
Administrative expenses	635,055
Pension refunds	7,800
	<hr/>
Total deductions	21,718,114
	<hr/>
Net increase in net assets	9,865,185
Net assets held in trust for pension and other employee benefits	
Beginning of year	96,073,530
	<hr/>
End of year	\$ 105,938,715
	<hr/> <hr/>

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

**CITY OF SAGINAW  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
JUNE 30, 2010**

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 31,305	\$ 184,527	\$ 3,763,204	\$ 190,240	\$ 134,704	\$ 4,303,980
Receivables	-	30,279	7,339	1,425,376	20,104	1,483,098
Land held for resale	-	33,182	-	-	-	33,182
Total assets	31,305	247,988	3,770,543	1,615,616	154,808	5,820,260
<u>Liabilities</u>						
Accounts payable	-	20	-	3,458	-	3,478
Net assets	<u>\$ 31,305</u>	<u>\$ 247,968</u>	<u>\$ 3,770,543</u>	<u>\$ 1,612,158</u>	<u>\$ 154,808</u>	<u>\$ 5,816,782</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, 2010**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
TIFA Activities	\$ -	\$ -	\$ -	\$ -
DDA Activities	39,367	-	-	(39,367)
LDFA Activities	87,621	-	-	(87,621)
Saginaw Economic Development Corporation	199,828	-	23,856	(175,972)
Brownfield Activities	20,595	-	-	(20,595)
<b>Total component unit activities</b>	<b>\$ 347,411</b>	<b>\$ -</b>	<b>\$ 23,856</b>	<b>\$ (323,555)</b>

	<u>Component Units</u>					
	<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>
Changes in net assets						
Net expense	\$ -	\$ (39,367)	\$ (87,621)	\$ (175,972)	\$ (20,595)	\$ (323,555)
General revenues:						
Property taxes	-	38,106	184,005	-	40,150	262,261
Unrestricted investment earnings	-	1,618	13,096	69,313	-	84,027
<b>Total general revenues</b>	<b>-</b>	<b>39,724</b>	<b>197,101</b>	<b>69,313</b>	<b>40,150</b>	<b>346,288</b>
Change in net assets	-	357	109,480	(106,659)	19,555	22,733
Net assets, beginning of year	31,305	247,611	3,661,063	1,718,817	135,253	5,794,049
<b>Net assets, end of year</b>	<b>\$ 31,305</b>	<b>\$ 247,968</b>	<b>\$ 3,770,543</b>	<b>\$ 1,612,158</b>	<b>\$ 154,808</b>	<b>\$ 5,816,782</b>

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

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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### 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.

##### Discretely Presented 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. Separately issued financial statements are not prepared for any of the discretely presented component units except the Saginaw Economic Development Corporation.

Tax Increment Finance Authority (TIFA) - Two component units - City Council established TIFA districts pursuant to Act 450 of the public Acts of 1980 for the Saginaw Division Tower and Morley Building projects. Property tax revenues received from the "captured" portion of these properties are restricted to pay project expenditures or set aside for future development within the districts depending on the development plan adopted for each project. The members of the governing Board of the TIFA are appointed by City Council and development agreements of the TIFA districts are also approved by City Council. The City has the ability to significantly influence the operations of the TIFA.

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

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

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

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

### Joint Venture - Saginaw-Midland Municipal Water Supply Corporation

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 \$487,502 as nonoperating revenues. At June 30, 2010, total outstanding bonded debt of the Saginaw-Midland Municipal Water Supply Corporation was \$16,545,598. The City was obligated for \$8,849,971 of this total. During fiscal year 2010, the City paid the Corporation \$1,175,343 to finance its share of the contractual obligations. The City's equity of \$10,652,645 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, 2010, for the Saginaw-Midland Municipal Water Supply Corporation follows:

Total assets	\$ 37,248,222	Total revenues	\$ 4,982,137
Total liabilities	<u>17,332,406</u>	Total expenses	<u>4,070,720</u>
		Net income	911,417
Net assets:			
City of Saginaw	\$ 10,652,645	Net assets at	
City of Midland	<u>9,263,171</u>	beginning of year	<u>19,004,399</u>
Total net assets	<u>\$ 19,915,816</u>	Total net assets	<u>\$ 19,915,816</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.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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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 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.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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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.

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

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

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.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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### **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.

#### **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

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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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.

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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### **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,

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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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.

## 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, GM Tower, 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, and Carl H. Ibershoff Trust special revenue funds or the trust and agency funds.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

### 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>
<b>General fund:</b>			
General government			
Employee services	\$ 528,120	557,145	29,025
City attorney	574,488	597,401	22,913
Public safety – police department			
Administration services	395,866	421,850	25,984
Investigation	1,687,175	1,800,684	113,509
Public safety – fire department			
Administration	246,409	321,115	74,706
Apparatus operation and maintenance	132,994	170,332	37,338
General services			
Public works and engineering	27,154	31,131	3,977
Japanese tea house and cultural center	45,118	47,922	2,804
Transfers out			
Youth initiative	-	47,398	47,398
Police grant funds	122,244	139,851	17,607

### C. Deficit fund equity

In the nonmajor governmental funds, the municipal streets had an undesignated fund deficit at June 30, 2010, in the amount of \$214,600. In the internal service funds, the information services and GIS funds had unrestricted net assets deficits at June 30, 2010, in the amount of \$6,217 and \$19,715, respectively. In the nonmajor enterprise funds, the parking fund and Celebration Park had unrestricted net assets deficits at June 30, 2010, in the amount of \$212,295 and \$676,710, respectively. 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.

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

Shortfall at July 1, 2009	\$(1,913,587)
Current year building permit revenue	180,438
Related expenditures	<u>(641,880)</u>
Cumulative shortfall at June 30, 2010	<u><u>\$(2,375,029)</u></u>

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010

**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:

<b>FINANCIAL STATEMENT CAPTION</b>	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Primary government:			
Cash and cash equivalents	\$ 13,995,580	\$ 746,207	\$14,741,787
Restricted cash and cash equivalents	3,095,594	-	3,095,594
Investments	1,745,813	5,341,377	7,087,190
Restricted investments	-	2,449,935	2,449,935
Component units:			
Cash and cash equivalents	4,303,980	-	4,303,980
Fiduciary funds:			
Cash and cash equivalents	1,055,406	-	1,055,406
Restricted cash and cash equivalents	1,392,906	1,008,317	2,401,223
Investments	-	105,951,264	105,951,264
<b>Total</b>	<b><u>\$ 25,589,279</u></b>	<b><u>\$ 115,497,100</u></b>	<b><u>\$141,086,379</u></b>

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.

As of June 30, 2010, the maturities and credit quality rating of debt securities are as follows:

	<u>Fair value</u>	<u>Investment maturities (in years)</u>				<u>S&amp;P Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>	
<b>Primary government</b>						
Money market funds	\$ 8,331,060	\$ -	\$ -	\$ -	\$ -	N/A
MI class pooled funds	<u>206,459</u>	-	-	-	-	N/A
Total primary government	<u>8,537,519</u>					

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

	<u>Fair value</u>	<u>Investment maturities (in years)</u>				<u>S&amp;P Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>	
<b>Pension and other employee benefit funds</b>						
Equity mutual funds	\$ 956,233	\$ -	\$ -	\$ -	\$ -	Not rated
Nonrated governmental securities	289,028	-	173,457	-	115,571	Not rated
Governmental securities	14,354,132	-	2,611,501	3,275,421	8,467,210	AAA-Aaa
Municipal obligations	2,551,727	-	343,930	611,221	1,596,576	AAA-A
Nonrated corporate bonds	291,410	-	-	-	291,410	Not rated
Corporate bonds	12,790,533	746,834	3,093,756	3,550,915	5,399,028	AAA-D
Common stocks	74,257,676	-	-	-	-	N/A
Money market and other	<u>1,468,842</u>	-	-	-	-	N/A
Total pension and benefit	<u>106,959,581</u>					
<b>Total investments</b>	<b><u>\$ 115,497,100</u></b>					

**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 \$24,233,049 of the City’s bank balance of \$25,483,049 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 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, 2010, 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

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

Fund) represents 10% of the Policemen and Firemen Pension Fund's total investments at June 30, 2010. 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:

	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Component Units</u>
Income taxes	\$ 1,449,058	\$ -	\$ -
Accounts	3,902,125	6,004,802	2,377
Accrued interest	5,881	-	6,271
Intergovernmental	6,873,761	-	-
Property taxes	653,428	-	51,451
Assessments			
Due within one year	380,288	15,575	-
Notes			
Due within one year	180,000	-	120,000
Due after one year	1,171,453	-	1,601,510
Reserve for uncollectible accounts	<u>(529,139)</u>	<u>(120,176)</u>	<u>(298,511)</u>
<b>Total receivables</b>	<b><u>\$ 14,086,855</u></b>	<b><u>\$ 5,900,201</u></b>	<b><u>\$ 1,483,098</u></b>

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:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General fund)	\$ 105,456	\$ -
Property taxes receivable (Non-major governmental fund types)	54,586	-
Accounts receivable (General fund)	565,609	-
Accounts receivable (Community development)	104,810	-
Assessments receivable (General fund)	355,711	-
Assessments receivable (Nonmajor governmental fund types)	24,577	-
Notes receivable	1,351,453	-
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>1,303,320</u>
<b>Total</b>	<b><u>\$ 2,562,202</u></b>	<b><u>\$ 1,303,320</u></b>

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**C. Capital assets**

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments Disposals</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 14,739,274	\$ -	\$ -	\$ 14,739,274
Construction in progress	<u>224,910</u>	<u>727,292</u>	<u>(174,807)</u>	<u>777,395</u>
Total capital assets not being depreciated	<u>14,964,184</u>	<u>727,292</u>	<u>(174,807)</u>	<u>15,516,669</u>
Capital assets being depreciated				
Infrastructure	40,852,658	174,807	-	41,027,465
Building	15,731,068	-	-	15,731,068
Equipment	7,628,705	311,417	(367,303)	7,572,819
Vehicular and radio equipment	<u>12,043,102</u>	<u>105,584</u>	<u>(1,067,596)</u>	<u>11,081,090</u>
Total capital assets being depreciated	<u>76,255,533</u>	<u>591,808</u>	<u>(1,434,899)</u>	<u>75,412,442</u>
Accumulated depreciation				
Infrastructure	(22,013,271)	(1,495,497)	-	(23,508,768)
Building	(9,405,862)	(272,266)	-	(9,678,128)
Equipment	(7,042,445)	(257,455)	430,414	(6,869,486)
Vehicular and radio equipment	<u>(8,809,856)</u>	<u>(646,482)</u>	<u>971,538</u>	<u>(8,484,800)</u>
Total accumulated depreciation	<u>(47,271,434)</u>	<u>(2,671,700)</u>	<u>1,401,952</u>	<u>(48,541,182)</u>
Net capital assets being depreciated, net	<u>28,984,099</u>	<u>(2,079,892)</u>	<u>(32,947)</u>	<u>26,871,260</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 43,948,283</u></b>	<b><u>\$(1,352,600)</u></b>	<b><u>\$(207,754)</u></b>	<b><u>\$ 42,387,929</u></b>

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 1,621,832	\$ -	\$ -	\$ 1,621,832
Construction in progress	<u>23,760,682</u>	<u>5,340,723</u>	<u>(1,534,922)</u>	<u>27,566,483</u>
Total capital assets not being depreciated	<u>25,382,514</u>	<u>5,340,723</u>	<u>(1,534,922)</u>	<u>29,188,315</u>
Capital assets being depreciated				
Building and improvements	136,162,768	1,396,274	-	137,559,042
CSO facilities	103,507,579	321,582	-	103,829,161
Equipment	<u>8,762,253</u>	<u>397,133</u>	<u>(17,885)</u>	<u>9,141,501</u>
Total capital assets being depreciated	<u>248,432,600</u>	<u>2,114,989</u>	<u>(17,885)</u>	<u>250,529,704</u>
Accumulated depreciation				
Building and improvements	(87,905,256)	(2,135,312)	-	(90,040,568)
CSO facilities	(53,769,660)	(3,849,814)	-	(57,619,474)
Equipment	<u>(6,694,690)</u>	<u>(494,875)</u>	<u>17,885</u>	<u>(7,171,680)</u>
Total accumulated depreciation	<u>(148,369,606)</u>	<u>(6,480,003)</u>	<u>17,885</u>	<u>(154,831,722)</u>
Net capital assets being depreciated, net	<u>100,062,994</u>	<u>(4,365,012)</u>	<u>-</u>	<u>95,697,982</u>
<b>Business-type activities capital assets, net</b>	<b><u>\$125,445,508</u></b>	<b><u>\$ 975,711</u></b>	<b><u>\$(1,534,922)</u></b>	<b><u>\$124,886,297</u></b>

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

**Governmental activities:**

General government	\$ 156,250
Fiscal Services Administration	11,760
Fire protection	182,439
Police protection	116,990
General services	184,404
Community services	39,263
Highways and streets	1,497,133
Internal service funds	<u>483,461</u>

**Total depreciation expense – governmental activities** **\$ 2,671,700**

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010

**Business-type activities:**

Water	\$ 1,393,920
Sewer	5,069,107
Parking	16,245
Celebration Park	<u>731</u>

**Total depreciation expense – business-type activities** **\$ 6,480,003**

Construction Commitments

The City has active construction projects as of June 30, 2010, consisting of the following:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Commitment Remaining</u>
Woodbridge Street reconstruction	\$ 4,337,998	\$ 3,450,600	\$ 887,398
Davis Road watermain	2,001,896	1,999,896	2,000
WTP Interim Improvement	1,060,179	1,049,860	10,319
Wastewater treatment plant headworks	5,330,218	5,320,218	10,000
WTP engineering services	240,700	117,990	122,710
WWTP secondary treatment	3,015,000	192,551	2,822,449
Gratiot Road	185,000	177,800	7,200
Genesee Ave streetscaping	2,739,126	1,020,454	1,718,672
Water Park repurposing	1,127,587	727,166	400,421
Water treatment and pumping station	<u>1,749,348</u>	<u>1,488,820</u>	<u>260,528</u>
<b>Total</b>	<u><b>\$ 21,787,052</b></u>	<u><b>\$ 15,545,355</b></u>	<u><b>\$ 6,241,697</b></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	\$ 2,023,121	\$ 1,978,110
Accrued liabilities	942,764	309,446
Intergovernmental	198,377	-
Deposits	576,177	955,273
Accrued interest	<u>-</u>	<u>202,604</u>
<b>Total payables</b>	<u><b>\$ 3,740,439</b></u>	<u><b>\$ 3,445,433</b></u>

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**E. Interfund receivables, payables and transfers**

Interfund receivable and payable balances at June 30, 2010, 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>	<u>Enterprise Funds</u>	
General fund	\$ -	\$ 939,922	\$ 774,124	\$ 400,448	\$ 2,114,494
Nonmajor governmental funds	650,000	-	85,000	-	735,000
Internal service funds	4,700,000	-	-	-	4,700,000
Enterprise funds	-	1,743,634	-	576,947	2,320,581
<b>Total</b>	<b>\$ 5,350,000</b>	<b>\$ 2,683,556</b>	<b>\$ 859,124</b>	<b>\$ 977,395</b>	<b>\$ 9,870,075</b>

The balances of 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, 2010, consisted of the following amounts:

<u>Transfers In</u>	<u>Transfers Out</u>				<u>Total</u>
	<u>General Fund</u>	<u>Community Development Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Fund</u>	
General fund	\$ -	\$ -	\$ 63,770	\$ -	\$ 63,770
Community Development Fund	-	47,606	-	-	47,606
Nonmajor governmental funds	568,733	208,086	256,340	-	1,033,159
Enterprise funds	156	-	-	213,762	213,918
<b>Total</b>	<b>\$ 568,889</b>	<b>\$ 255,692</b>	<b>\$ 320,110</b>	<b>\$ 213,762</b>	<b>\$ 1,358,453</b>

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.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

### 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.

Long-term debt obligation activity for the year ended June 30, 2010, was:

	<b>Balance June 30, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance Due within June 30, 2010</b>	<b>one year</b>
<b>Governmental activities</b>					
Workers' compensation claims payable	\$1,767,356	\$ 1,510,561	\$(1,130,543)	\$ 2,147,374	\$ -
Insurance claims payable	1,290,200	195,703	(112,982)	1,372,921	-
Installment contracts payable:					
Fire vehicles	48,753	-	(23,811)	24,942	24,942
Bobcat skid loader	16,882	-	(11,796)	5,086	5,086
Accrued sick and vacation/PTO compensatory time payable	5,995,310	896,971	(510,539)	6,381,742	638,174
Section 108 loans payable to Department of Housing and Urban Development (HUD)	470,000	-	(470,000)	-	-
<b>Total governmental activities</b>	<b><u>\$9,588,501</u></b>	<b><u>\$ 2,499,071</u></b>	<b><u>\$(2,155,507)</u></b>	<b><u>\$ 9,932,065</u></b>	<b><u>\$ 668,202</u></b>
<b>Business-type activities</b>					
2.00% State of Michigan sewage disposal system bonds	\$17,351,706	\$ -	\$(3,272,955)	\$14,078,751	\$3,335,496
4.00 to 5.25% 2008 water revenue bonds	11,100,000	-	(250,000)	10,850,000	250,000
2.50% State of Michigan sewage disposal system bonds	9,689,648	-	(780,000)	8,909,648	800,000
1.625% State of Michigan wastewater treatment improvement bonds	8,429,579	4,562	(440,000)	7,994,141	440,000
2.25% State of Michigan sewage disposal system bonds	5,424,647	-	(523,800)	4,900,847	536,770
3.60% to 5.50% Drake/Douglas sewage general obligation bonds	1,000,000	-	(25,000)	975,000	25,000
Accrued sick and vacation payable	1,202,931	536,902	(401,500)	1,338,333	468,417
<b>Total business-type activities</b>	<b><u>\$54,198,511</u></b>	<b><u>\$ 541,464</u></b>	<b><u>\$(5,693,255)</u></b>	<b><u>\$49,046,720</u></b>	<b><u>\$5,855,683</u></b>

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.

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

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.

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2010, excluding accrued sick and vacation/PTO compensatory time payable, workers' compensation claims payable and insurance claims payable are as follows:

Due	Governmental activities		Business-type activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 30,028	\$ 1,247	\$ 5,387,266	\$1,241,224	\$ 5,417,294	\$1,242,471
2012	-	-	5,545,954	1,119,134	5,545,954	1,119,134
2013	-	-	5,676,915	992,374	5,676,916	992,374
2014	-	-	4,396,080	877,914	4,396,080	877,914
2015	-	-	4,186,085	779,054	4,186,085	779,054
2016-2020	-	-	12,026,946	2,836,732	12,026,945	2,836,732
2021-2025	-	-	6,070,000	1,421,265	6,070,000	1,421,265
2026-2029	-	-	4,419,141	335,807	4,419,141	335,807
<b>Total</b>	<b>\$ 30,028</b>	<b>\$ 1,247</b>	<b>\$47,708,387</b>	<b>\$9,603,504</b>	<b>\$47,738,415</b>	<b>\$9,604,751</b>

The total requirements of principal and interest on long-term obligations at June 30, 2010, for business-type activity obligations and governmental activity obligations are summarized as follows:

	<u>Principal</u>	<u>Interest</u>
<b>Governmental activity obligations</b>		
Fire vehicles	\$ 24,942	\$ 1,185
Bobcat skid loader	5,086	62
Total general obligations	<u>30,028</u>	<u>1,247</u>
<b>Business-type activity obligations</b>		
2008 water revenue bonds	10,850,000	5,684,500
State of Michigan sewage disposal		
bonds at 2.00%	14,078,749	616,799
bonds at 2.25%	4,900,847	519,241
bonds at 2.50%	8,909,648	1,265,486
Drake/Douglas general obligation bonds	975,000	366,919
State of Michigan sewage treatment		
improvement bonds at 1.625%	<u>7,994,143</u>	<u>1,170,559</u>
Total enterprise obligations	<u>47,708,387</u>	<u>9,623,504</u>
<b>Total future debt service requirements</b>	<b><u>\$ 47,738,415</u></b>	<b><u>\$ 9,624,751</u></b>

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

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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.

**G. Operating leases**

The City leases several vehicles and various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$172,298 for the year ended June 30, 2010. The future minimum lease payments for these leases are as follows:

<u>Fiscal year</u>	<u>Dodge vehicles</u>	<u>IBM equipment</u>	<u>Total</u>
2011	31,469	117,600	149,069
2012	-	117,600	117,600
<b>Total</b>	<b><u>\$ 31,469</u></b>	<b><u>\$ 235,200</u></b>	<b><u>\$ 266,669</u></b>

**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.

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

**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.

The changes in the claims liability for the fiscal years ended June 30, 2009 and 2010 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>
6/30/09	\$ 173,516	\$ 2,347,596	\$(1,230,912)	\$ 1,290,200
6/30/10	\$1,290,200	\$ 195,703	\$ (112,982)	\$ 1,372,921

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 at the end of the year is based on claims already incurred and reported and on estimates of incurred but not reported claims as provided by Blue Cross.

The changes in the claims liability for the fiscal years ended June 30, 2009 and 2010, 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>
6/30/09	\$1,026,840	\$11,309,787	\$(11,511,900)	\$ 824,727
6/30/10	\$ 824,727	\$12,462,640	\$(12,461,865)	\$ 825,502

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

### 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 11 workers' compensation claims that exceed \$300,000.

The changes in the claims liability for the fiscal years ended June 30, 2009 and 2010, 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>
6/30/09	\$2,072,868	\$ 491,291	\$ (796,803)	\$ 1,767,356
6/30/10	\$1,767,356	\$ 1,510,561	\$(1,130,543)	\$ 2,147,374

### **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

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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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, 2010, there were 147 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, 2010, amounted to \$782,222 and employee contributions were \$413,432.

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 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, 2010, the City's annual pension cost of \$5,104,320 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

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

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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, 2009, the date of the latest actuarial valuation, was 15 years.

<b>Three-Year Trend Information</b>			
<u>Fiscal year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
6/30/08	\$ 4,654,056	100%	\$ -
6/30/09	4,931,952	100%	-
6/30/10	5,104,320	100%	-

<b>Schedule of Funding Progress</b>						
<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>
12/31/09	\$ 72,299,080	\$ 140,178,740	\$ 67,879,660	52%	\$ 7,085,203	958%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**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, 2008, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	376
Active plan members	<u>143</u>
<b>Total</b>	<b><u>519</u></b>

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 \$4,453,364 for the year ended June 30, 2010.

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.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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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 10% of the System's total investments at June 30, 2010.

### Annual Pension Cost

The Plan's annual pension cost of \$4,453,364 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>
6/30/08	\$ 4,740,074	100%	\$ -
6/30/09	4,931,700	100%	-
6/30/10	4,453,364	100%	-

### Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of a June 30, 2008, 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, 2008, was 28 years.

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

Funded Status and Funding Progress

The funded status of the Policemen and Firemen Pension Trust as of June 30, 2008, the most recent actuarial valuation date, is as follows:

<b>Schedule of Funding Progress</b>						
<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>
6/30/08	\$ 130,123,446	\$ 170,553,606	\$ 40,430,160	76%	\$ 8,890,222	454%

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.

Following are the financial statements for the Policemen and Firemen Pension Trust Fund for the year ended June 30, 2010.

**Statement of Plan Net Assets**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,008,317
Investments, at market value	
Governmental securities	14,643,160
Municipal obligation	2,551,727
Corporate and foreign bonds	13,081,943
Common equity securities	49,242,867
Equity mutual funds	<u>25,014,810</u>
Total investments at fair value	<u>104,534,507</u>
Accrued interest receivable	<u>170,102</u>
<b>Total assets</b>	<b><u>105,712,926</u></b>
<b>LIABILITIES</b>	
Accounts payable	1,939,696
Accrued wages payable	<u>644,178</u>
<b>Total liabilities</b>	<b><u>2,583,874</u></b>
<b>Net assets held in trust for pension benefits</b>	<b><u>\$ 103,129,052</u></b>

**CITY OF SAGINAW, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2010**

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**Statement of Changes in Plan Net Assets**

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**ADDITIONS**

Contributions:

Employer	\$ 4,453,364
Plan members	<u>912,082</u>

Total contributions 5,365,446

Investments income

Interest	1,570,200
Dividends	1,352,090
Mutual fund rebates	83,033
Net appreciation in fair value of investments	14,273,434
Investment expenses	<u>(92,512)</u>

Total investment income 17,186,245

**Total additions 22,551,691**

**DEDUCTIONS**

Police pension benefits	6,724,468
Fire pension benefits	5,875,027
Administrative expenses	635,055
Pension refunds	<u>7,800</u>

**Total deductions 13,242,350**

**Net increase for the year 9,309,341**

**Net assets held in trust for pension benefits**

Beginning of year 93,819,711

End of year **\$ 103,129,052**

**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, 2010**

The City paid or accrued premiums, claims and administrative fees to third party administrators for its full time employees totaling \$3,583,248, a decrease of 19.25% from the prior fiscal year, as follows:

	<u>Fiscal year 2010</u>	<u>Fiscal year 2009</u>	<u>Increase (decrease)</u>
Health insurance	\$ 2,761,569	\$ 3,643,746	\$ (882,177)
Dental insurance	346,473	322,625	23,848
Life insurance	115,174	115,349	(175)
Short/long term disability	282,127	278,865	3,262
Vision care	<u>77,905</u>	<u>77,096</u>	<u>809</u>
<b>Total payments</b>	<b><u>\$ 3,583,248</u></b>	<b><u>\$ 4,437,681</u></b>	<b><u>\$ (854,433)</u></b>

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 \$8,475,764 were recognized for postretirement health care benefits, an increase of 14.25%, from the prior fiscal year, as follows:

	<u>No. of Retirees</u>	<u>Fiscal year 2010</u>	<u>Fiscal year 2009</u>
Health insurance	698	\$ 8,425,545	\$ 7,364,193
Dental insurance	54	45,603	41,864
Life insurance	539	<u>4,617</u>	<u>12,722</u>
<b>Total payments</b>		<b><u>\$ 8,475,765</u></b>	<b><u>\$ 7,418,779</u></b>

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.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

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

Funding Progress - For the year ended June 30, 2010, 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 2010, 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	\$ 19,904,355
Interest on net OPEB obligation	730,931
Adjustment to annual required contribution	<u>(54,586)</u>
Annual OPEB cost	20,580,700
Contribution made	<u>(8,945,764)</u>
Increase in net OPEB obligation	11,634,936
Net OPEB obligation, beginning of year	<u>12,236,754</u>
<b>Net OPEB obligation, end of year</b>	<b><u>\$ 23,871,690</u></b>

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:

Fiscal year ending	Annual OPEB cost	Actual contribution	Percentage of annual OPEB cost contributed	Net OPEB obligation
6/30/09	\$ 20,070,947	\$ 7,834,193	39.0	\$12,236,754
6/30/10	\$ 20,580,700	\$ 8,945,764	43.5	\$23,871,690

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

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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Funded ratio	0.6%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

The accompanying schedules of employer contributions trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is 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, 2010**

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	\$ 1,392,906
Investments, at fair value	
Other	<u>1,416,757</u>
<b>Total assets</b>	<b><u>2,809,663</u></b>
<b>Net assets held in trust for pension benefits</b>	<b><u>\$ 2,809,663</u></b>

**Statement of Changes in Plan Net Assets**

<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 470,000
Current premium contributions	<u>8,475,764</u>
Total contributions	8,945,764
Investments income	
Interest	19,802
Net appreciation in fair value of investments	<u>66,042</u>
Total investment income	<u>85,844</u>
<b>Total additions</b>	<b><u>9,031,608</u></b>
<u>DEDUCTIONS</u>	
Retiree premium payments	<u>8,475,764</u>
<b>Net increase for the year</b>	<b><u>555,844</u></b>
<b>Net assets held in trust for pension benefits</b>	
Beginning of year	<u>2,253,819</u>
End of year	<b><u>\$ 2,809,663</u></b>

**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

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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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, 2009, levy was assessed at \$549,657,432 and personal property taxable value was assessed at \$78,881,971.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2010, was 5.5849 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 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.

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

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### **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.

#### **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

# CITY OF SAGINAW, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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taxes are excluded from captured taxes unless the project receives special review from the Michigan Department of Environmental Quality.

### **H. Contingent liabilities**

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

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

\* \* \* \* \*

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF SAGINAW, MICHIGAN**

**REQUIRED SUPPLEMENTARY INFORMATION**

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN

**Schedule of Employer Contributions**

<u>Fiscal year ending</u>	<u>Annual required contribution</u>	<u>Percentage of APC contributed</u>
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%
6/30/10	5,104,320	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>
12/31/07	76,460,718	137,280,271	60,819,553	56%	7,548,542	806%
12/31/08	75,094,190	138,942,208	63,848,018	54%	7,289,196	876%
12/31/09	72,299,080	140,178,740	67,879,660	52%	7,085,203	958%

**CITY OF SAGINAW, MICHIGAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

POLICEMEN AND FIREMEN RETIREMENT SYSTEM

<b>Schedule of Employer Contributions</b>		
<b>Fiscal year ending</b>	<b>Annual required contribution</b>	<b>Percentage of APC contributed</b>
6/30/05	\$ 3,369,291	100%
6/30/06	3,626,717	100%
6/30/07	4,842,384	100%
6/30/08	4,740,074	100%
6/30/09	4,931,700	100%
6/30/10	4,453,364	100%

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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%
6/30/08	130,123,466	170,553,606	40,430,160	76%	8,890,222	454%

**CITY OF SAGINAW, MICHIGAN**  
**REQUIRED SUPPLEMENTARY INFORMATION**

OTHER POSTEMPLOYMENT BENEFITS

**Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/09	\$ 20,070,947	\$ 7,834,193	39.0%
6/30/10	19,904,355	8,945,764	44.9%

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, 2010  
(With Comparative Actual Amounts for June 30, 2009)**

	2010	2009
<u>Assets</u>		
Cash and cash equivalents	\$ 1,314,564	\$ 2,281,159
Income taxes receivable	1,449,058	1,479,432
Accounts receivable, net of allowances	2,908,757	1,138,082
Due from other governmental units	1,947,828	3,122,916
Inventory	1,770	3,144
Prepays	12,465	11,522
Property taxes receivable	105,456	243,783
Assessments receivable	355,711	164,801
Due from other funds	2,114,494	1,046,723
Total assets	\$ 10,210,103	\$ 9,491,562
 <u>Liabilities and fund balances</u>		
<u>Liabilities</u>		
Accounts payable	\$ 635,323	\$ 239,540
Accrued wages payable	579,307	553,480
Due to other governmental units	98,293	119,490
Due to other funds	5,350,000	5,461,089
Customer deposits	576,177	478,726
Deferred revenue	1,399,224	1,094,776
Total liabilities	8,638,324	7,947,101
 <u>Fund balances</u>		
Reserved for:		
Encumbrances	45,190	31,306
Inventory and prepaids	14,235	14,666
Unreserved:		
Designated for:		
Subsequent year's expenditures	750,000	750,000
Undesignated	762,354	748,489
Total fund balances	1,571,779	1,544,461
Total liabilities and fund balances	\$ 10,210,103	\$ 9,491,562

**CITY OF SAGINAW, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010  
(With Comparative Actual Amounts for the Year ended June 30, 2009)**

	FOR THE YEAR ENDED JUNE 30, 2010				
	Original	Final	Actual	Actual	Year Ended
	Budget	Budget		Over (Under)	June 30, 2009
			Final Budget	Actual	
<b>Revenues</b>					
General operating property taxes	\$ 3,517,594	\$ 3,517,594	\$ 3,241,739	\$ (275,855)	\$ 3,275,436
Special assessments	350,000	350,000	159,928	(190,072)	295,746
City income tax	12,025,000	12,025,000	11,802,819	(222,181)	12,359,364
<b>State shared revenues</b>					
Sales tax	9,887,721	8,718,562	8,884,942	166,380	9,989,816
Liquor licenses	44,000	44,000	36,414	(7,586)	38,087
Total state shared revenues	<u>9,931,721</u>	<u>8,762,562</u>	<u>8,921,356</u>	<u>158,794</u>	<u>10,027,903</u>
<b>Departmental and miscellaneous</b>					
Housing and business licenses	350,000	350,000	442,491	92,491	392,077
Construction and other permits	219,150	219,150	184,458	(34,692)	166,678
Fees	933,800	933,800	883,456	(50,344)	932,260
Fines, penalties and forfeitures	330,000	330,000	543,878	213,878	422,088
Grants, donations and contributions	4,947,892	4,680,007	3,838,824	(841,183)	3,279,888
Interest	536,100	468,300	403,166	(65,134)	381,913
Rents and privileges	500	32,360	32,360	-	31,218
Sale of materials and services	1,576,691	1,804,020	1,422,940	(381,080)	1,319,570
Total departmental and miscellaneous revenues	<u>8,894,133</u>	<u>8,817,637</u>	<u>7,751,573</u>	<u>(1,066,064)</u>	<u>6,925,692</u>
Total revenues	<u>34,718,448</u>	<u>33,472,793</u>	<u>31,877,415</u>	<u>(1,595,378)</u>	<u>32,884,141</u>
<b>Expenditures</b>					
General government	4,542,166	4,848,864	4,646,576	(202,288)	4,265,957
Fiscal services (administration)	2,487,010	2,460,825	2,304,181	(156,644)	2,495,163
Public safety	22,625,371	21,797,217	20,131,088	(1,666,129)	21,289,160
General services	3,166,659	3,302,817	2,716,618	(586,199)	3,058,967
Community services	2,158,888	1,723,281	1,546,515	(176,766)	1,729,448
Capital outlay	-	-	-	-	1,000
Total expenditures	<u>34,980,094</u>	<u>34,133,004</u>	<u>31,344,978</u>	<u>(2,788,026)</u>	<u>32,839,695</u>
Revenues over (under) expenditures	<u>(261,646)</u>	<u>(660,211)</u>	<u>532,437</u>	<u>1,192,648</u>	<u>44,446</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	16,688	63,770	47,082	910,000
Transfers out	<u>(505,042)</u>	<u>(505,042)</u>	<u>(568,889)</u>	<u>(63,847)</u>	<u>(865,243)</u>
Total other financing sources (uses)	<u>(505,042)</u>	<u>(488,354)</u>	<u>(505,119)</u>	<u>(16,765)</u>	<u>44,757</u>
Net change in fund balances	<u>\$ (766,688)</u>	<u>\$ (1,148,565)</u>	<u>27,318</u>	<u>\$ 1,175,883</u>	<u>89,203</u>
Fund balance, beginning of year			<u>1,544,461</u>		<u>1,455,258</u>
Fund balance, end of year			<u>\$ 1,571,779</u>		<u>\$ 1,544,461</u>

**CITY OF SAGINAW, MICHIGAN**  
**SCHEDULE OF DEPARTMENTAL AND MISCELLANEOUS REVENUES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Revenues	Actual Over (Under) Final Budget
Licenses				
Business and occupational	\$ 100,000	\$ 100,000	\$ 108,929	\$ 8,929
Rental housing	250,000	250,000	333,562	83,562
Total licenses	<u>350,000</u>	<u>350,000</u>	<u>442,491</u>	<u>92,491</u>
Construction and other permits	<u>219,150</u>	<u>219,150</u>	<u>184,458</u>	<u>(34,692)</u>
Fees				
Property tax administration	345,000	345,000	286,076	(58,924)
Gun registration	1,800	1,800	1,825	25
Zoning code	7,000	7,000	5,005	(1,995)
Witness	15,000	15,000	10,534	(4,466)
Japanese tea house	7,000	7,000	-	(7,000)
Hazmat clean up	7,800	7,800	19,122	11,322
Fire department	200	200	700	500
Cable television	550,000	550,000	560,194	10,194
Total fees	<u>933,800</u>	<u>933,800</u>	<u>883,456</u>	<u>(50,344)</u>
Fines, penalties and forfeitures				
Traffic violations (except parking)	150,000	150,000	215,293	65,293
Traffic violations - parking	-	-	3,288	3,288
Penalties on property taxes	130,000	130,000	283,371	153,371
Transfer affidavit fines	50,000	50,000	41,926	(8,074)
Total fines, penalties and forfeitures	<u>330,000</u>	<u>330,000</u>	<u>543,878</u>	<u>213,878</u>
Grants, donations and contributions				
City/county/school liaison	10,000	10,000	10,000	-
Indirect costs	2,876,471	2,876,471	2,929,843	53,372
Reimbursement for police overtime	123,421	123,421	149,985	26,564
Other grants	1,938,000	1,670,115	748,996	(921,119)
Total grants, donations and contributions	<u>4,947,892</u>	<u>4,680,007</u>	<u>3,838,824</u>	<u>(841,183)</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, 2010**

	Original Budget	Final Budget	Actual Revenues	Actual Over (Under) Final Budget
Interest				
Investments	\$ 307,800	\$ 165,000	\$ 37,604	\$ (127,396)
Deferred special assessments	3,300	78,300	81,190	2,890
City income taxes	225,000	225,000	284,372	59,372
 Total interest	 536,100	 468,300	 403,166	 (65,134)
Rents and privileges				
Land and buildings	500	32,360	32,360	-
Sale of materials and services				
Cemetery services and markers	340,000	349,445	418,451	69,006
Cemetery grave spaces	120,000	120,000	159,574	39,574
Police Department services	24,400	64,400	80,136	15,736
Fire Department services	2,000	2,000	3,785	1,785
Engineering plans and specifications	1,500	1,500	3,893	2,393
Sale of land	260,000	260,000	334	(259,666)
Insurance proceeds	310,188	324,304	22,544	(301,760)
Surplus receipts	54,100	145,423	185,120	39,697
Other	464,503	536,948	549,103	12,155
 Total sale of materials and services	 1,576,691	 1,804,020	 1,422,940	 (381,080)
Transfers in				
Police grant funds	-	16,688	63,770	47,082
 Total departmental and miscellaneous revenues and transfers in	 \$ 8,894,133	 \$ 8,834,325	 \$ 7,815,343	 \$ (1,018,982)

**CITY OF SAGINAW, MICHIGAN  
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
General government				
City council	\$ 59,193	\$ 58,690	\$ 49,381	\$ (9,309)
City/county/school liaison	15,000	5,000	2,356	(2,644)
City manager	367,588	364,798	347,486	(17,312)
Cable television operation	50,000	49,867	39,976	(9,891)
Employee services	490,817	528,120	557,145	29,025
City clerk	367,983	364,926	343,821	(21,105)
Elections	133,742	149,562	145,123	(4,439)
City attorney	610,766	574,488	597,401	22,913
Unemployment compensation	273,101	328,127	241,979	(86,148)
Retiree health insurance and contributions	2,107,695	2,359,005	2,270,093	(88,912)
Geographical information system charges	66,281	66,281	51,815	(14,466)
<b>Total general government</b>	<b>4,542,166</b>	<b>4,848,864</b>	<b>4,646,576</b>	<b>(202,288)</b>
Fiscal services				
Administration	384,757	372,542	369,958	(2,584)
Controller	340,928	339,542	331,451	(8,091)
Treasurer/income tax	986,505	972,123	898,742	(73,381)
Assessor	583,452	587,366	534,626	(52,740)
Purchasing	191,368	189,252	169,404	(19,848)
<b>Total fiscal services</b>	<b>2,487,010</b>	<b>2,460,825</b>	<b>2,304,181</b>	<b>(156,644)</b>
Public safety				
Police department				
Administration	388,048	386,271	357,264	(29,007)
Patrol	9,338,006	8,878,475	8,173,042	(705,433)
Administrative services	380,607	395,866	421,850	25,984
Investigation	1,803,988	1,687,175	1,800,684	113,509
Building and property management	1,062,578	1,113,159	877,420	(235,739)
Technical services	527,346	480,807	461,527	(19,280)
<b>Total police department</b>	<b>13,500,573</b>	<b>12,941,753</b>	<b>12,091,787</b>	<b>(849,966)</b>

continued...

**CITY OF SAGINAW, MICHIGAN**  
**SCHEDULE OF APPROPRIATIONS AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
Public safety (continued)				
Fire department				
Administration	\$ 252,692	\$ 246,409	\$ 321,115	\$ 74,706
Suppression	8,357,496	8,099,844	7,200,014	(899,830)
Training	189,159	184,356	165,768	(18,588)
Prevention	200,738	191,861	182,072	(9,789)
Apparatus operation and maintenance	124,713	132,994	170,332	37,338
Total fire department	<u>9,124,798</u>	<u>8,855,464</u>	<u>8,039,301</u>	<u>(816,163)</u>
Total public safety	<u>22,625,371</u>	<u>21,797,217</u>	<u>20,131,088</u>	<u>(1,666,129)</u>
General services				
Public works and engineering	14,108	27,154	31,131	3,977
Street lighting	683,688	684,738	661,979	(22,759)
Public improvements	371,494	380,998	329,376	(51,622)
Traffic engineering	421,452	415,055	(857)	(415,912)
Abatement of nuisances	124,396	184,794	155,753	(29,041)
Cemeteries operation and maintenance	644,315	600,169	547,086	(53,083)
Japanese tea house and cultural center	45,118	45,118	47,922	2,804
Parks administration	25,000	50,000	50,000	-
Building and grounds maintenance	837,088	914,791	894,228	(20,563)
Total general services	<u>3,166,659</u>	<u>3,302,817</u>	<u>2,716,618</u>	<u>(586,199)</u>
Community services				
Inspections and zoning	704,139	684,217	641,880	(42,337)
Demolitions	1,126,000	625,000	532,270	(92,730)
Planning and economic development	327,749	413,064	371,365	(41,699)
Contributions to other organizations	1,000	1,000	1,000	-
Total community services	<u>2,158,888</u>	<u>1,723,281</u>	<u>1,546,515</u>	<u>(176,766)</u>

continued...

**CITY OF SAGINAW, MICHIGAN  
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
Transfers out				
Anderson Enrichment Center	\$ 10,412	\$ 10,412	\$ 10,412	\$ -
Youth initiative	-	-	47,398	47,398
Public safety fund	265,775	265,775	264,617	(1,158)
Parking fund	106,611	106,611	106,611	-
Police grant funds	122,244	122,244	139,851	17,607
 Total transfers out	 <u>505,042</u>	 <u>505,042</u>	 <u>568,889</u>	 <u>16,449</u>
 Total appropriations, expenditures and transfers out	 <u>\$ 35,485,136</u>	 <u>\$ 34,638,046</u>	 <u>\$ 31,913,867</u>	 <u>(2,724,179)</u>

# **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.

### ***LOCAL LAW ENFORCEMENT***

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

### ***AUTO THEFT PREVENTION GRANT FUND***

This fund accounts for grant funds received from the State of Michigan pursuant to Act 10 of the Public Acts of 1986. These funds are used by the Saginaw Police Department 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.

#### ***GM TOWER***

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

#### ***BOAT LAUNCH OPERATION FUND***

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

#### ***ECONOMIC DEVELOPMENT FUND***

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

#### ***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, 2010**

	Special Revenue Funds			
	Budget Stabilization	Major Streets	Local Streets	Municipal Streets
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 756	\$ 326,522	\$ -
Accounts receivable, net	-	6,846	-	-
Property taxes receivable	-	-	-	-
Assessments receivable	-	-	4,185	-
Due from other governmental units	-	590,057	157,919	-
Due from other funds	650,000	-	85,000	-
Inventory	-	449,546	-	214,600
Prepays	-	-	-	-
Restricted assets				
Cash and cash equivalents	1,544,501	-	-	-
Accrued interest receivable	5,499	-	-	-
Investments	-	-	-	-
 Total assets	 <u>\$ 2,200,000</u>	 <u>\$ 1,047,205</u>	 <u>\$ 573,626</u>	 <u>\$ 214,600</u>
<u>Liabilities and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 50,257	\$ 5,161	\$ -
Accrued payroll	-	37,038	8,753	-
Due to other funds	-	85,000	-	214,600
Deferred revenue	-	-	1,341	-
 Total liabilities	 <u>-</u>	 <u>172,295</u>	 <u>15,255</u>	 <u>214,600</u>
 Fund balances				
Reserved for:				
Trust and endowments	-	-	-	-
Encumbrances	-	-	-	-
Inventory and prepaids	-	449,546	-	214,600
Specific projects	2,200,000	-	-	-
Unreserved:				
Designated for capital projects	-	-	-	-
Undesignated (deficit)	-	425,364	558,371	(214,600)
 Total fund balances	 <u>2,200,000</u>	 <u>874,910</u>	 <u>558,371</u>	 <u>-</u>
Total liabilities and fund balances	<u>\$ 2,200,000</u>	<u>\$ 1,047,205</u>	<u>\$ 573,626</u>	<u>\$ 214,600</u>

Special Revenue Funds

Public Safety Millage	Rubbish Collection	Police Grants Funds					Youth Initiative Grant
		Community Policing	Local Law Enforcement	Auto Theft Prevention Grant	Police Training		
\$ 169,562	\$ 288,859	\$ -	\$ -	\$ -	\$ 18,147	\$ -	
-	36,641	-	-	-	-	-	
-	547,972	-	-	-	-	-	
-	20,392	-	-	-	-	-	
-	80,300	270,557	219,607	12,000	-	3,840	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	174,865	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 169,562</u>	<u>\$ 1,149,029</u>	<u>\$ 270,557</u>	<u>\$ 219,607</u>	<u>\$ 12,000</u>	<u>\$ 18,147</u>	<u>\$ 3,840</u>	
\$ -	\$ 339,371	\$ 57,442	\$ -	\$ 3,090	\$ 2,150	\$ 377	
169,562	12,409	28,567	-	3,305	-	2,024	
-	-	184,532	219,607	5,605	-	1,439	
-	111,619	-	-	-	15,997	-	
<u>169,562</u>	<u>463,399</u>	<u>270,541</u>	<u>219,607</u>	<u>12,000</u>	<u>18,147</u>	<u>3,840</u>	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	174,865	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	510,765	16	-	-	-	-	
-	685,630	16	-	-	-	-	
<u>\$ 169,562</u>	<u>\$ 1,149,029</u>	<u>\$ 270,557</u>	<u>\$ 219,607</u>	<u>\$ 12,000</u>	<u>\$ 18,147</u>	<u>\$ 3,840</u>	

Continued

**CITY OF SAGINAW, MICHIGAN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	Special Revenue Funds			
	Drug Forfeiture	Andersen Center Operation	GM Tower	Boat Launch Operation
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 86,943	\$ 246,919	\$ 27,325
Accounts receivable, net of allowances	-	-	-	-
Property taxes receivable	-	-	-	-
Assessments receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	-
<b>Restricted assets</b>				
Cash and cash equivalents	883,003	25,752	-	-
Accrued interest receivable	-	382	-	-
Investments	-	-	-	-
<b>Total assets</b>	<b>\$ 883,003</b>	<b>\$ 113,077</b>	<b>\$ 246,919</b>	<b>\$ 27,325</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 5,136	\$ 3,545	\$ 9,167	\$ 1,762
Accrued payroll	-	2,818	-	-
Due to other funds	148,341	-	-	-
Deferred revenue	343,422	-	-	-
<b>Total liabilities</b>	<b>496,899</b>	<b>6,363</b>	<b>9,167</b>	<b>1,762</b>
<b>Fund balances</b>				
<b>Reserved for:</b>				
Trust and endowments	-	-	-	-
Encumbrances	151,456	-	-	-
Inventory and prepaids	-	-	-	-
Specific projects	-	25,752	-	-
<b>Unreserved:</b>				
Designated for capital projects	-	-	-	-
Undesignated (deficit)	234,648	80,962	237,752	25,563
<b>Total fund balances</b>	<b>386,104</b>	<b>106,714</b>	<b>237,752</b>	<b>25,563</b>
<b>Total liabilities and fund balances</b>	<b>\$ 883,003</b>	<b>\$ 113,077</b>	<b>\$ 246,919</b>	<b>\$ 27,325</b>

<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>
\$ 71,674	\$ 2,812	\$ 1,239,519	\$ 101,466	\$ 81,582	\$ 1,422,567
-	-	43,487	-	-	43,487
-	-	547,972	-	-	547,972
-	-	24,577	-	-	24,577
-	-	1,334,280	-	-	1,334,280
-	-	735,000	-	-	735,000
-	-	664,146	-	-	664,146
-	-	174,865	-	-	174,865
-	-	2,453,256	-	-	2,453,256
-	-	5,881	-	-	5,881
-	-	-	-	2,449,935	2,449,935
<u>\$ 71,674</u>	<u>\$ 2,812</u>	<u>\$ 7,222,983</u>	<u>\$ 101,466</u>	<u>\$ 2,531,517</u>	<u>\$ 9,855,966</u>
\$ -	\$ -	\$ 477,458	\$ -	\$ 2,895	\$ 480,353
-	-	264,476	-	-	264,476
-	-	859,124	-	-	859,124
-	-	472,379	-	-	472,379
-	-	2,073,437	-	2,895	2,076,332
-	-	-	-	2,449,935	2,449,935
-	-	151,456	-	-	151,456
-	-	839,011	-	-	839,011
-	-	2,225,752	-	-	2,225,752
-	-	-	101,466	-	101,466
71,674	2,812	1,933,327	-	78,687	2,012,014
<u>71,674</u>	<u>2,812</u>	<u>5,149,546</u>	<u>101,466</u>	<u>2,528,622</u>	<u>7,779,634</u>
<u>\$ 71,674</u>	<u>\$ 2,812</u>	<u>\$ 7,222,983</u>	<u>\$ 101,466</u>	<u>\$ 2,531,517</u>	<u>\$ 9,855,966</u>

**CITY OF SAGINAW, MICHIGAN  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds			
	Budget Stabilization	Major Streets	Local Streets	Municipal Streets
Revenues				
General operating property taxes	\$ -	\$ -	\$ -	\$ -
State of Michigan gas and weight taxes	-	3,449,413	964,194	-
Trunkline maintenance	-	326,498	-	-
Fees	-	-	-	-
Drug forfeitures	-	-	-	-
Grants and entitlements	-	227,275	-	-
Interest on deposits and investments	-	60	1,390	-
Sale of materials and services	-	73,015	5,864	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>4,076,261</u>	<u>971,448</u>	<u>-</u>
Expenditures				
Current expenditures				
Public safety	-	-	-	-
Highways and streets	-	3,668,993	931,054	-
Garbage and rubbish	-	-	-	-
Community service	-	-	-	-
Economic development	-	-	-	-
Total expenditures	<u>-</u>	<u>3,668,993</u>	<u>931,054</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>407,268</u>	<u>40,394</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	256,340	-
Transfers out	-	(256,340)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(256,340)</u>	<u>256,340</u>	<u>-</u>
Net change in fund balances	-	150,928	296,734	-
Fund balances, beginning of year	<u>2,200,000</u>	<u>723,982</u>	<u>261,637</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,200,000</u>	<u>\$ 874,910</u>	<u>\$ 558,371</u>	<u>\$ -</u>

Special Revenue Funds

Public Safety Millage	Rubbish Collection	Police Grants Funds					Youth Initiative Grant
		Community Policing	Local Law Enforcement	Auto Theft Prevention Grant	Police Training		
3,427,770	\$ 1,731,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,389,619	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	547,427	219,607	46,399	26,398	126,560	
-	1,396	4	-	-	41	(30)	
-	-	-	-	2,245	-	-	
-	-	-	-	-	-	-	
<u>3,427,770</u>	<u>3,122,940</u>	<u>547,431</u>	<u>219,607</u>	<u>48,644</u>	<u>26,439</u>	<u>126,530</u>	
3,692,387	-	879,213	219,607	118,913	26,439	173,928	
-	-	-	-	-	-	-	
-	3,305,871	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>3,692,387</u>	<u>3,305,871</u>	<u>879,213</u>	<u>219,607</u>	<u>118,913</u>	<u>26,439</u>	<u>173,928</u>	
<u>(264,617)</u>	<u>(182,931)</u>	<u>(331,782)</u>	<u>-</u>	<u>(70,269)</u>	<u>-</u>	<u>(47,398)</u>	
264,617	-	395,552	-	58,840	-	47,398	
-	-	(63,770)	-	-	-	-	
<u>264,617</u>	<u>-</u>	<u>331,782</u>	<u>-</u>	<u>58,840</u>	<u>-</u>	<u>47,398</u>	
-	(182,931)	-	-	(11,429)	-	-	
-	868,561	16	-	11,429	-	-	
<u>\$ -</u>	<u>\$ 685,630</u>	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</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, 2010**

	Special Revenue Funds			
	Drug Forfeiture	Andersen Center Operation	GM Tower	Boat Launch Operation
Revenues				
General operating property taxes	\$ -	\$ -	\$ -	\$ -
State of Michigan gas and weight taxes	-	-	-	-
Trunkline maintenance	-	-	-	-
Fees	-	49,901	-	24,958
Drug forfeitures	38,527	-	-	-
Grants and entitlements	-	116,183	-	-
Interest on deposits and investments	2,687	936	648	46
Sale of materials and services	-	43,595	-	-
Miscellaneous	5,455	-	-	-
Total revenues	<u>46,669</u>	<u>210,615</u>	<u>648</u>	<u>25,004</u>
Expenditures				
Current expenditures				
Public safety	118,661	-	-	-
Highways and streets	-	-	-	-
Garbage and rubbish	-	-	-	-
Community service	-	212,993	-	-
Economic development	-	-	102,500	20,103
Total expenditures	<u>118,661</u>	<u>212,993</u>	<u>102,500</u>	<u>20,103</u>
Revenues over (under) expenditures	<u>(71,992)</u>	<u>(2,378)</u>	<u>(101,852)</u>	<u>4,901</u>
Other financing sources (uses)				
Transfers in	-	10,412	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,412</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(71,992)	8,034	(101,852)	4,901
Fund balance, beginning of year	<u>458,096</u>	<u>98,680</u>	<u>339,604</u>	<u>20,662</u>
Fund balance, end of year	<u>\$ 386,104</u>	<u>\$ 106,714</u>	<u>\$ 237,752</u>	<u>\$ 25,563</u>

Special Revenue Funds					
Economic Development	Carl H. Ibershoff Trust	Total	Capital Projects	Permanent Fund	Totals
\$ -	\$ -	\$ 5,159,695	\$ -	\$ -	\$ 5,159,695
-	-	4,413,607	-	-	4,413,607
-	-	326,498	-	-	326,498
-	-	1,464,478	-	-	1,464,478
-	-	38,527	-	-	38,527
24,865	-	1,334,714	-	-	1,334,714
51	5	7,234	-	180	7,414
-	-	124,719	-	-	124,719
-	-	5,455	-	-	5,455
<u>24,916</u>	<u>5</u>	<u>12,874,927</u>	<u>-</u>	<u>180</u>	<u>12,875,107</u>
-	-	5,229,148	-	-	5,229,148
-	-	4,600,047	-	-	4,600,047
-	-	3,305,871	-	-	3,305,871
-	-	212,993	-	7,165	220,158
<u>17,036</u>	<u>-</u>	<u>139,639</u>	<u>-</u>	<u>-</u>	<u>139,639</u>
<u>17,036</u>	<u>-</u>	<u>13,487,698</u>	<u>-</u>	<u>7,165</u>	<u>13,494,863</u>
<u>7,880</u>	<u>5</u>	<u>(612,771)</u>	<u>-</u>	<u>(6,985)</u>	<u>(619,756)</u>
-	-	1,033,159	-	-	1,033,159
-	-	(320,110)	-	-	(320,110)
<u>-</u>	<u>-</u>	<u>713,049</u>	<u>-</u>	<u>-</u>	<u>713,049</u>
7,880	5	100,278	-	(6,985)	93,293
<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>\$ 71,674</u>	<u>\$ 2,812</u>	<u>\$ 5,149,546</u>	<u>\$ 101,466</u>	<u>\$ 2,528,622</u>	<u>\$ 7,779,634</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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
State of Michigan gas and weight taxes	\$ 3,650,000	\$ 3,449,413	\$ (200,587)
Trunkline maintenance	280,000	326,498	46,498
Grants and entitlements	215,000	227,275	12,275
Interest	-	60	60
Sale of materials and services	20,000	73,015	53,015
<b>Total revenues</b>	<b>4,165,000</b>	<b>4,076,261</b>	<b>(88,739)</b>
<b>Expenditures</b>			
<b>Current expenditures</b>			
Routine maintenance of roads and streets	1,051,342	783,672	(267,670)
Routine maintenance of bridges	151,098	121,055	(30,043)
Winter maintenance of roads and streets	289,551	208,124	(81,427)
Traffic services maintenance	631,886	841,374	209,488
State trunkline maintenance	287,436	249,011	(38,425)
Administration	976,270	941,271	(34,999)
<b>Capital outlay</b>			
Construction and resurfacing of streets	492,257	434,234	(58,023)
Bridge reconstruction	152,216	90,252	(61,964)
<b>Total expenditures</b>	<b>4,032,056</b>	<b>3,668,993</b>	<b>(363,063)</b>
<b>Revenues over expenditures</b>	<b>132,944</b>	<b>407,268</b>	<b>274,324</b>
<b>Other financing uses</b>			
Transfers out	(256,340)	(256,340)	-
<b>Net change in fund balance</b>	<b>\$ (123,396)</b>	<b>150,928</b>	<b>\$ 274,324</b>
Fund balance, beginning of year		723,982	
Fund balance, end of year		<b>\$ 874,910</b>	

**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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
State of Michigan gas and weight taxes	\$ 1,000,000	\$ 964,194	\$ (35,806)
Interest on deposits and investments	2,000	1,390	(610)
Sale of materials and services	3,000	5,864	2,864
<b>Total revenues</b>	<b>1,005,000</b>	<b>971,448</b>	<b>(33,552)</b>
<b>Expenditures</b>			
<b>Current expenditures</b>			
Routine maintenance of roads and streets	370,038	268,070	(101,968)
Winter maintenance of roads and streets	163,363	74,369	(88,994)
Traffic services maintenance	103,100	128,766	25,666
Administration	636,689	459,849	(176,840)
<b>Total expenditures</b>	<b>1,273,190</b>	<b>931,054</b>	<b>(342,136)</b>
Revenues over (under) expenditures	(268,190)	40,394	308,584
<b>Other financing sources</b>			
Transfers in	256,340	256,340	-
<b>Net change in fund balance</b>	<b>\$ (11,850)</b>	<b>296,734</b>	<b>\$ 308,584</b>
Fund balance, beginning of year		261,637	
Fund balance, end of year		<b>\$ 558,371</b>	

**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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
General operating property taxes	\$ 3,524,674	\$ 3,427,770	\$ (96,904)
Expenditures			
Current expenditures			
Police patrol	1,623,678	1,621,083	(2,595)
Police investigation	554,803	554,953	150
Fire suppression	1,504,357	1,400,547	(103,810)
Fire prevention	107,611	115,804	8,193
Total expenditures	3,790,449	3,692,387	(98,062)
Revenues under expenditures	(265,775)	(264,617)	1,158
Other financing sources			
Transfers in	265,775	264,617	(1,158)
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
General operating property taxes	\$ 1,845,768	\$ 1,731,925	\$ (113,843)
Fees	1,584,500	1,389,619	(194,881)
Interest on deposits and investments	1,000	1,396	396
Sale of materials and services	500	-	(500)
Total revenues	<u>3,431,768</u>	<u>3,122,940</u>	<u>(308,828)</u>
Expenditures			
Current expenditures			
Administration	549,932	509,504	(40,428)
Rubbish collection and disposal	2,382,878	2,157,164	(225,714)
Brush collection and disposal	109,400	86,272	(23,128)
Recycling and composting	598,421	552,931	(45,490)
Total expenditures	<u>3,640,631</u>	<u>3,305,871</u>	<u>(334,760)</u>
Net change in fund balance	<u>\$ (208,863)</u>	(182,931)	<u>\$ 25,932</u>
Fund balance, beginning of year		<u>868,561</u>	
Fund balance, end of year		<u>\$ 685,630</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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ 1,288,691	\$ 966,391	\$ (322,300)
Interest on deposits and investments	-	15	15
Sale of materials and services	-	2,245	2,245
 Total revenues	 1,288,691	 968,651	 (320,040)
Expenditures			
Current expenditures			
Public safety	1,725,959	1,418,100	(307,859)
 Revenues under expenditures	 (437,268)	 (449,449)	 (12,181)
Other financing sources			
Transfers in	436,785	501,790	65,005
 Net change in fund balance	 <u>\$ (483)</u>	 (11,429)	 <u>\$ (10,946)</u>
Fund balance, beginning of year		11,445	
Fund balance, end of year		<u>\$ 16</u>	

**CITY OF SAGINAW, MICHIGAN  
GM TOWER  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Interest on deposits and investments	<u>\$ 7,000</u>	<u>\$ 648</u>	<u>\$ (6,352)</u>
Expenditures			
Current expenditures			
Economic development	<u>108,500</u>	<u>102,500</u>	<u>(6,000)</u>
Net change in fund balance	<u>\$ (101,500)</u>	<u>(101,852)</u>	<u>\$ (352)</u>
Fund balance, beginning of year		<u>339,604</u>	
Fund balance, end of year		<u>\$ 237,752</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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Drug forfeitures	\$ 49,570	\$ 38,527	\$ (11,043)
Grants and entitlements	9,670	-	(9,670)
Interest on deposits and investments	5,000	2,687	(2,313)
Miscellaneous	-	5,455	5,455
Total revenues	64,240	46,669	(17,571)
Expenditures			
Current expenditures			
Public safety	154,525	118,661	(35,864)
Net change in fund balance	<u>\$ (90,285)</u>	(71,992)	<u>\$ 18,293</u>
Fund balance, beginning of year		<u>458,096</u>	
Fund balance, end of year		<u>\$ 386,104</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, 2010**

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Fees	\$ 49,589	\$ 49,901	\$ 312
Grants and entitlements	202,245	116,183	(86,062)
Interest on deposits and investments	2,168	936	(1,232)
Sale of materials and services	<u>-</u>	<u>43,595</u>	<u>43,595</u>
Total revenues	254,002	210,615	(43,387)
Expenditures			
Current expenditures			
Community service	<u>264,414</u>	<u>212,993</u>	<u>(51,421)</u>
Revenues under expenditures	(10,412)	(2,378)	8,034
Other financing sources			
Transfers in	<u>10,412</u>	<u>10,412</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>8,034</u>	<u>\$ 8,034</u>
Fund balance, beginning of year		<u>98,680</u>	
Fund balance, end of year		<u>\$ 106,714</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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fees	\$ 25,000	\$ 24,958	\$ (42)
Interest on deposits and investments	-	46	46
Total revenues	25,000	25,004	4
Expenditures			
Current expenditures			
Community services	25,550	20,103	(5,447)
Net change in fund balance	<u>\$ (550)</u>	4,901	<u>\$ 5,451</u>
Fund balance, beginning of year		<u>20,662</u>	
Fund balance, end of year		<u>\$ 25,563</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, 2010**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ 17,037	\$ 24,865	\$ 7,828
Interest on deposits and investments	-	51	51
Total revenues	17,037	24,916	7,879
Expenditures			
Current expenditures			
Economic development	17,037	17,036	(1)
Revenues over expenditures	-	7,880	(7,880)
Other financing sources			
Transfers in	436,785	-	(436,785)
Net change in fund balance	<u>\$ 436,785</u>	7,880	<u>\$ (428,905)</u>
Fund balance, beginning of year		<u>63,794</u>	
Fund balance, end of year		<u>\$ 71,674</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, 2010**

	Parking	Celebration Park	Wave Pool	Totals
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 107,434	\$ -	\$ -	\$ 107,434
Accounts receivable, net	610,912	-	-	610,912
<b>Total current assets</b>	<b>718,346</b>	<b>-</b>	<b>-</b>	<b>718,346</b>
<b>Capital assets</b>				
Land	201,203	-	-	201,203
Buildings and improvements	8,178,846	18,001	-	8,196,847
Plant and office equipment	523,528	3,550	-	527,078
Construction in progress	-	947,913	-	947,913
Less allowances for depreciation	(8,658,900)	(731)	-	(8,659,631)
<b>Net capital assets</b>	<b>244,677</b>	<b>968,733</b>	<b>-</b>	<b>1,213,410</b>
<b>Total assets</b>	<b>963,023</b>	<b>968,733</b>	<b>-</b>	<b>1,931,756</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	3,786	276,262	-	280,048
Accrued payroll	3,484	-	-	3,484
Due to other funds	-	400,448	-	400,448
Unearned revenue	610,913	-	-	610,913
<b>Total current liabilities</b>	<b>618,183</b>	<b>676,710</b>	<b>-</b>	<b>1,294,893</b>
<b>Long-term liabilities</b>				
Accrued sick and vacation/PTO payable	9,736	-	-	9,736
Other noncurrent liability - net other postemployment benefit liability	302,722	-	-	302,722
<b>Total liabilities</b>	<b>930,641</b>	<b>676,710</b>	<b>-</b>	<b>1,607,351</b>
<b>Net assets</b>				
Investment in capital assets	244,677	968,733	-	1,213,410
Unrestricted (deficit)	(212,295)	(676,710)	-	(889,005)
<b>Total net assets</b>	<b>\$ 32,382</b>	<b>\$ 292,023</b>	<b>\$ -</b>	<b>\$ 324,405</b>

**CITY OF SAGINAW, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS - NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Parking	Celebration Park	Wave Pool	Totals
Operating revenues				
Parking ramps	\$ 35,559	\$ -	\$ -	\$ 35,559
Parking lots	118,314	-	-	118,314
Parking fines and tickets	148,080	-	-	148,080
Grants, donations and contributions	-	101,500	-	101,500
Charges for services	-	111	-	111
<b>Total operating revenues</b>	<b>301,953</b>	<b>101,611</b>	<b>-</b>	<b>403,564</b>
Operating expenses				
Salaries	46,884	-	-	46,884
Employee benefits	285,170	-	-	285,170
Contractual services	15,264	5,078	-	20,342
Internal user charges	5,447	-	-	5,447
Utilities	39,490	-	-	39,490
Supplies and materials	4,348	-	-	4,348
Depreciation	16,245	731	-	16,976
Other	4,394	2,915	-	7,309
<b>Total operating expenses</b>	<b>417,242</b>	<b>8,724</b>	<b>-</b>	<b>425,966</b>
Operating income (loss)	(115,289)	92,887	-	(22,402)
Nonoperating revenues				
Interest on investments	-	213	435	648
<b>Net income (loss) before transfers</b>	<b>(115,289)</b>	<b>93,100</b>	<b>435</b>	<b>(21,754)</b>
Transfers				
Transfers in	106,611	107,307	-	213,918
Transfers out	(106,455)	-	(107,307)	(213,762)
<b>Total transfers</b>	<b>156</b>	<b>107,307</b>	<b>(107,307)</b>	<b>156</b>
<b>Change in net assets</b>	<b>(115,133)</b>	<b>200,407</b>	<b>(106,872)</b>	<b>(21,598)</b>
Net assets, beginning of year	147,515	91,616	106,872	346,003
Net assets, end of year	<u>\$ 32,382</u>	<u>\$ 292,023</u>	<u>\$ -</u>	<u>\$ 324,405</u>

**CITY OF SAGINAW, MICHIGAN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Parking	Celebration Park	Wave Pool	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 301,954	\$ 340,794	\$ -	\$ 642,748
Receipts from interfund services provided	-	400,448	-	400,448
Payments to suppliers	(62,719)	(7,993)	-	(70,712)
Payments to employees	(170,415)	-	-	(170,415)
Payments for interfund services used	(5,447)	-	-	(5,447)
Net cash provided by operating activities	<u>63,373</u>	<u>733,249</u>	<u>-</u>	<u>796,622</u>
Cash flows from noncapital financing activities:				
Transfers in	106,611	107,307	-	213,918
Transfers out	(106,455)	-	(107,307)	(213,762)
Net cash provided by (used in) noncapital financing activities	<u>156</u>	<u>107,307</u>	<u>(107,307)</u>	<u>156</u>
Cash flows from capital and related financing activities:				
Purchases of property and equipment	-	(969,464)	-	(969,464)
Cash flows from investing activities:				
Interest on investments	-	213	435	648
Net increase (decrease) in cash and cash equivalents	<u>63,529</u>	<u>(128,695)</u>	<u>(106,872)</u>	<u>(172,038)</u>
Cash and cash equivalents at beginning of year	<u>43,905</u>	<u>128,695</u>	<u>106,872</u>	<u>279,472</u>
Cash and cash equivalents at end of year	<u>\$ 107,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,434</u>
Cash flows from operating activities:				
Operating income (loss)	\$ (115,289)	\$ 92,887	\$ -	\$ (22,402)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	16,245	731	-	16,976
(Increase) Decrease in assets:				
Accounts receivable	(56,567)	-	-	(56,567)
Increase (Decrease) in liabilities:				
Due to other funds	-	400,448	-	400,448
Accounts payable	777	239,183	-	239,960
Accrued wages payable	1,849	-	-	1,849
Unearned revenue	56,568	-	-	56,568
Accrued sick and vacation/PTO payable	2,660	-	-	2,660
Net OPEB Obligation	157,130	-	-	157,130
Net cash provided by operating activities	<u>\$ 63,373</u>	<u>\$ 733,249</u>	<u>\$ -</u>	<u>\$ 796,622</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, 2010**

	Information Services	GIS	Motor Pool
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 100,006	\$ 14,320	\$ 1,648,229
Due from other funds	-	-	-
Accounts receivable	-	-	315,932
Inventory	-	-	165,535
Prepaid insurance	-	735	-
<b>Total current assets</b>	<b>100,006</b>	<b>15,055</b>	<b>2,129,696</b>
<b>Capital assets</b>			
Buildings and improvements	-	-	182,829
Plant and office equipment	42,946	100,030	92,219
Vehicular and radio equipment	-	-	7,202,110
Less allowances for depreciation	(36,728)	(80,315)	(6,254,610)
<b>Net capital assets</b>	<b>6,218</b>	<b>19,715</b>	<b>1,222,548</b>
<b>Total assets</b>	<b>106,224</b>	<b>34,770</b>	<b>3,352,244</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	9,166	1,653	18,420
Accrued payroll	17,048	9,436	15,982
Current portion of long-term debt	-	-	30,028
<b>Total current liabilities</b>	<b>26,214</b>	<b>11,089</b>	<b>64,430</b>
<b>Long-term liabilities</b>			
Workers' comp claims payable	-	-	-
Insurance claims payable	-	-	-
Accrued sick and vacation/PTO payable	80,009	23,681	66,834
<b>Total long-term liabilities</b>	<b>80,009</b>	<b>23,681</b>	<b>66,834</b>
<b>Total liabilities</b>	<b>106,223</b>	<b>34,770</b>	<b>131,264</b>
<b>Net assets</b>			
Investment in capital assets, net of related debt	6,218	19,715	1,192,520
Restricted for:			
Insurance and other claims	-	-	-
Unrestricted (deficit)	(6,217)	(19,715)	2,028,460
<b>Total net assets</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 3,220,980</b>

Central Stores	Radio	Self Insurance	Workers' Compensation	Public Works Building	Totals
\$ -	\$ 701,110	\$ 1,367,391	\$ 2,072,487	\$ 25,966	\$ 5,929,509
-	-	4,700,000	-	-	4,700,000
-	-	-	-	-	315,932
-	-	-	-	-	165,535
-	-	38,590	85,039	-	124,364
-	701,110	6,105,981	2,157,526	25,966	11,235,340
-	-	-	-	-	182,829
-	-	-	-	-	235,195
-	585,341	-	-	-	7,787,451
-	(424,018)	-	-	-	(6,795,671)
-	161,323	-	-	-	1,409,804
-	862,433	6,105,981	2,157,526	25,966	12,645,144
-	2,234	33,060	4,099	5,218	73,850
-	145	-	1,185	4,681	48,477
-	-	-	-	-	30,028
-	2,379	33,060	5,284	9,899	152,355
-	-	-	2,147,374	-	2,147,374
-	-	1,372,921	-	-	1,372,921
-	-	-	4,545	16,066	191,135
-	-	1,372,921	2,151,919	16,066	3,711,430
-	2,379	1,405,981	2,157,203	25,965	3,863,785
-	161,323	-	-	-	1,379,776
-	-	4,700,000	323	-	4,700,323
-	698,731	-	-	1	2,701,260
\$ -	\$ 860,054	\$ 4,700,000	\$ 323	\$ 1	\$ 8,781,359

**CITY OF SAGINAW, MICHIGAN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS - INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Information Services	GIS	Motor Pool
Operating revenues			
Charges for services	\$ 1,294,928	\$ 352,240	\$ 923,196
Sale of materials and services	-	63,968	30,124
<b>Total operating revenues</b>	<b>1,294,928</b>	<b>416,208</b>	<b>953,320</b>
Operating expenses			
Salaries	410,688	209,969	385,825
Employee benefits	268,292	138,461	546,501
Contractual services	366,828	30,140	80,001
Internal user charges	92,620	28,297	232,915
Insurance	14,387	4,302	95,419
Utilities	13,944	-	6,822
Supplies and materials	21,338	3,770	319,426
Claims and judgments	-	-	-
Depreciation	2,645	5,797	450,072
Other	106,222	7,410	11,308
<b>Net operating expenses</b>	<b>1,296,964</b>	<b>428,146</b>	<b>2,128,289</b>
<b>Operating loss</b>	<b>(2,036)</b>	<b>(11,938)</b>	<b>(1,174,969)</b>
Nonoperating revenues (expenses)			
Interest on investments	234	26	1,185
Interest expense on bonded indebtedness	-	-	(2,887)
Loss on sale of capital assets	-	-	(9,948)
<b>Total nonoperating revenues (expenses)</b>	<b>234</b>	<b>26</b>	<b>(11,650)</b>
<b>Change in net assets</b>	<b>(1,802)</b>	<b>(11,912)</b>	<b>(1,186,619)</b>
Net assets, beginning of year	1,803	11,912	4,407,599
<b>Net assets, end of year</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 3,220,980</b>

Central Stores	Radio	Self Insurance	Workers' Compensation	Public Works Building	Totals
\$ -	\$ -	\$ 1,157,024	\$ 1,286,306	\$ 301,953	\$ 5,315,647
-	-	-	-	-	94,092
-	-	1,157,024	1,286,306	301,953	5,409,739
-	3,882	-	28,637	66,316	1,105,317
-	1,256	-	15,885	48,983	1,019,378
-	7,199	166,035	92,077	51,392	793,672
-	9,768	-	1,668	-	365,268
-	5,454	869,953	-	10,623	1,000,138
-	-	-	-	111,010	131,776
-	4,503	-	113	13,262	362,412
-	-	121,530	1,156,525	-	1,278,055
-	24,947	-	-	-	483,461
-	517	-	787	1,036	127,280
-	57,526	1,157,518	1,295,692	302,622	6,666,757
-	(57,526)	(494)	(9,386)	(669)	(1,257,018)
-	593	495	8,481	32	11,046
-	-	-	-	-	(2,887)
-	-	-	-	-	(9,948)
-	593	495	8,481	32	(1,789)
-	(56,933)	1	(905)	(637)	(1,258,807)
-	916,987	4,699,999	1,228	638	10,040,166
\$ -	\$ 860,054	\$ 4,700,000	\$ 323	\$ 1	\$ 8,781,359

**CITY OF SAGINAW, MICHIGAN  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Information Services	GIS	Motor Pool
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 1,294,928	\$ 443,557	\$ 1,735,811
Payments to suppliers	(514,488)	(47,717)	(382,542)
Payments to employees	(693,959)	(346,347)	(928,295)
Payments for interfund services used	(92,620)	(28,297)	(232,915)
Net cash provided by (used in) operating activities	<u>(6,139)</u>	<u>21,196</u>	<u>192,059</u>
Cash flows from capital and related financing activities:			
Purchases of property and equipment	-	(8,241)	(7,366)
Principal paid on long-term debt	-	-	(35,607)
Interest paid on long-term debt	-	-	(2,887)
Net cash used in capital and related financing activities	<u>-</u>	<u>(8,241)</u>	<u>(45,860)</u>
Cash flows from investing activities:			
Interest on investments	<u>234</u>	<u>26</u>	<u>1,185</u>
Net increase (decrease) in cash and cash equivalents	(5,905)	12,981	147,384
Cash and cash equivalents at beginning of year	<u>105,911</u>	<u>1,339</u>	<u>1,500,845</u>
Cash and cash equivalents at end of year	<u>\$ 100,006</u>	<u>\$ 14,320</u>	<u>\$ 1,648,229</u>
Cash flows from operating activities:			
Operating loss	\$ (2,036)	\$ (11,938)	\$ (1,174,969)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	2,645	5,797	450,072
Changes in assets and liabilities:			
Accounts receivable	-	27,349	782,491
Inventory	-	-	104,887
Prepaid insurance	-	(735)	-
Accounts payable	8,231	(1,360)	25,547
Accrued wages payable	580	(821)	3,019
Claims payable	-	-	-
Accrued sick and vacation/PTO payable	(15,559)	2,904	1,012
Net cash provided by (used in) operating activities	<u>\$ (6,139)</u>	<u>\$ 21,196</u>	<u>\$ 192,059</u>

Central Stores	Radio	Self Insurance	Workers' Compensation	Public Works Building	Totals
\$ -	\$ -	\$ 1,157,024	\$ 1,372,472	\$ 301,953	\$ 6,305,745
(106)	(15,439)	(1,017,446)	(891,395)	(185,952)	(3,055,085)
-	(5,066)	-	(44,181)	(117,599)	(2,135,447)
-	(9,768)	-	(1,668)	-	(365,268)
<u>(106)</u>	<u>(30,273)</u>	<u>139,578</u>	<u>435,228</u>	<u>(1,598)</u>	<u>749,945</u>
-	-	-	-	-	(15,607)
-	-	-	-	-	(35,607)
-	-	-	-	-	(2,887)
-	-	-	-	-	(54,101)
-	593	495	8,481	32	11,046
(106)	(29,680)	140,073	443,709	(1,566)	706,890
106	730,790	1,227,318	1,628,778	27,532	5,222,619
<u>\$ -</u>	<u>\$ 701,110</u>	<u>\$ 1,367,391</u>	<u>\$ 2,072,487</u>	<u>\$ 25,966</u>	<u>\$ 5,929,509</u>
\$ -	\$ (57,526)	\$ (494)	\$ (9,386)	\$ (669)	\$ (1,257,018)
-	24,947	-	-	-	483,461
-	-	-	86,166	-	896,006
-	-	-	-	-	104,887
-	-	33,647	(22,169)	-	10,743
(106)	2,234	23,704	258	1,371	59,879
-	72	-	133	2,046	5,029
-	-	82,721	380,018	-	462,739
-	-	-	208	(4,346)	(15,781)
<u>\$ (106)</u>	<u>\$ (30,273)</u>	<u>\$ 139,578</u>	<u>\$ 435,228</u>	<u>\$ (1,598)</u>	<u>\$ 749,945</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, 2010**

	<u>Policemen and Firemen Pension</u>	<u>Public Employee Healthcare</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,008,317	\$ 1,392,906	\$ 2,401,223
Investments, at fair value			
Governmental securities	14,643,160	-	14,643,160
Municipal obligations	2,551,727	-	2,551,727
Corporate and foreign bonds	13,081,943	-	13,081,943
Common equity securities	49,242,867	-	49,242,867
Equity mutual funds	25,014,810	-	25,014,810
Other	-	1,416,757	1,416,757
Total investments	104,534,507	1,416,757	105,951,264
Accrued interest receivable	170,102	-	170,102
Total assets	105,712,926	2,809,663	108,522,589
<u>Liabilities</u>			
Accounts payable	1,939,696	-	1,939,696
Accrued payroll	644,178	-	644,178
Total liabilities	2,583,874	-	2,583,874
Net assets held in trust for pension and other employee benefits	<u>\$ 103,129,052</u>	<u>\$ 2,809,663</u>	<u>\$ 105,938,715</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, 2010**

	Policemen and Firemen Pension	Public Employee Healthcare	Total
<u>Additions</u>			
Contributions:			
Employer	\$ 4,453,364	\$ 470,000	\$ 4,923,364
Current premium contributions	-	8,475,764	8,475,764
Plan members	912,082	-	912,082
Total contributions	<u>5,365,446</u>	<u>8,945,764</u>	<u>14,311,210</u>
Investment income:			
Interest	1,570,200	19,802	1,590,002
Dividends	1,352,090	-	1,352,090
Mutual fund rebates	83,033	-	83,033
Net appreciation in fair value of investments	14,273,434	66,042	14,339,476
Investment expenses	(92,512)	-	(92,512)
Total investments	<u>17,186,245</u>	<u>85,844</u>	<u>17,272,089</u>
Total additions	<u>22,551,691</u>	<u>9,031,608</u>	<u>31,583,299</u>
<u>Deductions</u>			
Police pension benefits	6,724,468	-	6,724,468
Fire pension benefits	5,875,027	-	5,875,027
Retiree healthcare premium payments	-	8,475,764	8,475,764
Administrative expenses	635,055	-	635,055
Pension refunds	7,800	-	7,800
Total deductions	<u>13,242,350</u>	<u>8,475,764</u>	<u>21,718,114</u>
Net increase	9,309,341	555,844	9,865,185
Net assets held in trust for pension and other employee benefits			
Beginning of year	<u>93,819,711</u>	<u>2,253,819</u>	<u>96,073,530</u>
End of year	<u>\$ 103,129,052</u>	<u>\$ 2,809,663</u>	<u>\$ 105,938,715</u>

**CITY OF SAGINAW, MICHIGAN  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
JUNE 30, 2010**

	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	\$ 3,885	\$ 16,624	\$ 22,455	\$ 3,722	\$ 2,733	\$ 5,368
Accounts receivable	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Taxes receivable for other governmental units	24,309	89,103	225,731	70,892	24,511	53,304
Total assets	<u>\$ 28,194</u>	<u>\$ 105,727</u>	<u>\$ 248,186</u>	<u>\$ 74,614</u>	<u>\$ 27,244</u>	<u>\$ 58,672</u>
 <u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	28,194	105,727	248,186	74,614	27,244	58,672
Claims payable	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total liabilities	<u>\$ 28,194</u>	<u>\$ 105,727</u>	<u>\$ 248,186</u>	<u>\$ 74,614</u>	<u>\$ 27,244</u>	<u>\$ 58,672</u>

Saginaw Transit Tax Collection	Undistributed Tax Collection	Employee Benefits	Housing Commission	Totals
\$ 4,106	\$ 350,737	\$ 645,776	\$ -	\$ 1,055,406
-	-	9,766	315,932	325,698
-	-	1,214,699	-	1,214,699
<u>28,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>516,373</u>
<u>\$ 32,629</u>	<u>\$ 350,737</u>	<u>\$ 1,870,241</u>	<u>\$ 315,932</u>	<u>\$ 3,112,176</u>

\$ -	\$ 1,538	\$ 136,624	\$ 315,932	\$ 454,094
32,629	349,199	-	-	924,465
-	-	825,502	-	825,502
-	-	908,115	-	908,115
<u>\$ 32,629</u>	<u>\$ 350,737</u>	<u>\$ 1,870,241</u>	<u>\$ 315,932</u>	<u>\$ 3,112,176</u>

**CITY OF SAGINAW, MICHIGAN  
COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b><u>Intermediate School Tax Collection</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 5,954	\$ 16,553	\$ 18,622	\$ 3,885
Taxes receivable for the account of other governmental units	26,550	163	2,404	24,309
Total assets	<u>\$ 32,504</u>	<u>\$ 16,716</u>	<u>\$ 21,026</u>	<u>\$ 28,194</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 18,449	\$ 18,449	\$ -
Due to other governmental units	32,504	16,413	20,723	28,194
Total liabilities	<u>\$ 32,504</u>	<u>\$ 34,862</u>	<u>\$ 39,172</u>	<u>\$ 28,194</u>
<b><u>Saginaw County Tax Collection</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 26,469	\$ 53,524	\$ 63,369	\$ 16,624
Taxes receivable for the account of other governmental units	100,333	3,322	14,552	89,103
Total assets	<u>\$ 126,802</u>	<u>\$ 56,846</u>	<u>\$ 77,921</u>	<u>\$ 105,727</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 21,074	\$ 21,074	\$ -
Due to other governmental units	126,802	53,053	74,128	105,727
Total liabilities	<u>\$ 126,802</u>	<u>\$ 74,127</u>	<u>\$ 95,202</u>	<u>\$ 105,727</u>
<b><u>School District Tax Collection</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 57,818	\$ 19,985	\$ 55,348	\$ 22,455
Taxes receivable for the account of other governmental units	244,083	1,623	19,975	225,731
Total assets	<u>\$ 301,901</u>	<u>\$ 21,608</u>	<u>\$ 75,323</u>	<u>\$ 248,186</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 53,739	\$ 53,739	\$ -
Due to other governmental units	301,901	27,811	81,526	248,186
Total liabilities	<u>\$ 301,901</u>	<u>\$ 81,550</u>	<u>\$ 135,265</u>	<u>\$ 248,186</u>

**CITY OF SAGINAW, MICHIGAN  
COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b><u>State Education Tax Collection</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 17,068	\$ 7,162	\$ 20,508	\$ 3,722
Taxes receivable for the account of other governmental units	77,384	476	6,968	70,892
Total assets	<u>\$ 94,452</u>	<u>\$ 7,638</u>	<u>\$ 27,476</u>	<u>\$ 74,614</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 20,003	\$ 20,003	\$ -
Due to other governmental units	94,452	12,976	32,814	74,614
Total liabilities	<u>\$ 94,452</u>	<u>\$ 32,979</u>	<u>\$ 52,817</u>	<u>\$ 74,614</u>
	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b><u>Delta College Tax Collection</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 5,529	\$ 1,608	\$ 4,404	\$ 2,733
Taxes receivable for the account of other governmental units	25,950	169	1,608	24,511
Total assets	<u>\$ 31,479</u>	<u>\$ 1,777</u>	<u>\$ 6,012</u>	<u>\$ 27,244</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 4,236	\$ 4,236	\$ -
Due to other governmental units	31,479	1,480	5,715	27,244
Total liabilities	<u>\$ 31,479</u>	<u>\$ 5,716</u>	<u>\$ 9,951</u>	<u>\$ 27,244</u>
	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b><u>Public Libraries Tax Collection</u></b>				
<u>Assets</u>				
Cash and cash equivalents	\$ 10,711	\$ 3,133	\$ 8,475	\$ 5,369
Taxes receivable for the account of other governmental units	56,106	338	3,141	53,303
Total assets	<u>\$ 66,817</u>	<u>\$ 3,471</u>	<u>\$ 11,616</u>	<u>\$ 58,672</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 8,146	\$ 8,146	\$ -
Due to other governmental units	66,817	2,855	11,000	58,672
Total liabilities	<u>\$ 66,817</u>	<u>\$ 11,001</u>	<u>\$ 19,146</u>	<u>\$ 58,672</u>

**CITY OF SAGINAW, MICHIGAN  
COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b><u>Saginaw Transit Tax Collection</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 8,004	\$ 2,321	\$ 6,219	\$ 4,106
Taxes receivable for the account of other governmental units	30,623	221	2,321	28,523
<b>Total assets</b>	<b>\$ 38,627</b>	<b>\$ 2,542</b>	<b>\$ 8,540</b>	<b>\$ 32,629</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 5,971	\$ 5,971	\$ -
Due to other governmental units	38,627	2,132	8,130	32,629
<b>Total liabilities</b>	<b>\$ 38,627</b>	<b>\$ 8,103</b>	<b>\$ 14,101</b>	<b>\$ 32,629</b>
	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b><u>Undistributed Tax Collection</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 288,367	\$ 64,559,987	\$ 64,497,617	\$ 350,737
Accounts receivable	-	1,102,282	1,102,282	-
<b>Total assets</b>	<b>\$ 288,367</b>	<b>\$ 65,662,269</b>	<b>\$ 65,599,899</b>	<b>\$ 350,737</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 16,827	\$ 656,203	\$ 671,491	\$ 1,539
Due to other governmental units	271,540	28,873,217	28,795,559	349,198
<b>Total liabilities</b>	<b>\$ 288,367</b>	<b>\$ 29,529,420</b>	<b>\$ 29,467,050</b>	<b>\$ 350,737</b>
	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b><u>Employee Benefits</u></b>				
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 200,071	\$ 31,522,223	\$ 31,076,518	\$ 645,776
Accounts receivable	-	11,732	1,966	9,766
Prepaid insurance	1,256,845	1,214,699	1,256,845	1,214,699
<b>Total assets</b>	<b>\$ 1,456,916</b>	<b>\$ 32,748,654</b>	<b>\$ 32,335,329</b>	<b>\$ 1,870,241</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 193,653	\$ 2,292,468	\$ 2,349,498	\$ 136,623
Claims payable	824,727	12,462,640	12,461,865	825,502
Other current liabilities	438,536	27,651,707	27,182,127	908,116
<b>Total liabilities</b>	<b>\$ 1,456,916</b>	<b>\$ 42,406,815</b>	<b>\$ 41,993,490</b>	<b>\$ 1,870,241</b>

continued...

**CITY OF SAGINAW, MICHIGAN  
 COMBINING STATEMENT OF CHANGES IN ASSETS  
 AND LIABILITIES - AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

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<b><u>Housing Commission</u></b>	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2010</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ 862,978	\$ 862,978	\$ -
Accounts receivable	1,098,423	26,230	808,721	315,932
Total assets	<u>\$ 1,098,423</u>	<u>\$ 889,208</u>	<u>\$ 1,671,699</u>	<u>\$ 315,932</u>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 1,098,423	\$ 26,230	\$ 808,721	\$ 315,932
Total liabilities	<u>\$ 1,098,423</u>	<u>\$ 26,230</u>	<u>\$ 808,721</u>	<u>\$ 315,932</u>

**CITY OF SAGINAW, MICHIGAN  
 COMBINING STATEMENT OF CHANGES IN ASSETS  
 AND LIABILITIES - AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010**

<b><u>Total Agency Funds</u></b>	Balance June 30, 2009	Additions	Deductions	Balance June 30 2010
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 619,991	\$ 97,049,474	\$ 96,614,059	\$ 1,055,406
Accounts receivable	1,098,423	1,140,244	1,912,969	325,698
Prepaid insurance	1,256,845	1,214,699	1,256,845	1,214,699
Taxes receivable for the account of other governmental units	561,029	6,312	50,968	516,373
<b>TOTAL ASSETS</b>	<b><u>\$ 3,536,288</u></b>	<b><u>\$ 99,410,729</u></b>	<b><u>\$ 99,834,841</u></b>	<b><u>\$ 3,112,176</u></b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 1,308,903	\$ 3,106,519	\$ 3,961,328	\$ 454,094
Due to other governmental units	964,122	28,989,937	29,029,595	924,464
Claims payable	824,727	12,462,640	12,461,865	825,502
Other current liabilities	438,536	27,651,707	27,182,127	908,116
<b>TOTAL LIABILITIES</b>	<b><u>\$ 3,536,288</u></b>	<b><u>\$ 72,210,803</u></b>	<b><u>\$ 72,634,915</u></b>	<b><u>\$ 3,112,176</u></b>

# **COMPONENT UNITS**

**CITY OF SAGINAW, MICHIGAN**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
**TIFA COMPONENT UNITS**  
**JUNE 30, 2010**

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	Saginaw Division <u>TIFA</u>	Morley TIFA	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<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, 2010**

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	Saginaw Division <u>TIFA</u>	Morley TIFA <u>TIFA</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Fund balances / net assets at beginning of year	<u>\$ 5,185</u>	<u>\$ 26,120</u>	<u>\$ 31,305</u>	<u>\$ -</u>	<u>\$ 31,305</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, 2010**

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	<u>Commerce Center DDA</u>	<u>Sils Island DDA</u>	<u>Downtown Development Authority</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 60,693	\$ 2,876	\$ 120,958
Property taxes receivable	115	4,266	25,898
Land held for resale	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 60,808</u>	<u>\$ 7,142</u>	<u>\$ 146,856</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ 20
Deferred revenue	<u>115</u>	<u>4,266</u>	<u>25,898</u>
Total liabilities	<u>115</u>	<u>4,266</u>	<u>25,918</u>
<u>Fund Balances / Net Assets</u>			
Reserved for:			
Specific Projects	<u>60,693</u>	<u>2,876</u>	<u>120,938</u>
Total liabilities and fund balances	<u>\$ 60,808</u>	<u>\$ 7,142</u>	<u>\$ 146,856</u>
Net assets - unrestricted			

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$ 184,527	\$ -	\$ 184,527
30,279	-	30,279
-	33,182	33,182
<u>\$ 214,806</u>	<u>\$ -</u>	<u>247,988</u>
\$ 20	\$ -	20
30,279	(30,279)	-
30,299	(30,279)	20
184,507	(184,507)	-
<u>\$ 214,806</u>		
	<u>\$ 214,786</u>	<u>\$ 247,968</u>

**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, 2010**

	Commerce Center DDA	Sils Island DDA	Downtown Development Authority
<b>Revenues</b>			
General operating property taxes	\$ 29,251	\$ 2,456	\$ 15,855
Interest on loans and investments	40	-	78
Miscellaneous	-	-	1,500
<b>Total revenues</b>	<b>29,291</b>	<b>2,456</b>	<b>17,433</b>
<b>Expenditures/Expenses</b>			
<b>Current expenditures/expenses</b>			
Administration	-	-	7,939
Tax increment payments	28,934	2,494	-
<b>Total expenditures/expenses</b>	<b>28,934</b>	<b>2,494</b>	<b>7,939</b>
Change in net assets	357	(38)	9,494
Fund balances / net assets at beginning of year	60,336	2,914	111,444
Fund balances / net assets at end of year	<u>\$ 60,693</u>	<u>\$ 2,876</u>	<u>\$ 120,938</u>

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 47,562	\$ (9,456)	\$ 38,106
118	-	118
<u>1,500</u>	<u>-</u>	<u>1,500</u>
<u>49,180</u>	<u>(9,456)</u>	<u>39,724</u>
7,939	-	7,939
<u>31,428</u>	<u>-</u>	<u>31,428</u>
<u>39,367</u>	<u>-</u>	<u>39,367</u>
9,813	(9,456)	357
<u>174,694</u>	<u>72,917</u>	<u>247,611</u>
<u>\$ 184,507</u>	<u>\$ 63,461</u>	<u>\$ 247,968</u>

**CITY OF SAGINAW, MICHIGAN**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
**LDFA COMPONENT UNITS**  
**JUNE 30, 2010**

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	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Assets</u>			
Cash and cash equivalents	\$ 3,037,192	\$ 452,757	\$ 98,303
Property taxes receivable	1,063	-	-
Accrued interest receivable	6,271	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 3,044,526</u>	<u>\$ 452,757</u>	<u>\$ 98,303</u>
<u>Liabilities</u>			
Deferred revenue	<u>\$ 1,063</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Fund Balances / Net Assets</u>			
Reserved for:			
TIFA/LDFA projects	<u>3,043,463</u>	<u>452,757</u>	<u>98,303</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 3,044,526</u>	<u>\$ 452,757</u>	<u>\$ 98,303</u>
Net assets - unrestricted			

Treasure Island L DFA	Saginaw Machine Systems L DFA	Saginaw Tool and Die L DFA	Total	Adjustments	Statement of Net Assets
\$ 70,458	\$ 4,513	\$ 99,981	\$ 3,763,204	\$ -	\$ 3,763,204
5	-	-	1,068		1,068
-	-	-	6,271	-	6,271
<u>\$ 70,463</u>	<u>\$ 4,513</u>	<u>\$ 99,981</u>	<u>\$ 3,770,543</u>	<u>\$ -</u>	<u>3,770,543</u>
<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ (1,068)</u>	<u>\$ -</u>
70,458	4,513	99,981	3,769,475	(3,769,475)	-
<u>\$ 70,463</u>	<u>\$ 4,513</u>	<u>\$ 99,981</u>	<u>\$ 3,770,543</u>		
				<u>\$ 3,770,543</u>	<u>\$ 3,770,543</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, 2010**

	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA
Revenues			
General operating property taxes	\$ 118,876	\$ 13,563	\$ 17,115
Interest on loans and investments	13,096	-	-
Total revenues	<u>131,972</u>	<u>13,563</u>	<u>17,115</u>
Expenditures/Expenses			
Current			
Administration	-	-	315
Tax increment payments	<u>15</u>	<u>-</u>	<u>87,291</u>
Total expenditures/expenses	<u>15</u>	<u>-</u>	<u>87,606</u>
Change in net assets	131,957	13,563	(70,491)
Fund balances / net assets at beginning of year	<u>2,911,506</u>	<u>439,194</u>	<u>168,794</u>
Fund balances / net assets at end of year	<u>\$ 3,043,463</u>	<u>\$ 452,757</u>	<u>\$ 98,303</u>

Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Activities
\$ 9,331	\$ -	\$ 25,145	\$ 184,030	\$ (25)	\$ 184,005
-	-	-	13,096	-	13,096
9,331	-	25,145	197,126	(25)	197,101
-	-	-	315	-	315
-	-	-	87,306	-	87,306
-	-	-	87,621	-	87,621
9,331	-	25,145	109,505	(25)	109,480
61,127	4,513	74,836	3,659,970	1,093	3,661,063
<u>\$ 70,458</u>	<u>\$ 4,513</u>	<u>\$ 99,981</u>	<u>\$ 3,769,475</u>	<u>\$ 1,068</u>	<u>\$ 3,770,543</u>

**CITY OF SAGINAW, MICHIGAN**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
**SEDC COMPONENT UNIT**  
**JUNE 30, 2010**

	Saginaw Economic Development Corporation	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and cash equivalents	\$ 190,240	\$ -	\$ 190,240
Accounts receivable	2,377		2,377
Notes and contracts receivable		-	
Economic development projects	<u>1,721,510</u>	<u>(298,511)</u>	<u>1,422,999</u>
Total assets	<u>\$ 1,914,127</u>	<u>\$ (298,511)</u>	<u>1,615,616</u>
<u>Liabilities</u>			
Accounts payable	\$ 3,458	\$ -	3,458
Deferred revenue	<u>1,722,510</u>	<u>(1,722,510)</u>	<u>-</u>
Total liabilities	1,725,968	(1,722,510)	3,458
<u>Fund Balances / Net Assets</u>			
Reserved for:			
Specific Projects	<u>188,159</u>	<u>(188,159)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,914,127</u>		
Net assets, unrestricted		<u>\$ 1,910,669</u>	<u>\$ 1,612,158</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, 2010**

	Saginaw Economic Development Corporation	Adjustments	Statement of Activities
Revenues			
Fees and loan repayments	\$ 180,427	\$ (156,571)	\$ 23,856
Interest on loans and investments	69,313	-	69,313
<b>Total revenues</b>	<b>249,740</b>	<b>(156,571)</b>	<b>93,169</b>
Expenditures/Expenses			
Current expenditures/expenses			
Loan disbursements	354,525	(354,525)	-
Provision for loan losses	-	199,828	199,828
<b>Total expenditures/expenses</b>	<b>354,525</b>	<b>(154,697)</b>	<b>199,828</b>
Change in net assets	(104,785)	(1,874)	(106,659)
Fund balances / net assets at beginning of year	292,944	1,425,873	1,718,817
Fund balances / net assets at end of year	<b>\$ 188,159</b>	<b>\$ 1,423,999</b>	<b>\$ 1,612,158</b>

**CITY OF SAGINAW, MICHIGAN**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
**BROWNFIELD COMPONENT UNIT**  
**JUNE 30, 2010**

	Brownfield Authority SRRF	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and cash equivalents	\$ 134,704	\$ -	\$ 134,704
Property taxes receivable	20,104	-	20,104
<b>Total assets</b>	<b><u>\$ 154,808</u></b>	<b><u>\$ -</u></b>	<b><u>154,808</u></b>
<u>Liabilities</u>			
Deferred revenue	\$ 20,104	\$ (20,104)	-
<u>Fund Balances / Net Assets</u>			
Reserved for:			
Specific Projects	<u>134,704</u>	<u>(134,704)</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<b><u>\$ 154,808</u></b>		
Net assets - unrestricted		<u>\$ 154,808</u>	<u>\$ 154,808</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, 2010**

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	<u>Brownfield Authority SRRF</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
General operating property taxes	\$ 22,583	\$ 17,567	\$ 40,150
Expenditures/Expenses			
Tax increment payments	<u>20,595</u>	<u>-</u>	<u>20,595</u>
Change in net assets	1,988	17,567	19,555
Fund balances / net assets at beginning of year	<u>132,716</u>	<u>2,537</u>	<u>135,253</u>
Fund balances / net assets at end of year	<u><u>\$ 134,704</u></u>	<u><u>\$ 20,104</u></u>	<u><u>\$ 154,808</u></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 EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 42,357,901
Restricted	3,446,122	3,606,255	3,519,523	3,141,661	3,308,444	5,503,153	5,726,440	4,855,840
Unrestricted	7,599,317	4,497,035	6,829,300	6,061,704	8,840,328	5,639,120	(4,288,914)	(13,847,085)
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>	<u>\$ 33,366,656</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	\$ 77,177,910
Restricted	3,889,096	7,213,017	8,991,506	7,550,734	8,616,819	8,083,872	999,026	995,343
Unrestricted	13,930,516	12,464,912	16,111,007	20,853,812	17,211,864	24,924,823	27,555,338	24,125,802
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>	<u>\$ 102,299,055</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	\$ 119,535,811
Restricted	7,335,218	10,819,272	12,511,029	10,692,395	11,925,263	13,587,025	6,725,466	5,851,183
Unrestricted	21,529,833	16,961,947	22,940,307	26,915,516	26,052,192	30,563,943	23,266,424	10,278,717
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>	<u>\$ 135,665,711</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 EIGHT FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General government	\$ 6,035	\$ 5,065	\$ 3,958	\$ 4,031	\$ 4,270	\$ 4,257	\$ 8,108	\$ 4,959
Administration	2,244	2,734	2,050	2,201	2,332	2,391	2,431	2,422
Public safety	22,342	25,222	23,258	23,557	25,321	24,814	32,375	31,688
General services	13,032	12,565	9,651	12,178	13,919	13,735	12,877	15,855
Community services	2,160	1,516	1,764	1,875	1,999	2,476	2,325	2,121
Economic development	4,142	3,157	2,342	3,205	3,263	2,843	2,876	6,132
Interest on long-term debt	210	188	150	107	66	61	28	4
Total governmental activities expenses	50,165	50,447	43,173	47,154	51,170	50,577	61,020	63,181
Business-type activities:								
Sewer	15,465	15,887	15,454	16,138	17,203	17,392	19,050	19,245
Water	11,321	10,392	10,426	10,532	11,637	11,859	13,513	13,872
Parking	618	627	524	393	359	359	481	421
Celebration Park	-	-	-	-	-	-	38	9
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	33,547
Total primary government expenses	\$ 77,753	\$ 77,495	\$ 69,719	\$ 74,359	\$ 81,296	\$ 80,187	\$ 94,102	\$ 96,728
<b>Program Revenues</b>								
Governmental activities:								
Charges for services								
General government	\$ 584	\$ 696	\$ 791	\$ 832	\$ 1,077	\$ 988	\$ 1,107	\$ 1,176
Administration	1,978	1,971	1,854	2,192	2,351	2,738	2,484	2,930
Public safety	259	242	223	(200)	262	213	650	360
General services	2,709	2,472	2,174	2,033	2,786	1,681	2,929	2,423
Community services	643	622	677	826	854	(89)	789	832
Economic development	558	575	203	187	220	131	169	163
Operating grants and contributions	10,219	10,157	8,436	10,008	10,162	9,633	10,309	13,117
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	21,001
Business-type activities:								
Charges for services								
Sewer	17,972	17,996	17,633	17,826	18,239	16,664	16,739	20,733
Water	10,572	10,149	13,035	12,624	12,553	12,305	12,112	13,630
Parking	157	368	504	554	309	255	287	302
Wave Pool	-	8	-	-	-	-	-	-
Celebration Park	-	-	-	-	-	-	30	-
Operating grants and contributions	-	-	-	-	-	-	-	102
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	34,767
Total primary government program revenues	\$ 45,943	\$ 47,705	\$ 45,670	\$ 47,530	\$ 51,385	\$ 46,810	\$ 48,007	\$ 55,768
<b>Net (expense)/revenue</b>								
Governmental activities	\$ (32,923)	\$ (31,359)	\$ (28,675)	\$ (30,868)	\$ (33,393)	\$ (35,282)	\$ (42,583)	\$ (42,180)
Business-type activities	1,113	1,569	4,626	4,039	3,482	1,905	(3,512)	1,220
Total primary government net expense	\$ (31,810)	\$ (29,790)	\$ (24,049)	\$ (26,829)	\$ (29,911)	\$ (33,377)	\$ (46,095)	\$ (40,960)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes	\$ 6,096	\$ 5,770	\$ 6,289	\$ 6,376	\$ 9,928	\$ 9,659	\$ 9,281	\$ 9,072
Income taxes	13,696	12,918	13,229	13,549	13,526	12,776	12,359	11,803
Unrestricted grants and contributions	11,639	10,430	10,498	10,168	9,885	10,190	10,660	9,299
Unrestricted investment earnings	524	246	421	641	784	657	438	419
Miscellaneous	54	55	124	146	83	84	138	104
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	30,697
Business-type activities:								
Unrestricted investment earnings	123	39	145	222	351	322	146	74
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	74
Total primary government	\$ 32,769	\$ 30,120	\$ 31,133	\$ 31,106	\$ 34,601	\$ 33,776	\$ 33,091	\$ 30,771
<b>Change in Net Assets</b>								
Governmental activities	\$ (812)	\$ (2,260)	\$ 2,016	\$ (9)	\$ 857	\$ (1,868)	\$ (10,059)	\$ (11,483)
Business-type activities	1,771	2,590	5,068	4,286	3,833	2,267	(2,945)	1,294
Total primary government	\$ 959	\$ 330	\$ 7,084	\$ 4,277	\$ 4,690	\$ 399	\$ (13,004)	\$ (10,189)

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>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>	<u>2010</u>
General fund										
Reserved	\$ 695	\$ 192	\$ 634	\$ 146	\$ 81	\$ 58	\$ 45	\$ 137	\$ 46	\$ 59
Unreserved	7,032	6,565	5,581	4,952	4,897	5,126	7,626	1,574	1,498	1,513
Total general fund	<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>	<u>\$ 1,572</u>
All other governmental funds										
Reserved	\$ 1,376	\$ 1,178	\$ 2,981	\$ 3,994	\$ 3,787	\$ 3,301	\$ 3,459	\$ 6,642	\$ 6,284	\$ 5,666
Unreserved, reported in:										
Special revenue funds	4,147	2,688	327	293	1,322	1,681	990	(719)	1,215	1,934
Capital projects funds	355	277	252	73	26	101	101	101	101	101
Debt service fund	682	254	198	-	-	-	-	-	-	-
Permanent fund	-	-	120	112	105	187	217	92	85	79
Total all other governmental funds	<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>	<u>\$ 7,780</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 FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
General operating property taxes	\$ 5,921	\$ 5,881	\$ 5,932	\$ 5,620	\$ 5,669	\$ 5,824	\$ 9,305	\$ 9,218	\$ 8,695	\$ 8,401
Special assessments	298	74	148	101	93	67	45	83	296	160
City income tax	14,872	14,354	13,696	12,918	13,229	13,550	13,526	12,776	12,359	11,803
State shared revenues	18,293	17,233	16,409	15,638	15,718	15,199	14,797	14,809	14,863	13,661
Licenses, permits and fees	2,419	2,920	2,521	3,384	3,008	3,072	3,450	2,649	3,550	2,975
Fines, penalties and forfeitures	529	563	420	359	442	334	356	293	788	582
Grants, donations and contributions	8,551	9,038	7,517	9,143	6,165	7,741	7,596	7,713	8,600	11,758
Interest on loans and investments	1,676	995	520	326	361	583	682	597	431	439
Rents and privileges	762	113	68	67	-	52	1	104	31	37
Sale of materials and services	1,580	1,522	1,781	1,143	1,175	995	1,540	1,281	1,493	1,548
Sale of land	-	-	-	-	-	-	-	-	115	-
Loan repayments	302	323	208	375	69	131	159	104	35	123
Miscellaneous	-	-	-	-	-	-	-	-	-	13
<b>Total revenues</b>	<b>55,203</b>	<b>53,016</b>	<b>49,220</b>	<b>49,074</b>	<b>45,929</b>	<b>47,548</b>	<b>51,457</b>	<b>49,627</b>	<b>51,256</b>	<b>51,500</b>
<b>Expenditures</b>										
General government	2,546	2,628	4,656	4,502	3,702	3,597	3,901	3,882	4,266	4,647
Administration	3,583	3,767	2,629	2,868	2,761	3,002	3,199	3,280	3,308	3,151
Public safety	22,274	21,939	23,496	24,584	22,745	23,714	24,834	24,862	26,279	25,360
Highway and streets	-	-	5,321	5,394	5,281	6,158	5,930	5,984	5,067	4,600
General services	6,869	6,860	7,365	6,194	6,053	6,067	6,590	6,752	6,361	6,022
Community services	3,781	2,030	2,169	1,501	1,288	1,217	1,512	2,143	1,986	1,767
Economic development	-	-	2,788	2,443	1,450	2,258	2,029	1,835	1,785	4,696
Program support services	1,871	2,477	-	-	-	-	-	-	-	-
Maintenance and improvements	4,542	4,173	-	-	-	-	-	-	-	-
Loan disbursements	301	360	-	-	-	-	-	-	-	-
Grant expenditures	3,044	2,435	-	-	-	-	-	-	-	-
Miscellaneous	2,159	3,379	-	-	-	-	-	-	-	-
Capital outlay	5,109	4,717	4,851	2,712	866	825	843	542	557	657
Debt service:										
Principal	1,377	1,252	1,399	1,164	765	780	576	430	450	470
Interest and other fees	265	220	171	155	128	90	59	40	26	9
<b>Total expenditures</b>	<b>57,721</b>	<b>56,237</b>	<b>54,845</b>	<b>51,517</b>	<b>45,039</b>	<b>47,708</b>	<b>49,473</b>	<b>49,750</b>	<b>50,085</b>	<b>51,379</b>
Excess of revenues over (under) expenditures	(2,518)	(3,221)	(5,625)	(2,443)	890	(160)	1,984	(123)	1,171	121
<b>Other financing sources (uses)</b>										
Proceeds from installment contract	-	-	1,185	-	-	-	-	-	-	-
Section 109 loan proceeds	756	196	35	1,412	65	-	-	-	-	-
Transfers in	2,096	1,533	1,548	2,348	1,457	1,811	1,686	1,388	2,121	1,145
Transfers from component units	220	85	75	-	-	-	-	-	-	-
Transfers (out)	(1,616)	(1,671)	(1,031)	(1,582)	(1,445)	(1,415)	(1,686)	(5,133)	(1,632)	(1,145)
<b>Total other financing sources (uses)</b>	<b>1,456</b>	<b>143</b>	<b>1,812</b>	<b>2,178</b>	<b>77</b>	<b>396</b>	<b>-</b>	<b>(3,745)</b>	<b>489</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (1,062)</b>	<b>\$ (3,078)</b>	<b>\$ (3,813)</b>	<b>\$ (265)</b>	<b>\$ 967</b>	<b>\$ 236</b>	<b>\$ 1,984</b>	<b>\$ (3,868)</b>	<b>\$ 1,660</b>	<b>\$ 121</b>
Debt service as a percentage of noncapital expenditures	3.12%	2.86%	3.14%	2.70%	2.02%	1.86%	1.31%	0.96%	0.96%	0.94%

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)**

<u>Fiscal Year</u>	<u>Property Taxes</u>
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
2010	8,401,434

**CITY OF SAGINAW, MICHIGAN  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (IN THOUSANDS OF DOLLARS)**

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>			<u>Personal Property</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Assessed Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>					
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%
2010	452,724	95,695	47,162	98,106	693,687	14.5381	1,387,374	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 &amp; Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Rubbish Millage</u>	<u>Police &amp; 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>	
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		7.6343	50.2037
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
2010	5.5849	2.9532	6.0000	14.5381	27.9000	3.9947	2.0427	2.0872	3.0000	7.6048	61.1675

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. 2001 refers to the 2000 tax collection, 2002 refers to the 2001 tax collection, and so on.

**CITY OF SAGINAW, MICHIGAN  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2010 AND TEN YEARS PREVIOUS**

Taxpayer	2010			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
General Motors	\$ 32,438,366	1	5.16%	\$ 102,045,470	2	13.02%
Consumers Energy	17,569,650	2	2.80%	20,371,762	3	2.60%
TRW Integrated Chassis Systems	8,505,300	3	1.35%			0.00%
Delphi Corporation	6,942,844	4	1.10%	122,776,127	1	15.67%
Enterprise Automotive Systems	5,193,700	5	0.83%			
Linear Motion	5,093,524	6	0.81%			0.00%
Machining Enterprises Inc	3,741,200	7	0.60%			0.00%
CMI - Schneible Co	3,650,400	8	0.58%			0.00%
Corvus Nodular Interest II, LLC	3,564,841	9	0.57%			0.00%
SSP Associates Inc	3,460,060	10	0.55%			0.00%
Thomson Saginaw Ball Screw Co				9,466,324	4	1.21%
Eaton Manufacturing Inc				8,881,060	5	1.13%
Saginaw Tool and Die/Mistequay				3,157,822	6	0.40%
TCI American Cable				2,970,470	7	0.38%
Means Industries				2,842,818	8	0.36%
Fullerton Tool Co.				2,711,844	9	0.35%
Uvalde (Rodarte)				2,385,807	10	0.30%
Totals	<u>\$ 90,159,885</u>		<u>14.34%</u>	<u>\$ 277,609,504</u>		<u>35.42%</u>

Source: City of Saginaw Assessor's Office

**CITY OF SAGINAW, MICHIGAN  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(AMOUNTS EXPRESSED IN THOUSANDS)**

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	20,962	5,837,459	100.00%
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%	546,813	5,734,227	100.00%
2007	9,272,645	8,787,931	94.77%	1,781	8,789,712	94.79%
2008	9,329,357	9,329,357	100.00%	-	9,329,357	100.00%
2009	9,145,982	8,519,765	93.15%	2,999	8,522,764	93.19%
2010	8,944,519	8,869,275	99.16%	68,110	8,937,385	99.92%

**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			
2001	\$ 510,000	\$ 2,431,381	\$ 2,055,000	\$ -	\$ 9,140,000	\$ 67,036,906	\$ -	\$ 81,173,287	0.06%	\$ 3,690
2002	460,000	1,419,598	1,815,000	-	7,960,000	64,494,047	-	76,148,645	0.05%	2,875
2003	405,000	2,046,837	1,569,644	-	6,710,000	60,184,749	-	70,916,230	0.04%	2,678
2004	345,000	1,112,284	2,700,000	-	5,435,000	55,727,006	-	65,319,290	0.04%	2,466
2005	285,000	543,269	2,245,000	-	4,100,000	51,567,656	-	58,740,925	0.04%	2,218
2006	220,000	327,482	1,770,000	-	2,680,000	49,450,766	-	54,448,248	0.07%	3,941
2007	150,000	197,769	1,350,000	-	1,165,000	46,329,795	-	49,192,564	0.06%	3,561
2008	75,000	137,495	920,000	-	11,100,000	43,983,341	-	56,215,836	0.08%	3,958
2009	-	65,635	470,000	-	11,100,000	41,895,580	-	53,531,215	0.07%	3,769
2010	-	30,028	-	-	10,850,000	36,858,387	-	47,738,415	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 2010 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)
2001	\$ 67,546,906	\$ 354,944	\$ 67,036,906	\$ 155,056	22.42%	7,048.00
2002	64,954,047	277,331	64,494,047	182,669	24.05%	6,897.07
2003	60,589,749	197,716	60,184,749	207,284	28.64%	7,826.47
2004	56,072,006	117,234	55,727,006	227,766	31.35%	8,599.81
2005	51,852,656	39,241	51,567,656	245,759	33.01%	9,279.18
2006	49,670,766	-	49,450,766	220,000	28.44%	15,923.57
2007	46,479,795	-	46,329,795	150,000	18.94%	10,856.98
2008	44,058,341	-	43,983,341	75,000	9.43%	5,280.20
2009	41,895,580	-	41,895,580	-	0.00%	-
2010	36,858,387	-	36,858,387	-	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, 2010**

<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	\$ 63,485,000	75.33%	\$ 47,823,251
Saginaw county	37,030,362	12.90%	4,776,917
Saginaw ISD	2,965,000	13.07%	387,526
Delta Community College	-	5.83%	-
TOTAL OVERLAPPING DEBT			<u>52,987,693</u>
<u>Direct Debt:</u>			
Saginaw City	51,022,000	100.00%	<u>51,022,000</u>
<u>Indirect Debt:</u>			
Saginaw county	3,050,190	100.00%	3,050,190
Multi - Authority	8,919,287	100.00%	<u>8,919,287</u>
TOTAL INDIRECT DEBT			<u>11,969,477</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 115,979,170</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>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>	<u>2010</u>
Debt limit	\$ 66,025	\$ 68,440	\$ 68,600	\$ 72,650	\$ 74,453	\$ 77,366	\$ 79,195	\$ 79,574	\$ 74,844	\$ 69,369
Total net debt applicable to limit	16,391	14,970	14,730	16,365	14,757	14,666	13,210	11,250	10,393	15,283
Legal debt margin	\$ 49,634	\$ 53,470	\$ 53,870	\$ 56,285	\$ 59,696	\$ 62,700	\$ 65,985	\$ 68,324	\$ 64,451	\$ 54,086
Total net debt applicable to the limit as a percentage of debt limit	24.83%	21.87%	21.47%	22.53%	19.82%	18.96%	16.68%	14.14%	13.89%	22.03%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed valuation, December 31, 2009	<u>\$ 693,687</u>
Debt limit (10% of assessed valuation)	\$ 69,369
Debt applicable to limit:	\$ 62,991
Less:	
Sewer revenue supported debt	36,858
Water revenue supported debt	<u>10,850</u>
	<u>47,708</u>
Total amount of debt applicable to debt limit	<u>15,283</u>
Legal debt margin	<u>\$ 54,085</u>

**CITY OF SAGINAW, MICHIGAN  
PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
<b><u>Water System Revenue Bonds</u></b>							
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
2010	13,665,066	10,925,125	2,739,941	250,000	684,822	934,822	2.93
<b><u>Water Park Revenue Bonds</u></b>							
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**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>	<b>Per Capita (1) Personal Income</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (2)</b>
2001	61,570	\$ 1,354,540,000	\$ 22,000	12,322	10.00%
2002	61,570	1,630,681,450	26,485	12,191	12.30%
2003	61,570	1,630,681,450	26,485	12,215	15.20%
2004	59,045	1,563,806,825	26,485	11,928	14.70%
2005	59,235	1,568,838,975	26,485	11,753	13.50%
2006	57,523	794,737,768	13,816	10,755	12.80%
2007	56,263	777,329,608	13,816	10,427	12.30%
2008	51,218	727,500,472	14,204	10,080	14.80%
2009	51,218	727,500,472	14,204	9,970	22.40%
2010	(4)	(4)	(4)	9,302	20.50%

## Data Sources:

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

**CITY OF SAGINAW, MICHIGAN  
PRINCIPAL EMPLOYEES  
2010 AND 2001**

2010				2001			
Employer	Employees (1)	Rank	Percentage of Total Employment	Employer	Employees (1)	Rank	Percentage of Total Employment
Covenant Medical Center	4,518	1	5.37%	Covenant Medical Center	4,221	2	4.40%
GM, LLC	3,131	2	3.72%	General Motors Corporation	4,531	1	4.72%
St. Marys of Michigan	2,544	3	3.02%	St Marys of Michigan	2,131	5	2.22%
School District City of Saginaw	1,583	4	1.88%	School District City of Saginaw	2,876	4	3.00%
Saginaw County	945	5	1.12%	Saginaw County	1,126	8	1.17%
US Govt Def Fin & Acct Serv	863	6	1.03%	Department of Veterans Affairs	650	10	0.68%
State of Michigan	778	7	0.92%	State of Michigan	608	11	0.63%
TRW Integrated Chassis Systems	730	8	0.87%				
City of Saginaw	589	9	0.70%	City of Saginaw	830	6	0.86%
US MN Postal Data	498	10	0.59%	US MN Postal Data	1,440	7	1.50%
Steering Solutions Services, Corp	406	11	0.48%				
				Eaton Corporation	625	9	0.65%
				Delphi Automotive Systems	3,973	3	4.14%
<b>Totals</b>	<b><u>16,585</u></b>		<b><u>19.70%</u></b>		<b><u>23,011</u></b>		<b><u>23.97%</u></b>
Total Employment (2)	84,186			Total Employment (2)	96,013		

## Data Sources:

(1) City of Saginaw Income Tax Department

(2) Michigan labor market information, Data Explorer

**CITY OF SAGINAW, MICHIGAN**  
**FULL-TIME EQUIVALENT CITY OF SAGINAW EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	<u>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>	<u>2010</u>
<b>Function</b>										
General government	25	21	22	25	29	26	25	25	26	25
Fiscal services	32	31	30	28	28	29	30	32	27	26
Public safety										
Police	153	140	127	126	157	143	155	155	140	142
Fire	98	91	90	77	77	77	69	69	70	72
Highways and streets	26	29	34	28	31	34	33	28	20	21
General services	117	92	84	71	57	54	73	64	52	52
Community services	13	12	12	11	12	13	16	19	18	18
Economic development	2	1	2	2	9	12	11	11	11	10
Parking system	4	4	2	3	2	2	2	2	2	2
Water	52	51	55	55	55	56	65.0	65	71	68
Sewer	81	73	79	80	79	74	76	80	99	94
<b>Total</b>	<b>603</b>	<b>545</b>	<b>537</b>	<b>506</b>	<b>536</b>	<b>520</b>	<b>555</b>	<b>550</b>	<b>536</b>	<b>530</b>

Source: City of Saginaw Annual Budget

**CITY OF SAGINAW, MICHIGAN  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	<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>	<u>2010</u>
<b>General Government</b>										
Elections										
Number of registered voters	47,409	43,968							40,158	40,224
<b>Public safety</b>										
Police Department										
Number of citations issued								8,534	11,121	9,947
Number of complaints filed										
Number of calls for service		42,493	35,311	33,034	38,251	40,700	41,176	42,640	43,378	44,764
Number of DUI offenses										
Fire Department										
Number of emergency runs									1,918	1,678
<b>Public works</b>										
Streets										
Tons of salt used									2,218	
<b>Recreation and culture</b>										
Park acreage maintained	600	600	600						308	308
Special events									60	61
Shelter rentals									35	61
Block parties									11	16
Street trees planted										
Street trees trimmed										
Street trees removal										
<b>Community and Economic Development</b>										
Housing units rehabilitated									16	11
Basic needs and 50/50									32	7
<b>Sewer System</b>										
Sanitary and storm sewer (miles)	303.85	303.85	303.85	303.85	303.85	303.85	303.85	303.85	303.85	303.85
Daily average treatment (million gallons)	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	17.0
Maximum daily capacity (million gallons)	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
<b>Water system</b>										
Miles of water mains	423.90								419.71	419.71
Daily average consumption (million gallons)	25.3	26.0	25.8	23.3	22.0	22.1	21.50	21.50	20.3	19.41
Maximum daily treatment (million gallons)	36.4	44.7	37.8	35.0	31.8	32.3	37.4	34.5	29.6	28.1
<b>Cemetery</b>										
Interments										401
Grave sales										303
Foundations set										257
<b>Marina</b>										
Boat Launch									1	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**

<b>Function</b>	<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>	<u>2010</u>
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles									69	72
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	184	184	184	184	184	184	184	184	184
State highways	21	32	32	32	32	32	32	32	32	32
Recreation and culture										
Park areas	71	71	71						45	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, 2010**

	<u>CFDA Number</u>	<u>Federal or Pass-Through Grant</u>	<u>Amended Grant Amount</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development				
Direct programs:				
Community Development Block Grant Entitlement	14.218	B-08-MC-260028	\$ 2,461,205	\$ 668,550
Community Development Block Grant Entitlement	14.218	B-09-MC-260028	<u>2,506,107</u>	<u>2,287,412</u>
Total Community Development Block Grant Entitlements			<u>4,967,312</u>	<u>2,955,962</u>
Emergency Shelter Grants Program				
Stewart McKinney Homeless Assistance	14.231	S-08-MC-260028	110,133	19,919
Stewart McKinney Homeless Assistance	14.231	S-09-MC-260028	<u>109,581</u>	<u>92,072</u>
Total Stewart McKinney Homeless Assistance			<u>219,714</u>	<u>111,991</u>
Home Investment Partnerships Program				
City of Saginaw HOME programs	14.239	M-07-MC-260212	658,408	639,918
	14.239	M-08-MC-260212	637,959	74,831
	14.239	M-09-MC-260212	<u>709,480</u>	<u>-</u>
Total Home Investment Partnerships Program			<u>2,005,847</u>	<u>714,749</u>
EDI Special Projects	14.251		<u>656,600</u>	<u>337,223</u>
Neighborhood Stabilization Program passed thru MSHDA				
NSP I	14.228		2,797,000	2,417,044
ARRA - NSP II	14.256		<u>13,653,754</u>	<u>395,711</u>
Total Neighborhood Stabilization Program			<u>16,450,754</u>	<u>2,812,755</u>
Homelessness Prevention and Rapid Re Housing Program	14.257		<u>1,022,177</u>	<u>276,283</u>
Total U.S. Department of Housing and Urban Development			<u>25,322,404</u>	<u>7,208,963</u>
U.S. Department of Justice				
Direct programs:				
Weed and Seed Program				
Weed and Seed Program 2008	16.595	2008-WS-QX-0231	175,000	120,832
Weed and Seed Program 2009	16.595	2009-WS-QX-0060	<u>142,000</u>	<u>68,720</u>
Total Weed and Seed Program			<u>317,000</u>	<u>189,552</u>
Edward Byrne Memorial Formula Grant Program				
Police Drug Investigation Grant	16.579		-	129,345
Bulletproof Vest Partnership Program	16.607		3,310	3,208
Public Safety Partnership and Community Policing Grants				
Shotspotter 2008	16.710	2008-CK-WX-0100	280,590	13,425
Shotspotter 2009	16.710	2009-D1-BX-0124	200,000	200,000
ARRA - COPS Hiring Recovery Program	16.710	2009-RX-WX-0457	<u>1,126,710</u>	<u>144,451</u>
Total Public Safety Partnership and Community Policing Grants			<u>1,610,610</u>	<u>490,429</u>
Passed-Through Saginaw County				
Byrne Justice Assistance Grant - Recovery Act JAG Program	16.804	2009-F3730-MI-SB	<u>540,320</u>	<u>219,607</u>

continued...

**CITY OF SAGINAW  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>CFDA Number</u>	<u>Federal or Pass-Through Grant</u>	<u>Amended Grant Amount</u>	<u>Expenditures</u>
U.S. Department of Justice (concluded) Passed-Through Michigan State Police Byrne Justice Assistance Grant	16.738	201070909	\$ 32,353	\$ 7,429
Total U.S. Department of Justice			<u>2,500,283</u>	<u>907,017</u>
U.S. Department of Transportation Passed-Through the Saginaw County Sheriff State and Community Highway Safety Enforcement Grants	20.600		<u>3,152</u>	<u>3,152</u>
National Endowment for the Arts Passed-Through Michigan Council for Arts and Cultural Affairs Regional Regranting Services, Region 7	45.025		<u>3,900</u>	<u>3,900</u>
U.S. Environmental Protection Agency Direct programs: Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-96550001	72,910	17,036
U.S. Department of Energy Direct programs: ARRA - Energy Efficiency and Conservation Grant	81.128	89000001	<u>566,200</u>	<u>31,396</u>
 Total Expenditures of Federal Awards			 <u>\$28,468,849</u>	 <u>\$ 8,171,464</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 2, 2010

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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 2, 2010. 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.

*A deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### **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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 2, 2010.

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 2, 2010

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, 2010. 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, 2010.

**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 and to test and report on internal control over 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, 2010

**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? \_\_\_\_\_ yes  X  no

Significant deficiencies identified? \_\_\_\_\_ yes  X  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? \_\_\_\_\_ yes  X  none reported

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

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:

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
14.218	Community Development Block Grant Entitlements Cluster
14.228	State Administered Small City's Program
14.251	Economic Development Initiative
14.256	ARRA - Neighborhood Stabilization Program
16.710	Public Safety Partnership and Community Policing Grants
16.804	ARRA – Edward Byrne Memorial Justice Assistance Grant

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, 2010

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – PRIOR YEAR FINDINGS**

The following findings have been corrected by the City in 2010.

2009-1, 2009-2, 2009-3, 2009-4