



CITY OF
SAGINAW

Michigan

**Comprehensive Annual
Financial Report**

**For the Fiscal Year Ended
June 30, 2011**

**Including
Single Audit Act Compliance**

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF SAGINAW, MICHIGAN

For the Fiscal Year Ended June 30, 2011

Including
Single Audit Act Compliance

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INTRODUCTORY SECTION



December 13, 2011

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, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

Profile of the Government

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

Manager is appointed by the Council and is the Chief Administrative Officer and the head of the administrative branch of the City government. The City Manager is responsible for administering the policies and ordinances of the Council, for appointing the department heads of the City's various departments, and overseeing the day-to-day operations of the City.

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

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

Economic Conditions and Outlook

The City remains in 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 (27%), and grants/donations/and contributions (15%); 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 year (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 Health Care, 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 2012 will be another challenging year as state shared revenue and other City revenues continue to decline or disappear. 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, and recently added a collections coordinator position in fiscal services. Additionally, the City Manager created a management and efficiency team to review city operations and make recommendations to reduce expenses and improve efficiency. The management and efficiency team has evolved from an implementation project for the citywide staffing and efficiency study conducted by an outside consulting firm. Many of the recommendations from that study have been implemented and the team has continued to review operations and make additional recommendations and changes. 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.

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 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, 2010. 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.

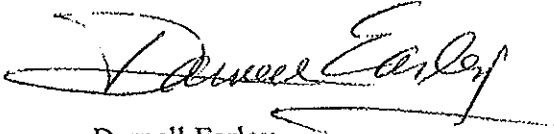
A certificate of achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

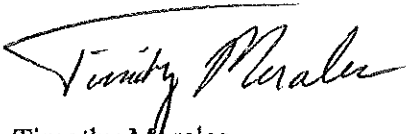
The preparation and completion of the comprehensive annual financial report could not be accomplished on a timely basis without the dedicated services of the entire Department of Fiscal Services. Additionally, we would like to thank all members of City departments who assisted and contributed to its 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 cursive script, appearing to read "Darnell Earley". The signature is written in black ink and is positioned above the printed name.

Darnell Earley
City Manager

A handwritten signature in cursive script, appearing to read "Timothy Morales". The signature is written in black ink and is positioned above the printed name.

Timothy Morales
Deputy City Manager/CFO

City of Saginaw

Citizens of Saginaw

City Council

City Manager

City Manager's Office

Asst. City Manager for Administrative Services

Asst. City Manager for Public Safety

City of Saginaw

Fiscal Services

Technical Services

Employee Services

City Attorney

City Clerk

Public Services

Water / Wastewater Services

Development

Fire

Police

Administration
Assessing
Controller's Office
Customer Acctg
Income Tax
Grant Management
Purchasing
Treasurer

Information Technology
Customer Service Call Center
SGTV

Administration
Buildings & Grounds
Engineering / Traffic
Engineering Maintenance & Services
Motor Pool
ROW Admin
Streets & Bridges

Water Treatment
Wastewater Treatment
Instrumentation & Controls

Administration
CDBG
Ordinance Enforcement
Planning & Zoning

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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

FINANCIAL

INDEPENDENT AUDITORS' REPORT

December 13, 2011

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, 2011, 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, 2011, 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 13, 2011, 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 62 through 64 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, reading "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, 2011. 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 and the Parking System.

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, and Parking services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Saginaw uses internal service funds to account for its Information Systems operations, Geographic Information Services, Radio Revolving activities, Motor Pool operations, Risk Management program and Public Works Building.

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 fund is presented separately. Individual fund data for 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 29-61 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 65-108 of this report.

Government-wide Financial Analysis

Net assets: The City of Saginaw has combined net assets of \$130,364,811. Business type activities comprise \$106,980,270 and governmental activities make up \$23,334,541 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 26,458,971	\$ 26,367,277	\$ 34,029,173	\$ 34,369,334	\$ 60,488,144	\$ 60,736,611
Capital assets	43,653,689	43,356,662	124,744,907	123,917,564	168,398,596	167,274,226
Total assets	<u>70,112,660</u>	<u>69,723,939</u>	<u>158,774,080</u>	<u>158,286,898</u>	<u>228,886,740</u>	<u>228,010,837</u>
Current liabilities	8,264,434	6,370,165	9,846,539	9,637,158	18,110,973	16,007,323
Long-term liabilities	38,463,685	30,077,037	41,947,271	46,249,553	80,410,956	76,326,590
Total liabilities	<u>46,728,119</u>	<u>36,447,202</u>	<u>51,793,810</u>	<u>55,886,711</u>	<u>98,521,929</u>	<u>92,333,913</u>
Net assets:						
Invested in capital related debt	43,653,689	43,326,634	82,280,202	76,209,177	125,933,891	119,535,811
Restricted	3,794,989	4,855,840	-	1,388,498	3,794,989	6,244,338
Unrestricted (deficit)	<u>(24,064,137)</u>	<u>(14,905,737)</u>	<u>24,700,068</u>	<u>24,802,512</u>	<u>635,931</u>	<u>9,896,775</u>
Total net assets	<u>\$ 23,384,541</u>	<u>\$ 33,276,737</u>	<u>\$106,980,270</u>	<u>\$102,400,187</u>	<u>\$ 130,364,811</u>	<u>\$ 135,676,924</u>

Net assets decreased \$5,312,113 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 \$32,192,899 and \$23,871,690 as of June 30, 2011 and 2010, respectively, a change of \$8,321,209.

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, 2011.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 8,014,418	\$ 7,883,023	\$ 36,870,068	\$ 34,665,147	\$ 44,884,486	\$ 42,548,170
Operating grants and Contributions	15,943,217	13,218,543	-	-	15,943,217	13,218,543
Capital grants and Contributions	-	-	995,059	393,155	995,059	393,155
General revenues:						
Property taxes	7,757,191	9,072,172	-	-	7,757,191	9,072,172
Income taxes	12,235,713	11,802,819	-	-	12,235,713	11,802,819
Grants and contribution not restricted to specific programs	10,661,322	9,298,873	-	-	10,661,322	9,298,873
Unrestricted investment Earnings	472,605	418,890	43,480	73,473	516,085	492,363
Miscellaneous	26,674	104,002	-	-	26,674	104,002
Gain on disposal of capital assets	256,188	365	-	-	256,188	365
Total revenues	55,367,328	51,798,687	37,908,607	35,131,775	93,275,935	86,930,462
Expenses:						
General government	6,030,272	7,381,313	-	-	6,030,272	7,381,313
Public safety	32,191,995	31,687,576	-	-	32,191,995	31,687,576
Highway/streets	7,470,325	6,465,896	-	-	7,470,325	6,465,896
Garbage, rubbish and Recycling	3,333,492	3,471,693	-	-	3,333,492	3,471,693
Other general services	5,282,366	5,916,546	-	-	5,282,366	5,916,546
Community services	1,545,894	1,351,524	-	-	1,545,894	1,351,524
Contributions to other organizations	6,000	1,000	-	-	6,000	1,000
Demolitions	310,163	768,270	-	-	310,163	768,270
Economic development	8,217,679	6,131,974	-	-	8,217,679	6,131,974
Clean Energy Coalition	233,878	-	-	-	233,878	-
Celebrations Park	609,548	8,724	-	-	609,548	8,724
Interest on long-term debt	230	4,433	-	-	230	4,433
Water	-	-	13,669,763	13,871,560	13,669,763	13,871,560
Sewer	-	-	19,279,432	19,245,068	19,279,432	19,245,068
Parking	-	-	407,011	420,546	407,011	420,546
Total expenses	65,231,842	63,188,949	33,356,206	33,537,174	98,588,048	96,726,123
Transfers	(27,682)	107,151	27,682	(107,151)	-	-
Increase (decrease) in net assets	(9,892,196)	(11,283,111)	4,580,083	1,487,450	(5,312,113)	(9,795,661)
Net assets, as restated	33,276,737	44,559,848	102,400,187	100,912,737	135,676,924	145,472,585
Total net assets	\$23,384,541	\$33,276,737	\$106,980,270	\$102,400,187	\$130,364,811	\$135,676,924

Governmental Activities

General revenues for governmental activities totaled approximately \$31 million for the year ended June 30, 2011. A total of approximately \$8.0 million was in the form of property tax collections and related revenues that reflected an increase in the tax rate for general operations from 5.5849 (\$5.5849 per \$1,000 of taxable value) to 6.2976 mills, which was offset by \$244,451 of chargebacks. Income tax generated approximately \$12.2 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 \$10.6 million, it is uncertain what will happen in the next several years, given the State of Michigan's financial difficulties.

The increase in governmental activities operating grants and contributions is due the use of funding for the neighborhood stabilization program, which caused an increase in economic development expenses. The increase in governmental activities economic development expenses are offset by a decrease in governmental activities other general services expenses. The increase in governmental activities revenues is due collection efforts for income tax and additional grants.

Business-type Activities

Business-type activities operated by the City include the water and sewer system, and parking system. Program revenues from business-type activities were approximately \$36.8 million. Significant items include sewer service - \$21.6 million, water supply - \$15.0 million, and parking - \$278 thousand.

The increase in capital grants and contributions for business type activities is due to the State Revolving Fund Loan Program in 2011; part of the loan was recognized as a grant. 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, Habitat for Humanity, and Neighborhood Stabilization Program continue to provide scattered public housing and building blitz within the City of Saginaw.

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

Local income tax: The City of Saginaw receives approximately 36.7% of its general fund revenue from local income tax. Economic conditions continue to have a negative impact on this revenue source. For the 2011-2012 budget, the revenue from income taxes is expected to decrease approximately \$279,000 from the 2010-2011 budget amount.

State shared revenues: The City of Saginaw receives approximately 26.8% 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 2010-2011 with a fund balance of approximately \$3.9 million, of which \$143,161 is nonspendable for prepaid and inventory, \$700 is restricted for fire, and \$1,035,987 is assigned for subsequent years' expenditures.

The unassigned fund balance is \$2,685,121 as of June 30, 2011. The unassigned amount represented 7.5% of the June 30, 2011 general fund expenditures and other financing uses. That same number represents 7.9% of the fiscal year 2011-2012 budget (prior to 2011-2012 budget amendments).

Several factors affected general fund operating results:

- Property tax decreased \$415,267
- Local income tax collections increased \$432,894
- Grants, donations and contributions increased by \$1,284,846

The general fund budget is amended throughout the year, and resulted in \$975,061 in expenditures over revenues. Revenues were \$1,096,813 under budget while expenditures were \$121,752 under budget.

The rubbish fund has a June 30, 2011, restricted fund balance of \$152,436.

The City's June 30, 2011, \$201 million in unfunded health care liability impacts all funds per the December 31, 2009, 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 \$201 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, 2011, amounted to \$168,398,596 (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 increase in the City's investment in capital assets for the current fiscal year was 0.7%.

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

- WTP security upgrade – approximately \$2,185,490
- Genesee streetscape – approximately \$391,449
- WWTP secondary treatment – approximately \$2,262,824
- Streetscape – approximately \$1,723,228
- Celebration Park Improvements – approximately \$547,597

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 \$42.5 million in principal and \$8.4 million in interest. Of this amount, \$950 thousand 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 and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
General obligation debt	\$ -	\$ -	\$ 950,000	\$ 320,075	\$ 950,000	\$ 320,075
Revenue bonds	-	-	41,514,706	8,100,723	41,514,706	8,100,723
Total	\$ -	\$ -	\$42,464,706	\$ 8,420,798	\$42,464,706	\$ 8,420,798

The City's total debt decreased by \$5,243,681 (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 \$51,443,088, 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 2012 fiscal year:

State cuts to state shared revenue.

Contacting the City of Saginaw

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

BASIC FINANCIAL STATEMENTS

CITY OF SAGINAW
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 5,155,065	\$ 5,391,621	\$ 10,546,686	\$ 2,641,271
Investments	-	7,107,789	7,107,789	-
Receivables	17,669,553	6,960,464	24,630,017	3,746,315
Internal balances	(1,033,202)	1,033,202	-	-
Prepaid items and other assets	187,105	377,000	564,105	33,182
Inventory	690,013	1,279,488	1,969,501	-
Other assets	85,516	11,321,110	11,406,626	-
Restricted cash and cash equivalents	1,254,986	558,499	1,813,485	-
Restricted investments	2,449,935	-	2,449,935	-
Nondepreciable capital assets	16,187,835	33,946,169	50,134,004	-
Depreciable capital assets, net	27,465,854	90,798,738	118,264,592	-
Total assets	70,112,660	158,774,080	228,886,740	6,420,768
Liabilities				
Accounts payable and accrued expenses	5,532,770	3,248,865	8,781,635	78,334
Unearned revenue	2,129,974	643,740	2,773,714	-
Noncurrent liabilities:				
Due within one year	601,690	5,953,934	6,555,624	-
Due in more than one year	10,541,628	37,676,429	48,218,057	-
Other noncurrent liability - net other postemployment benefit liability	27,922,057	4,270,842	32,192,899	-
Total liabilities	46,728,119	51,793,810	98,521,929	78,334
Net assets				
Invested in capital assets, net of related debt	43,653,689	82,280,202	125,933,891	-
Restricted for:				
Capital projects	102,249	-	102,249	-
Endowments:				
Expendable	-	-	-	-
Nonexpendable	2,449,935	-	2,449,935	-
Specific projects	1,242,805	-	1,242,805	-
Unrestricted (deficit)	(24,064,137)	24,700,068	635,931	6,342,434
Total net assets	\$ 23,384,541	\$ 106,980,270	\$ 130,364,811	\$ 6,342,434

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

**CITY OF SAGINAW
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

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	\$ 3,440,546	\$ 1,372,804	\$ 10,000	\$ -	\$ (2,057,742)
Administration					
Fiscal services	2,589,726	3,031,483	-	-	441,757
Public safety					
Fire protection	13,604,652	3,660	-	-	(13,600,992)
Police protection	17,224,597	528,882	12,596	-	(16,683,119)
Police grants	1,362,746	1,664	917,020	-	(444,062)
Other public safety	-	-	120,044	-	120,044
General services					
Highways and streets	7,470,325	43,337	5,787,702	-	(1,639,286)
Garbage, rubbish and recycling	3,333,492	1,398,598	-	-	(1,934,894)
Other general services	5,282,366	567,915	208,252	-	(4,506,199)
Community services					
Demolitions	310,163	46,464	-	-	(263,699)
Contributions to other organizations	6,000	-	-	-	(6,000)
Other community services	1,545,894	778,374	162,219	-	(605,301)
Economic development	8,217,679	241,237	8,011,708	-	35,266
Clean Energy Coalition	233,878	-	233,878	-	-
Celebration Park	609,548	-	479,798	-	(129,750)
Interest on long-term debt	230	-	-	-	(230)
Total governmental activities	<u>65,231,842</u>	<u>8,014,418</u>	<u>15,943,217</u>	<u>-</u>	<u>(41,274,207)</u>
Business-type activities:					
Water	13,669,763	14,990,583	-	214	1,321,034
Sewer	19,279,432	21,601,855	-	994,845	3,317,268
Parking	407,011	277,630	-	-	(129,381)
Total business-type activities	<u>33,356,206</u>	<u>36,870,068</u>	<u>-</u>	<u>995,059</u>	<u>4,508,921</u>
Total primary government	<u>\$ 98,588,048</u>	<u>\$ 44,884,486</u>	<u>\$ 15,943,217</u>	<u>\$ 995,059</u>	<u>\$ (36,765,286)</u>
Component units	<u>\$ 103,653</u>	<u>\$ -</u>	<u>\$ 336,774</u>	<u>\$ -</u>	<u>\$ 233,121</u>

continued...

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	<u>\$ (41,274,207)</u>	<u>\$ 4,508,921</u>	<u>\$ (36,765,286)</u>	<u>\$ 233,121</u>
General revenues:				
Property taxes	7,757,191	-	7,757,191	218,072
Income taxes	12,235,713	-	12,235,713	-
Grants and contributions not restricted to specific programs	10,661,322	-	10,661,322	-
Unrestricted investment earnings	472,605	43,480	516,085	74,459
Miscellaneous	26,674	-	26,674	-
Gain on sale of capital assets	256,188	-	256,188	-
Transfers	<u>(27,682)</u>	<u>27,682</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>31,382,011</u>	<u>71,162</u>	<u>31,453,173</u>	<u>292,531</u>
Change in net assets	(9,892,196)	4,580,083	(5,312,113)	525,652
Net assets, beginning of year as restated	<u>33,276,737</u>	<u>102,400,187</u>	<u>135,676,924</u>	<u>5,816,782</u>
Net assets, end of year	<u>\$ 23,384,541</u>	<u>\$ 106,980,270</u>	<u>\$ 130,364,811</u>	<u>\$ 6,342,434</u>

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

CITY OF SAGINAW, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Community Development	Nonmajor Funds	Totals
<u>Assets</u>				
Cash and cash equivalents	\$ 933,135	\$ 595,464	\$ 835,796	\$ 2,364,395
Accounts receivable, net	4,318,158	104,505	97,968	4,520,631
Property taxes receivable	899,415	-	1,210,490	2,109,905
Assessments receivable	287,591	-	560,460	848,051
Income taxes receivable	1,509,454	-	-	1,509,454
Due from other governmental units	2,782,597	2,866,462	1,624,127	7,273,186
Due from other funds	4,616,887	-	22,907	4,639,794
Inventory	130,921	-	349,506	480,427
Prepays	12,240	-	174,865	187,105
Notes and contracts receivable				
Housing and other	-	1,247,709	-	1,247,709
Restricted assets				
Cash and cash equivalents	-	85,662	1,169,324	1,254,986
Accrued interest receivable	41	-	243	284
Investments	-	-	2,449,935	2,449,935
Total assets	\$ 15,490,439	\$ 4,899,802	\$ 8,495,621	\$ 28,885,862
<u>Liabilities and fund balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 2,296,057	\$ 640,957	\$ 678,715	\$ 3,615,729
Accrued payroll	877,112	29,209	292,936	1,199,257
Due to other governmental units	114,191	100,084	-	214,275
Due to other funds	6,520,020	2,026,672	2,613,122	11,159,814
Deposits payable	315,035	-	-	315,035
Deferred revenue	1,503,055	2,102,880	1,010,018	4,615,953
Total liabilities	11,625,470	4,899,802	4,594,791	21,120,063
<u>Fund balances</u>				
<u>Nonspendable</u>				
Inventories and prepaids	143,161	-	524,371	667,532
Endowments	-	-	2,449,935	2,449,935
<u>Restricted</u>				
Fire	700	-	-	700
Major Streets operations	-	-	241,917	241,917
Local Streets operations	-	-	361,870	361,870
Rubbish Collection operations	-	-	152,436	152,436
Community Policing operations	-	-	16	16
Drug Forfeiture acquisitions	-	-	421,628	421,628
Economic development operations	-	-	64,238	64,238
Permanent fund	-	-	95,797	95,797
<u>Committed</u>				
Assigned	1,035,987	-	379,108	1,415,095
Unassigned (Deficit)	2,685,121	-	(790,486)	1,894,635
Total fund balances	3,864,969	-	3,900,830	7,765,799
Total liabilities and fund balances	\$ 15,490,439	\$ 4,899,802	\$ 8,495,621	\$ 28,885,862

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, 2011**

Fund balances - total governmental funds	\$	7,765,799
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.		2,485,979
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add - capital assets		86,262,160
Deduct - accumulated depreciation		(43,835,301)
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		(5,803,466)
Deduct - net other postemployment benefits obligation		(27,922,057)
Elimination of Internal Service Fund activities		<u>4,431,427</u>
Net assets of governmental activities	\$	<u><u>23,384,541</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, 2011

	General	Community Development	Nonmajor Funds	Totals
Revenues				
General operating property taxes	\$ 2,826,472	\$ -	\$ 4,476,937	\$ 7,303,409
Special assessments	118,916	-	-	118,916
City income tax	12,235,713	-	-	12,235,713
State shared revenues	8,920,027	-	4,761,822	13,681,849
Licenses, permits and fees	1,683,354	-	1,430,992	3,114,346
Fines, penalties and forfeitures	326,715	-	191,587	518,302
Grants, donations and contributions	5,123,670	8,100,921	2,833,326	16,057,917
Interest on loans and investments	467,977	22,539	6,012	496,528
Rents and privileges	22,512	4,667	-	27,179
Sale of materials and services	1,592,921	-	82,938	1,675,859
Loan repayments	-	90,030	-	90,030
Miscellaneous	-	124,146	1,683	125,829
Total revenues	33,318,277	8,342,303	13,785,297	55,445,877
Expenditures				
Current expenditures				
General government	4,645,916	-	-	4,645,916
Administration	2,506,866	985,012	-	3,491,878
Public safety	22,457,780	-	5,736,844	28,194,624
Highways and streets	-	-	5,931,391	5,931,391
General services	3,096,603	-	3,556,663	6,653,266
Community services	1,543,247	-	219,987	1,763,234
Economic development	-	6,532,956	680,396	7,213,352
Capital outlay	-	509,795	-	509,795
Total expenditures	34,250,412	8,027,763	16,125,281	58,403,456
Revenues over (under) expenditures	(932,135)	314,540	(2,339,984)	(2,957,579)
Other financing sources (uses)				
Transfers in	2,492,500	9,903	1,736,847	4,239,250
Transfers out	(1,467,175)	(324,443)	(17,014)	(1,808,632)
Total other financing sources (uses)	1,025,325	(314,540)	1,719,833	2,430,618
Net change in fund balances	93,190	-	(620,151)	(526,961)
Fund balances, beginning of year as restated	3,771,779	-	4,520,981	8,292,760
Fund balances, end of year	\$ 3,864,969	\$ -	\$ 3,900,830	\$ 7,765,799

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, 2011**

Net change in fund balances - total governmental funds	\$ (526,961)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(76,224)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add - capital additions	2,569,061
Deduct - depreciation expense	(2,089,061)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Add - decrease in accrued compensated absences	387,141
Deduct - increase in other postemployment benefit obligation	(7,108,882)
Elimination of internal service fund activities	<u>(3,047,270)</u>
Change in net assets of governmental activities	<u>\$ (9,892,196)</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, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
General operating property taxes	\$ 3,546,753	\$ 3,546,753	\$ 2,826,472	\$ (720,281)
Special assessments	100,000	100,000	118,916	18,916
City income tax	12,079,000	12,079,000	12,235,713	156,713
State shared revenues	8,762,542	8,762,542	8,920,027	157,485
Licenses, permits and fees	1,638,350	1,638,350	1,683,354	45,004
Fines, penalties and forfeitures	380,000	380,000	326,715	(53,285)
Grants, donations and contributions	4,837,200	5,776,677	5,123,670	(653,007)
Interest on loans and investments	436,100	436,100	467,977	31,877
Rents and privileges	30,000	30,000	22,512	(7,488)
Sale of materials and services	1,311,443	1,665,668	1,592,921	(72,747)
Total revenues	33,121,388	34,415,090	33,318,277	(1,096,813)
Expenditures				
Current expenditures				
General government	4,903,021	4,842,855	4,645,916	(196,939)
Administration	2,600,629	2,686,879	2,506,866	(180,013)
Public safety	21,141,861	21,743,397	22,457,780	714,383
General services	3,352,362	3,590,034	3,096,603	(493,431)
Community services	1,195,272	1,508,999	1,543,247	34,248
Total expenditures	33,193,145	34,372,164	34,250,412	(121,752)
Revenues over (under) expenditures	(71,757)	42,926	(932,135)	(975,061)
Other financing sources (uses)				
Transfers in	330,531	330,531	2,492,500	2,161,969
Transfers out	(1,008,776)	(1,028,044)	(1,467,175)	(439,131)
Total other financing sources (uses)	(678,245)	(697,513)	1,025,325	1,722,838
Net change in fund balances	\$ (750,002)	\$ (654,587)	93,190	\$ 747,777
Fund balance, beginning of year as restated			3,771,779	
Fund balance, end of year			\$ 3,864,969	

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, 2011

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Grants and entitlements	\$ 10,286,062	\$ 11,945,574	\$ 8,100,921	\$ (3,844,653)
Interest on deposits and investments	10,500	10,500	145	(10,355)
Interest on loans	30,000	30,000	22,394	(7,606)
Loan repayments	95,000	95,000	90,030	(4,970)
Rental income	5,412	5,412	4,667	(745)
Miscellaneous	-	-	124,146	124,146
Total revenues	10,426,974	12,086,486	8,342,303	(3,744,183)
Expenditures				
Current expenditures				
Administration	779,075	912,154	985,012	72,858
Program support services	940,921	1,464,622	1,221,404	(243,218)
Loan disbursements	218,987	219,787	34,177	(185,610)
Grant expenditures	7,607,738	7,935,771	5,277,375	(2,658,396)
Capital outlay				
Public improvements	570,531	1,258,824	509,795	(749,029)
Total expenditures	10,117,252	11,791,158	8,027,763	(3,763,395)
Revenues over expenditures	309,722	295,328	314,540	19,212
Other financing sources (uses)				
Transfers in	33,212	33,212	9,903	23,309
Transfers out	(332,934)	(318,540)	(324,443)	5,903
Total other financing sources (uses)	(299,722)	(285,328)	(314,540)	29,212
Net change in fund balances	\$ 10,000	\$ 10,000	-	\$ (10,000)
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

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

**CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Enterprise Funds - Business-type Activities				Governmental Activities
	Water	Sewer	Nonmajor Fund Parking	Totals	Internal Service
Assets					
Current assets					
Cash and cash equivalents	\$ 4,377,873	\$ 900,286	\$ 113,462	\$ 5,391,621	\$ 2,790,670
Investments	5,980,566	1,127,223	-	7,107,789	-
Accounts receivable, net	1,754,982	3,773,649	643,558	6,172,189	160,333
Assessments receivable	149,844	15,322	-	165,166	-
Due from other governmental units	-	623,109	-	623,109	-
Due from other funds	-	2,675,057	-	2,675,057	6,520,020
Inventory	1,279,488	-	-	1,279,488	209,586
Prepaid expenses	300,000	77,000	-	377,000	85,516
Restricted current assets					
Cash - bond proceeds	558,499	-	-	558,499	-
Total current assets	14,401,252	9,191,646	757,020	24,349,918	9,766,125
Noncurrent assets					
Investment in Saginaw-Midland Water Supply Corporation	11,229,538	-	-	11,229,538	-
Unamortized bond issuance costs	91,572	-	-	91,572	-
Capital assets					
Land	438,255	982,374	201,203	1,621,832	-
Buildings and improvements	66,531,084	69,057,829	8,178,846	143,767,759	182,829
Combined sewer overflow facilities	-	95,312,042	-	95,312,042	-
Plant and office equipment	4,014,292	4,912,120	523,528	9,449,940	269,183
Vehicular and radio equipment	-	-	-	-	8,033,037
Construction in progress	15,782,797	16,541,540	-	32,324,337	-
Less allowances for depreciation	(42,997,836)	(106,071,302)	(8,661,865)	(157,731,003)	(7,258,219)
Net capital assets	43,768,592	80,734,603	241,712	124,744,907	1,226,830
Total noncurrent assets	55,089,702	80,734,603	241,712	136,066,017	1,226,830
Total assets	69,490,954	89,926,249	998,732	160,415,935	10,992,955

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

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Enterprise Funds - Business-type Activities				Governmental Activities
	Water	Sewer	Nonmajor Fund Parking	Totals	Internal Service
<u>Liabilities</u>					
Current liabilities payable from current assets					
Accounts payable	\$ 1,053,533	\$ 697,387	\$ 5,990	\$ 1,756,910	\$ 126,846
Accrued payroll	146,990	180,138	2,089	329,217	61,628
Due to other funds	2,675,057	-	-	2,675,057	-
Unearned revenue	91	91	643,558	643,740	-
Current portion of accrued sick and vacation/PTO payable	186,963	221,017	-	407,980	-
Current portion of long-term debt	300,000	430,000	-	730,000	-
Total current liabilities payable from current assets	<u>4,362,634</u>	<u>1,528,633</u>	<u>651,637</u>	<u>6,542,904</u>	<u>188,474</u>
Current liabilities payable from restricted assets					
Accounts payable	9,201	-	-	9,201	-
Customer deposits	981,740	-	-	981,740	-
Accrued interest	-	171,797	-	171,797	-
Current portion of long-term debt	-	4,815,954	-	4,815,954	-
Total current liabilities payable from restricted assets	<u>990,941</u>	<u>4,987,751</u>	<u>-</u>	<u>5,978,692</u>	<u>-</u>
Total current liabilities	<u>5,353,575</u>	<u>6,516,384</u>	<u>651,637</u>	<u>12,521,596</u>	<u>188,474</u>
Long-term liabilities					
Workers' comp claims payable	-	-	-	-	3,608,788
Insurance claims payable	-	-	-	-	1,517,628
Accrued sick and vacation/PTO payable	342,897	405,353	9,428	757,678	213,436
Other noncurrent liability - net other postemployment benefit liability	1,741,208	2,125,792	403,842	4,270,842	-
Long-term debt, net of current portion					
Revenue bonds	10,300,000	-	-	10,300,000	-
General obligation bonds and contracts	-	26,618,751	-	26,618,751	-
Total long-term liabilities	<u>12,384,105</u>	<u>29,149,896</u>	<u>413,270</u>	<u>41,947,271</u>	<u>5,339,852</u>
Total liabilities	<u>17,737,680</u>	<u>35,666,280</u>	<u>1,064,907</u>	<u>54,468,867</u>	<u>5,528,326</u>
<u>Net assets</u>					
Investment in capital assets, net of related debt	33,168,592	48,869,898	241,712	82,280,202	1,226,830
Unrestricted (deficit)	18,584,682	5,390,071	(307,887)	23,666,866	4,237,799
Total net assets	<u>\$ 51,753,274</u>	<u>\$ 54,259,969</u>	<u>\$ (66,175)</u>	<u>\$ 105,947,068</u>	<u>\$ 5,464,629</u>

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

**CITY OF SAGINAW
RECONCILIATION OF NET ASSETS ON THE
STATEMENT OF NET ASSETS FOR ENTERPRISE
FUNDS TO NET ASSETS OF BUSINESS-TYPE
ACTIVITIES ON THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Net assets - total enterprise funds	\$ 105,947,068
Amounts reported for business-type activities in the statement of net assets are different because:	
Elimination of internal service fund activities	<u>1,033,202</u>
Net assets of business-type activities	<u>\$ 106,980,270</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, 2011

	Enterprise Funds - Business-type Activities				Governmental
	Water	Sewer	Nonmajor	Totals	Internal
			Fund		Service
			Parking		
Operating revenues					
User charges	\$ 14,406,253	\$ 20,825,787	\$ 277,630	\$ 35,509,670	\$ 7,750,646
Sale of materials and services	374,502	160,756	-	535,258	42,474
Penalties for delinquencies	143,963	615,312	-	759,275	-
Total operating revenues	14,924,718	21,601,855	277,630	36,804,203	7,793,120
Operating expenses					
Salaries	-	-	34,404	34,404	1,106,519
Employee benefits	-	-	262,402	262,402	1,170,366
Contractual services	-	-	32,097	32,097	963,314
Internal user charges	-	-	6,571	6,571	441,162
Insurance	-	-	11,794	11,794	1,024,779
Utilities	-	-	41,020	41,020	148,055
Supplies and materials	-	-	7,160	7,160	163,990
Administration	2,691,081	3,301,784	-	5,992,865	-
Customer accounting	381,692	506,974	-	888,666	-
Meter maintenance and service	449,644	441,660	-	891,304	-
System maintenance and service	2,027,851	1,897,401	-	3,925,252	-
Treatment, disposal and pumping	4,270,867	6,008,759	-	10,279,626	-
Remote facilities	-	1,159,844	-	1,159,844	-
Operations and maintenance	75,625	52,010	-	127,635	-
Raw water operations	1,236,454	-	-	1,236,454	-
Claims and judgments	-	-	-	-	3,043,120
Depreciation	1,388,332	5,036,722	2,965	6,428,019	462,547
Other	-	-	5,553	5,553	131,496
Total operating expenses	12,521,546	18,405,154	403,966	31,330,666	8,655,348
Operating income (loss)	2,403,172	3,196,701	(126,336)	5,473,537	(862,228)
Nonoperating revenues (expenses)					
Interest on investments	31,408	11,701	97	43,206	5,930
Interest expense on bonded indebtedness	(237,188)	(724,028)	-	(961,216)	(230)
Gain on sale of investments	-	274	-	274	-
Loss on sale of capital assets	-	-	-	-	(1,902)
Grants and entitlements	214	994,845	-	995,059	-
Contractual obligations to Saginaw-Midland					
Water Supply Corporation	(1,305,891)	-	-	(1,305,891)	-
Increase in investment in Saginaw-Midland					
Water Supply Corporation	576,892	-	-	576,892	-
Total nonoperating revenues (expenses)	(934,565)	282,792	97	(651,676)	3,798
Net income (loss) before transfers	1,468,607	3,479,493	(126,239)	4,821,861	(858,430)
Transfers					
Transfers in	-	-	27,682	27,682	20,000
Transfers out	-	-	-	-	(2,478,300)
Total	-	-	27,682	27,682	(2,458,300)
Change in net assets	1,468,607	3,479,493	(98,557)	4,849,543	(3,316,730)
Net assets, beginning of year as restated	50,284,667	50,780,476	32,382	101,097,525	8,781,359
Net assets, end of year	\$ 51,753,274	\$ 54,259,969	\$ (66,175)	\$ 105,947,068	\$ 5,464,629

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, 2011**

Net change in fund net assets - total enterprise funds	\$ 4,849,543
Elimination of internal service fund activities	<u>(269,460)</u>
Change in net assets of business-type activities	<u>\$ 4,580,083</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, 2011**

	Enterprise Funds - Business-type Activities				Governmental Activities
	Water	Sewer	Nonmajor Fund	Totals	Internal
			Parking		Service
Cash flows from operating activities:					
Receipts from interfund services provided	\$ 2,098,110	\$ -	\$ -	\$ 2,098,110	\$ 6,001,243
Receipts from customers	14,802,105	21,115,264	277,629	36,194,998	-
Payments to suppliers	(7,077,571)	(7,136,089)	(95,420)	(14,309,080)	(3,820,839)
Payments to employees	(3,832,563)	(5,623,729)	(197,389)	(9,653,681)	(2,241,433)
Payments for interfund services used	-	(354,476)	(6,571)	(361,047)	(313,706)
Net cash provided by (used in) operating activities	<u>5,990,081</u>	<u>8,000,970</u>	<u>(21,751)</u>	<u>13,969,300</u>	<u>(374,735)</u>
Cash flows from noncapital financing activities:					
Transfers in	-	-	27,682	27,682	20,000
Transfers out	-	-	-	-	(2,478,300)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>27,682</u>	<u>27,682</u>	<u>(2,458,300)</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(3,895,685)	(3,359,679)	-	(7,255,364)	(279,574)
Grants and entitlements	-	994,845	-	994,845	-
Bond / installment contract proceeds	-	143,584	-	143,584	-
Principal paid on long-term debt	(250,000)	(5,137,266)	-	(5,387,266)	(30,028)
Interest paid on long-term debt	(531,560)	(831,834)	-	(1,363,394)	(2,132)
Contractual obligations to Saginaw-Midland Water Supply Corporation	(1,305,891)	-	-	(1,305,891)	-
Net cash used in capital and related financing activities	<u>(5,983,136)</u>	<u>(8,190,350)</u>	<u>-</u>	<u>(14,173,486)</u>	<u>(311,734)</u>
Cash flows from investing activities:					
Purchase of investments	(7,917)	(12,682)	-	(20,599)	-
Interest on investments	31,408	11,975	97	43,480	5,930
Net cash provided by (used in) investing activities	<u>23,491</u>	<u>(707)</u>	<u>97</u>	<u>22,881</u>	<u>5,930</u>
Net increase (decrease) in cash and cash equivalents	30,436	(190,087)	6,028	(153,623)	(3,138,839)
Cash and cash equivalents at beginning of year	4,905,936	1,090,373	107,434	6,103,743	5,929,509
Cash and cash equivalents at end of year	<u>\$ 4,936,372</u>	<u>\$ 900,286</u>	<u>\$ 113,462</u>	<u>\$ 5,950,120</u>	<u>\$ 2,790,670</u>
Cash flows from operating activities:					
Operating income (loss)	\$ 2,403,172	\$ 3,196,701	\$ (126,336)	\$ 5,473,537	\$ (862,228)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,388,332	5,036,722	2,965	6,428,019	462,547
Change in assets and liabilities:					
Accounts receivable	(460)	138,698	(32,646)	105,592	155,599
Assessments receivable	(147,320)	(2,271)	-	(149,591)	38,848
Due from other governmental units	-	(623,109)	-	(623,109)	-
Due from other funds	-	(354,476)	-	(354,476)	(1,820,020)
Inventory	(190,370)	-	-	(190,370)	(44,051)
Accounts payable	(17,360)	79,419	2,204	64,263	52,997
Accrued payroll	18,792	2,374	(1,395)	19,771	13,151
Due to other funds	2,098,110	-	-	2,098,110	-
Unearned revenue	(1,300)	91	32,645	31,436	-
Customer deposits	26,467	-	-	26,467	-
Claims payable	-	-	-	-	1,606,121
Accrued sick and vacation/PTO payable	(110,560)	(61,807)	(308)	(172,675)	22,301
Net OPEB Obligation	522,578	588,628	101,120	1,212,326	-
Net cash provided by (used in) operating activities	<u>\$ 5,990,081</u>	<u>\$ 8,000,970</u>	<u>\$ (21,751)</u>	<u>\$ 13,969,300</u>	<u>\$ (374,735)</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, 2011

	<u>Pension and Other Employee Benefits Trust Funds</u>	<u>Agency</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 1,421,501
Accounts receivable	-	183,797
Prepaid Insurance	-	1,322,372
Taxes receivable for the account of other governmental units	-	513,718
Restricted assets		
Cash and cash equivalents	3,929,622	-
Accrued interest receivable	162,339	-
Investments, at fair value		
Governmental securities	12,448,010	-
Municipal obligations	3,094,440	-
Corporate and foreign bonds	13,998,254	-
Common equity securities	58,923,788	-
Equity mutual funds	32,987,143	-
Other	1,690,120	-
	<u>127,233,716</u>	<u>\$ 3,441,388</u>
<u>LIABILITIES</u>		
Accounts payable	3,328,063	279,128
Accrued wages payable	689,212	-
Due to other governmental units	-	779,966
Claims payable	-	820,446
Other current liabilities	-	1,561,848
	<u>4,017,275</u>	<u>\$ 3,441,388</u>
Net assets		
Held in trust for pension and other employee benefits	<u>\$ 123,216,441</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, 2011**

<u>Additions</u>	
Contributions:	
Employer	\$ 4,952,679
Current premium contributions	9,031,369
Plan members	<u>871,822</u>
Total contributions	<u>14,855,870</u>
Investment income:	
Interest	1,461,485
Dividends	1,632,668
Mutual fund rebates	26,659
Net appreciation in fair value of investments	21,846,732
Investment expenses	<u>(101,694)</u>
Total investment income	<u>24,865,850</u>
Total additions	<u>39,721,720</u>
 <u>Deductions</u>	
Police pension benefits	6,853,374
Fire pension benefits	5,937,927
Retiree healthcare premium payments	9,031,369
Administrative expenses	<u>621,324</u>
Total deductions	<u>22,443,994</u>
Net increase in net assets	17,277,726
Net assets held in trust for pension and other employee benefits	
Beginning of year	<u>105,938,715</u>
End of year	<u>\$ 123,216,441</u>

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

**CITY OF SAGINAW
STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2011**

	<u>TIFA Activities</u>	<u>DDA Activities</u>	<u>LDFA Activities</u>	<u>Saginaw Economic Development Corporation</u>	<u>Brownfield Activities</u>	<u>Total</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 31,305	\$ 186,743	\$ 2,139,289	\$ 119,619	\$ 164,315	\$ 2,641,271
Receivables	-	31,588	1,792,047	681	21,300	1,845,616
Due from other governments				324,454		324,454
Notes and contracts receivable	-	-	-	1,576,245	-	1,576,245
Land held for resale	-	33,182	-	-	-	33,182
Total assets	31,305	251,513	3,931,336	2,020,999	185,615	6,420,768
<u>Liabilities</u>						
Accounts payable	-	2,645	-	64,000	11,689	78,334
Net assets - unrestricted	<u>\$ 31,305</u>	<u>\$ 248,868</u>	<u>\$ 3,931,336</u>	<u>\$ 1,956,999</u>	<u>\$ 173,926</u>	<u>\$ 6,342,434</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, 2011**

Functions / Programs	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
TIFA Activities	\$ -	\$ -	\$ -	\$ -
DDA Activities	32,580	-	-	(32,580)
LDFA Activities	780	-	-	(780)
Saginaw Economic Development Corporation	57,184	-	336,774	279,590
Brownfield Activities	13,109	-	-	(13,109)
Total component unit activities	\$103,653	\$ -	\$ 336,774	\$ 233,121

	Component Units					Total
	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	
Changes in net assets						
Net expense	\$ -	\$ (32,580)	\$ (780)	\$ 279,590	\$ (13,109)	\$ 233,121
General revenues:						
Property taxes	-	33,233	152,612	-	32,227	218,072
Unrestricted investment earnings	-	247	8,961	65,251	-	74,459
Total general revenues	-	33,480	161,573	65,251	32,227	292,531
Change in net assets	-	900	160,793	344,841	19,118	525,652
Net assets, beginning of year	31,305	247,968	3,770,543	1,612,158	154,808	5,816,782
Net assets, end of year	\$ 31,305	\$ 248,868	\$ 3,931,336	\$ 1,956,999	\$ 173,926	\$ 6,342,434

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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

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June 30, 2011

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 \$576,892 as nonoperating revenues. At June 30, 2011, total outstanding bonded debt of the Saginaw-Midland Municipal Water Supply Corporation was \$14,658,566. The City was obligated for \$7,840,628 of this total. During fiscal year 2011, the City paid the Corporation \$1,305,891 to finance its share of the contractual obligations. The City's equity of \$11,229,538 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, 2011, for the Saginaw-Midland Municipal Water Supply Corporation follows:

Total assets	\$ 36,549,978	Total revenues	\$ 5,160,570
Total liabilities	<u>15,555,624</u>	Total expenses	<u>4,082,032</u>
		Net income	1,078,538
Net assets:			
City of Saginaw	11,229,538	Net assets at	
City of Midland	<u>9,764,816</u>	beginning of year	<u>19,915,816</u>
Total net assets	<u>\$ 20,994,354</u>	Total net assets	<u>\$ 20,994,354</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 financially accountable.

CITY OF SAGINAW, MICHIGAN

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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

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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, 2011

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".

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. The costs of vendor payments are recorded as assets when purchased and charged to expenditures when used, which is the consumption method.

4. Restricted assets

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

5. Capital assets

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

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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

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints

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imposed by formal action of the government's highest level of decision-making authority, the City Commission. A formal resolution of the City Commission is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has delegated the responsibility for making fund balance assignments to the Finance Committee. Unassigned fund balance is the residual classification for the general fund;

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

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. The Community Policing Fund, Local Law Enforcement Fund, Auto Theft Prevention Grant, Police Training Fund and Youth Initiative Grant funds are budgeted as one fund. Budgetary control is exercised at the department (appropriation center) level in the general fund and at the fund level for all other budgeted funds. General fund line item budget transfers from one account to another within the same appropriation center can be made without City Council approval. All budget transfers from one appropriation center to another or from the general fund contingent appropriation account must be approved by City Council. In all other funds, line item budget transfers from one account to another within the same department and fund can be made without City Council approval.

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

The general fund, community development, major streets, local streets, clean energy coalition, public safety millage, rubbish collection, police grants (all budgeted as one fund), drug forfeiture, Andersen Center Operation, GM Tower, boat launch operation and celebration park special revenue funds are under formal budgetary control as is required by Michigan Public Act 621. Budgets shown in the financial statements were prepared on the modified accrual basis. This is the same basis used to reflect actual results and consists only of those amounts contained in the formal budget approved by City Council. Special revenue funds are considered to be departments for budgetary purposes. All enterprise and internal service funds are budgeted annually for internal control purposes only. Budgetary information for these funds is not required in the financial statements. Budgetary control for the capital projects fund is on a project basis because most exceed one fiscal year. Any funds not expended during the current fiscal year are carried forward until spent or reallocated. City Council does not formally adopt budgets for the Carl H. Ibershoff Trust special revenue fund or the trust and agency funds.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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B. Excess of expenditures over appropriations

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

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General fund:			
General government			
Employee services	\$ 519,245	\$ 528,279	\$ 9,034
City attorney	546,186	584,710	38,524
Public safety – police department			
Patrol	8,419,458	9,331,265	911,807
Administration services	377,829	383,574	5,745
Investigation	1,691,214	1,822,331	131,117
Public safety – fire department			
Prevention	189,884	194,598	4,714
General services			
Street lighting	648,908	716,083	67,175
Japanese tea house and cultural center	46,223	46,695	472
Parks administration	35,000	35,860	860
Community services			
Inspections and zoning	607,686	614,036	6,350
Demolitions	260,150	277,165	17,015
Planning and economic development	635,163	646,046	10,883
Transfers out			
Public safety fund	784,936	1,171,748	386,812
Motor pool fund	-	20,000	20,000
Police grant funds	203,750	236,071	32,321
Public safety millage special revenue fund	3,876,201	4,122,901	246,700
Economic development special revenue fund	-	22,036	22,036

C. Deficit fund equity

In the nonmajor governmental funds, the celebration park has an unassigned fund deficit at June 30, 2011, in the amount of \$790,486. 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.

In the enterprise funds, the parking fund has a deficit net asset balance of \$66,175.

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.

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

Shortfall at July 1, 2010	\$ (2,375,029)
Current year building permit revenue	373,796
Related expenditures	<u>(614,036)</u>
Cumulative shortfall at June 30, 2011	<u>\$ (2,615,269)</u>

III. Detailed notes on all funds

A. Deposits and investments

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

FINANCIAL STATEMENT CAPTION	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Primary government:			
Cash and cash equivalents	\$ 10,546,686	\$ -	\$10,546,686
Restricted cash and cash equivalents	1,813,485	-	1,813,485
Investments	1,736,047	5,371,742	7,107,789
Restricted investments	-	2,449,935	2,449,935
Component units:			
Cash and cash equivalents	2,641,271	-	2,641,271
Fiduciary funds:			
Cash and cash equivalents	1,421,501	-	1,421,501
Restricted cash and cash equivalents	3,992,622	-	3,992,622
Investments	<u>-</u>	<u>123,141,755</u>	<u>123,141,755</u>
Total	<u>\$ 22,151,612</u>	<u>\$ 130,963,432</u>	<u>\$153,115,044</u>

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks and credit unions that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Policemen and Firemen Retirement System is also authorized to invest a portion of its assets in stocks that are registered on a national securities exchange that have paid dividends for five of the last seven years and mutual funds of diversified investment companies having assets greater than \$100 million.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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As of June 30, 2011, the maturities and credit quality rating of debt securities are as follows:

	<u>Fair value</u>	<u>Investment maturities (in years)</u>				<u>S&P Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>	
Primary government						
Money market funds	\$ 7,614,960	\$ -	\$ -	\$ -	\$ -	N/A
MI class pooled funds	<u>206,717</u>	-	-	-	-	N/A
Total primary government	<u>7,821,677</u>					
Pension and other employee benefit funds						
Equity mutual funds	\$ 1,097,017	\$ -	\$ -	\$ -	\$ -	Not rated
Nonrated governmental securities	8,030,622	192	1,182,014	1,316,361	5,532,055	Not rated
Governmental securities	4,417,388	-	227,867	1,525,881	2,663,640	AAA-AA+
Nonrated municipal obligations	669,710	-	326,207	136,836	206,667	Not rated
Municipal obligations	2,424,730	-	231,378	735,567	1,457,785	AAA-A
Nonrated corporate bonds	2,466,293	45,066	-	-	2,421,227	Not rated
Corporate bonds	11,531,961	460,422	2,385,651	4,375,941	4,309,947	AAA-D
Common stocks	90,354,024	-	-	-	-	N/A
Money market and other	<u>2,150,010</u>	-	-	-	-	N/A
Total pension and benefit	<u>123,141,755</u>					
Total investments	<u>\$ 130,963,432</u>					

Investment and deposit risk

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. State law does not require and the City does not have a policy for deposit custodial credit risk. As of year-end \$17,809,952 of the City’s bank balance of \$21,202,600 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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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, 2011, there were no individual investments with a fair value that represents 5% or more of the City's investments. However, amounts invested in a separate equity mutual fund (Harbor International Fund) represents 7% of the Policemen and Firemen Pension Fund's total investments at June 30, 2011. All investments held at year-end are reported above.

B. Receivables

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

	Government Activities	Business Type Activities	Component Units
Income taxes	\$ 1,509,454	\$ -	\$ -
Accounts	5,164,437	6,297,363	1,787,991
Accrued interest	284	-	3,648
Intergovernmental	7,273,186	623,109	324,454
Property taxes	2,109,905	-	53,977
Assessments			
Due within one year	848,051	165,166	-
Notes			
Due within one year	180,000	-	
Due after one year	1,067,709	-	1,798,470
Reserve for uncollectible accounts	(483,473)	(125,174)	(222,225)
Total receivables	<u>\$ 17,669,553</u>	<u>\$ 6,960,464</u>	<u>\$ 3,746,315</u>

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:

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	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable (General fund)	\$ 146,836	\$ -
Property taxes receivable (Non-major governmental fund types)	73,889	-
Accounts receivable (General fund)	578,993	-
Accounts receivable (Community development)	104,469	-
Assessments receivable (General fund)	287,591	-
Assessments receivable (Nonmajor governmental fund types)	46,492	-
Notes receivable	1,247,709	-
Grant drawdowns prior to meeting all eligibility requirements	-	2,129,974
Total	<u>\$ 2,485,979</u>	<u>\$ 2,129,974</u>

C. Capital assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,739,274	\$ -	\$ -	\$ 14,739,274
Construction in progress	1,725,308	2,270,826	(2,547,573)	1,448,561
Total capital assets not being depreciated	<u>16,464,582</u>	<u>2,270,826</u>	<u>(2,547,573)</u>	<u>16,187,835</u>
Capital assets being depreciated				
Infrastructure	41,027,465	1,052,061	-	42,079,526
Land Improvements	-	1,407,044	-	1,407,044
Building	15,749,068	93,999	-	15,843,067
Equipment	7,576,369	261,676	-	7,838,045
Vehicular and radio equipment	11,081,090	310,602	-	11,391,692
Total capital assets being depreciated	<u>75,433,992</u>	<u>3,125,382</u>	<u>-</u>	<u>78,559,374</u>
Accumulated depreciation				
Infrastructure	(23,508,768)	(1,497,245)	-	(25,006,013)
Building	(9,678,858)	(274,339)	-	(9,953,197)
Equipment	(6,869,486)	(200,948)	-	(7,070,434)
Vehicular and radio equipment	(8,484,800)	(579,076)	-	(9,063,876)
Total accumulated depreciation	<u>(48,541,912)</u>	<u>(2,551,608)</u>	<u>-</u>	<u>(51,093,520)</u>
Net capital assets being depreciated, net	<u>26,892,080</u>	<u>573,774</u>	<u>-</u>	<u>27,465,854</u>
Governmental activities capital assets, net	<u>\$ 43,356,662</u>	<u>\$ 2,844,600</u>	<u>\$(2,547,573)</u>	<u>\$ 43,653,689</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,621,832	\$ -	\$ -	\$ 1,621,832
Construction in progress	<u>26,618,569</u>	<u>6,874,236</u>	<u>(1,168,468)</u>	<u>32,324,337</u>
Total capital assets not being depreciated	<u>28,240,401</u>	<u>6,874,236</u>	<u>(1,168,468)</u>	<u>33,946,169</u>
Capital assets being depreciated				
Building and improvements	142,599,291	1,168,468	-	143,767,759
CSO facilities	95,312,042	-	-	95,312,042
Equipment	<u>9,068,812</u>	<u>381,127</u>	<u>-</u>	<u>9,449,939</u>
Total capital assets being depreciated	<u>246,980,145</u>	<u>1,549,595</u>	<u>-</u>	<u>248,529,740</u>
Accumulated depreciation				
Building and improvements	(91,721,543)	(2,139,860)	-	(93,861,403)
CSO facilities	(52,478,364)	(3,806,346)	-	(56,284,710)
Equipment	<u>(7,103,076)</u>	<u>(481,813)</u>	<u>-</u>	<u>(7,584,889)</u>
Total accumulated depreciation	<u>(151,302,983)</u>	<u>(6,428,019)</u>	<u>-</u>	<u>(157,731,002)</u>
Net capital assets being depreciated, net	<u>95,677,162</u>	<u>(4,878,424)</u>	<u>-</u>	<u>90,798,738</u>
Business-type activities capital assets, net	<u>\$123,917,563</u>	<u>\$ 1,995,812</u>	<u>\$(1,168,468)</u>	<u>\$124,744,907</u>

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

Governmental activities:

General government	\$ 15,952
Fiscal Services Administration	12,747
Fire protection	169,951
Police protection	128,267
General services	224,000
Community services	39,263
Highways and streets	1,498,881
Internal service funds	<u>462,547</u>

Total depreciation expense – governmental activities **\$ 2,551,608**

CITY OF SAGINAW, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Business-type activities:

Water	\$ 1,388,332
Sewer	5,036,722
Parking	<u>2,965</u>

Total depreciation expense – business-type activities **\$ 6,428,019**

Construction Commitments

The City has active construction projects as of June 30, 2011, consisting of the following:

	Contract Amount	Amount Paid	Commitment Remaining
I-675 & M-13 Interchange	\$ 815,700	\$ 322,032	\$ 493,668
Court St: Bay to Court St. Bridger	1,253,000	23,198	1,229,802
E. Genesee & Hess Safety Project	105,748	21,542	84,206
Woodbridge: Houghton to Davenport	1,158,600	881,006	277,594
E. Genesee: Franklin to James	2,739,126	1,976,368	762,758
Bay St. Safety Project: Court to State	79,900	18,444	61,456
I-675 Entire Section	357,600	240,135	117,465
Gratiot Rd Pipe Repair	2,690,000	1,478,612	1,211,388
WTP Security Upgrades	2,267,713	2,097,917	169,796
2010-2011 Resurfacing	497,933	349,297	148,636
Raptor Cameras	332,503	97,420	235,083
EECBG Energy Retrofit	288,856	139,165	149,691
Woodbridge: Brockway to Houghton	<u>3,166,581</u>	<u>3,014,559</u>	<u>152,022</u>
Total	<u>\$ 15,753,260</u>	<u>\$ 10,659,695</u>	<u>\$ 5,093,565</u>

D. Payables

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

	Governmental Activities	Business-type Activities
Accounts	\$ 3,742,575	\$ 1,766,111
Accrued liabilities	1,260,885	329,217
Intergovernmental	214,275	-
Deposits	315,035	981,740
Accrued interest	<u>-</u>	<u>171,797</u>
Total payables and accrued liabilities	<u>\$ 5,532,770</u>	<u>\$ 3,248,865</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

E. Interfund receivables, payables and transfers

Interfund receivable and payable balances at June 30, 2011, consisted of the following:

Due to:	Due from:				Total
	General Fund	Community Development Fund	Nonmajor Governmental Funds	Enterprise Funds	
General fund	\$ -	\$ 2,026,672	\$ 2,590,215	\$ -	\$ 4,616,887
Nonmajor governmental funds	-	-	22,907	-	22,907
Internal service funds	6,520,020	-	-	-	6,520,020
Enterprise funds	-	-	-	2,675,057	2,675,057
Total	\$ 6,520,020	\$ 2,026,672	\$ 2,613,122	\$ 2,675,057	\$ 13,834,871

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, 2011, consisted of the following amounts:

Transfers In	Transfers Out				Total
	General Fund	Community Development Fund	Nonmajor Governmental Funds	Internal Service Fund	
General fund	\$ -	\$ -	\$ 14,200	\$ 2,478,300	\$ 2,492,500
Community Development Fund	-	9,903	-	-	9,903
Nonmajor governmental funds	1,419,493	314,540	2,814	-	1,736,847
Internal service funds	20,000	-	-	-	20,000
Enterprise funds	27,682	-	-	-	27,682
Total	\$ 1,467,175	\$ 324,443	\$ 17,014	\$ 2,478,300	\$ 4,286,932

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, 2011

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, 2011, was:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Workers' compensation claims payable	\$2,147,374	\$ 3,585,498	\$(2,124,084)	\$ 3,608,788	\$1,510,561
Insurance claims payable	1,372,921	316,861	(172,154)	1,517,628	195,703
Installment contracts payable:					
Fire vehicles	24,942	-	(24,942)	-	-
Bobcat skid loader	5,086	-	(5,086)	-	-
Accrued sick and vacation/PTO compensatory time payable	<u>6,381,742</u>	<u>116,512</u>	<u>(481,352)</u>	<u>6,016,902</u>	<u>601,690</u>
Total governmental activities	<u>\$9,932,065</u>	<u>\$ 4,018,871</u>	<u>\$(2,807,618)</u>	<u>\$11,143,318</u>	<u>\$ 601,690</u>
Business-type activities					
2.00% State of Michigan sewage disposal system bonds	\$14,078,751	\$ -	\$(3,335,496)	\$10,743,255	\$3,396,214
4.00 to 5.25% 2008 water revenue bonds	10,850,000	-	(250,000)	10,600,000	300,000
2.50% State of Michigan sewage disposal system bonds	8,909,648	-	(800,000)	8,109,648	820,000
1.625% State of Michigan wastewater treatment improvement bonds	7,994,141	143,584	(440,000)	7,697,725	430,000
2.25% State of Michigan sewage disposal system bonds	4,900,847	-	(536,770)	4,364,077	549,740
3.60% to 5.50% Drake/Douglas sewage general obligation bonds	975,000	-	(25,000)	950,000	50,000
Accrued sick and vacation payable	<u>1,338,333</u>	<u>177,022</u>	<u>(349,697)</u>	<u>1,165,658</u>	<u>407,980</u>
Total business-type activities	<u>\$49,046,720</u>	<u>\$ 320,606</u>	<u>\$(5,736,963)</u>	<u>\$43,630,363</u>	<u>\$5,953,934</u>

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

For the governmental activities, workers' compensation and insurance claims payable are liquidated by the internal service funds and accrued sick and vacation/PTO compensatory time payable are generally liquidated by the general fund and certain special revenue funds.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2011, excluding accrued sick and vacation/PTO compensatory time payable, workers' compensation claims payable and insurance claims payable are as follows:

<u>Due</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,545,954	\$ 1,121,467
2013	5,676,916	994,708
2014	4,396,080	900,247
2015	4,186,085	781,387
2016	2,351,620	667,218
2017-2021	10,755,325	2,544,244
2022-2026	6,307,812	1,221,007
2027-2029	<u>3,244,913</u>	<u>190,520</u>
Total	<u>\$ 42,464,705</u>	<u>\$ 8,420,798</u>

The total requirements of principal and interest on long-term obligations at June 30, 2011, for business-type activity obligations are summarized as follows:

	<u>Principal</u>	<u>Interest</u>
Business-type activity obligations		
2008 water revenue bonds	\$ 10,600,000	\$ 5,197,250
State of Michigan sewage disposal bonds at 2.00%	10,743,255	368,578
bonds at 2.25%	4,364,077	411,186
bonds at 2.50%	8,109,648	1,042,745
Drake/Douglas general obligation bonds	950,000	320,075
State of Michigan sewage treatment improvement bonds at 1.625%	<u>7,697,725</u>	<u>1,080,964</u>
Total future debt service requirements	<u>\$ 42,464,705</u>	<u>\$ 8,420,798</u>

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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

G. Operating leases

The City leases various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$149,069 for the year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Fiscal year</u>	<u>IBM equipment</u>
2012	117,600
2013	102,000
2014	<u>102,000</u>
Total	<u>\$ 321,600</u>

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, but have increased in the current year. In accordance with GASB Statement No. 10, an estimate of the City's workers' compensation liability has been recorded in an Internal Service Fund.

B. Self insurance

General Liability

The City's insurance carriers are Genesis Insurance Company for general liability and automobile coverage and Amerisure Insurance for automobile physical damage. The City is insured up to \$21 million with a \$250,000 deductible per occurrence for general and automobile liability and a \$1,000 deductible for automobile physical damage. There were no reductions of insurance coverage from the prior year.

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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

The changes in the claims liability for the fiscal years ended June 30, 2010 and 2011 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>
6/30/10	\$1,290,200	\$ 195,703	\$ (112,982)	\$ 1,372,921
6/30/11	\$1,372,921	\$ 316,861	\$ (172,154)	\$ 1,517,628

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, 2010 and 2011, 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>
6/30/10	\$ 824,727	\$12,462,640	\$(12,461,865)	\$ 825,502
6/30/11	\$ 825,502	\$12,006,440	\$(12,011,496)	\$ 820,446

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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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, 2010 and 2011, 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>
6/30/10	\$1,767,356	\$ 1,510,561	\$(1,130,543)	\$ 2,147,374
6/30/11	\$2,147,374	\$ 3,585,498	\$(2,124,084)	\$ 3,608,788

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 and MERS 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. All IAFF union employees hired after July 1, 2001 as well as POAM & COAM union employees hired after January 1, 2002 are also required to participate in 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, 2011, there were 146 general city plan members and 49 public safety plan members. The City is required to contribute 10% of the employees' gross wages and the eligible employee is required to contribute 5% of their gross wages for general city employees. The City is required to contribute 13% of the employees' gross wages and the eligible employee is required to contribute 8% of their gross wages for public safety employees. The contribution requirements of plan members and the City are established and may be amended by the City Council.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Employer contributions to the Plan for the year ended June 30, 2011, amounted to \$896,456 and employee contributions were \$477,728.

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%-5.0% 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.

Annual Pension Cost

For the year ended June 30, 2011, the City's annual pension cost of \$5,901,821 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, the date of the latest actuarial valuation, was 15 years.

Three-Year Trend Information

<u>Fiscal year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
6/30/09	\$4,931,952	100%	\$ -
6/30/10	5,104,320	100%	-
6/30/11	5,856,972	100%	-

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Schedule of Funding Progress

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL) entry age	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
12/31/10	\$ 70,432,198	\$ 140,215,191	\$ 69,782,993	50%	\$ 6,502,488	1073%

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 Police hired prior to January 1, 2002 and Fire personnel hired prior to July 1, 2001. Membership of the plan consisted of the following at June 30, 2008, the date of the latest actuarial valuation:

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

Eligible members of the Plan are required to contribute eight percent (8%) for police, with an additional 3.5% for patrol and command members, and eight percent (8%) for fire of their annual compensation to the Plan with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The annual required employer contribution is based upon a flat rate as determined by the actuary and was \$4,469,001 for the year ended June 30, 2011.

The City of Saginaw is the Administrator of the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan is included as a pension trust fund in the City's financial statements and a stand alone financial report of the Plan has not been issued.

Plan amendments are under the authority of Ordinance D One, Chapter 5, Article One, of the Saginaw General Code which states all amendments are to be approved by City Council. Changes in required contributions are approved by the Policemen and Firemen Pension Board.

Significant Accounting Policies

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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

No single investment comprised more than five percent of the total investments for the Police and Fire Retirement System at June 30. However, amounts invested in a separate equity mutual fund (Harbor International Fund) represent 7% of the System's total investments at June 30, 2011.

Annual Pension Cost

The Plan's annual pension cost of \$4,469,001 was equal to the Plan's required and actual contributions for the current year.

Three-Year Trend Information

Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/09	\$4,931,700	100%	\$ -
6/30/10	4,453,364	100%	-
6/30/11	4,469,001	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.

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:

Schedule of Funding Progress

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL) entry age	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
6/30/08	\$ 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.

CITY OF SAGINAW, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Following are the financial statements for the Policemen and Firemen Pension Trust Fund for the year ended June 30, 2011.

Statement of Plan Net Assets

<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,049,841
Investments, at market value	
Governmental securities	12,448,010
Municipal obligation	3,094,440
Corporate and foreign bonds	13,998,254
Common equity securities	58,923,788
Equity mutual funds	<u>32,987,143</u>
Total investments at fair value	<u>121,451,635</u>
Accrued interest receivable	<u>162,339</u>
Total assets	<u>123,663,815</u>
<u>LIABILITIES</u>	
Accounts payable	3,328,063
Accrued wages payable	<u>689,212</u>
Total liabilities	<u>4,017,275</u>
Net assets held in trust for pension benefits	<u>\$ 119,646,540</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Statement of Changes in Plan Net Assets

ADDITIONS

Contributions:

Employer	\$ 4,469,001
Plan members	<u>871,822</u>

Total contributions	<u>5,340,823</u>
---------------------	------------------

Investments income

Interest	1,426,243
Dividends	1,632,668
Mutual fund rebates	26,659
Net appreciation in fair value of investments	21,605,414
Investment expenses	<u>(101,694)</u>

Total investment income	<u>24,589,290</u>
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Total additions	<u>29,930,113</u>
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DEDUCTIONS

Police pension benefits	6,853,374
Fire pension benefits	5,937,927
Administrative expenses	<u>621,324</u>

Total deductions	<u>13,412,625</u>
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Net increase for the year	16,517,488
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Net assets held in trust for pension benefits

Beginning of year	<u>103,129,052</u>
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End of year	<u>\$ 119,646,540</u>
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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 \$6,621, and Medicare (1.45%). All sworn Police and Fire personnel hired after April 1, 1986 contribute 1.45% to Medicare. All regular part time employees, those who work between twenty and thirty-two hours per week, contribute 1.45% to Medicare and 3.75% to a deferred compensation account in lieu of Social Security. The City contributes a matching 3.75%.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

The City paid or accrued premiums, claims and administrative fees to third party administrators for its full time employees totaling \$3,934,995, an increase of 9.82% from the prior fiscal year, as follows:

	<u>Fiscal year 2011</u>	<u>Fiscal year 2010</u>	<u>Increase (decrease)</u>
Health insurance	\$ 3,139,793	\$ 2,761,569	\$ 378,224
Dental insurance	395,424	346,473	48,951
Life insurance	80,893	115,174	(34,281)
Short/long term disability	238,723	282,127	(43,404)
Vision care	<u>80,162</u>	<u>77,905</u>	<u>2,257</u>
Total payments	<u>\$ 3,934,995</u>	<u>\$ 3,583,248</u>	<u>\$ 351,747</u>

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 \$9,354,810 were recognized for postretirement health care benefits, an increase of 10.37%, from the prior fiscal year, as follows:

	<u>No. of Retirees</u>	<u>Fiscal year 2011</u>	<u>Fiscal year 2010</u>
Health insurance	734	\$ 9,301,559	\$ 8,425,545
Dental insurance	72	48,422	45,603
Life insurance	524	<u>4,829</u>	<u>4,617</u>
Total payments		<u>\$ 9,354,810</u>	<u>\$ 8,475,765</u>

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

Significant Accounting Policies

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

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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, 2011, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2009. 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 2011, 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	\$ 18,160,426
Interest on net OPEB obligation	1,432,300
Adjustment to annual required contribution	<u>(1,756,470)</u>
Annual OPEB cost	17,836,256
Contribution made	<u>(9,515,047)</u>
Increase in net OPEB obligation	8,321,209
Net OPEB obligation, beginning of year	<u>23,871,690</u>
Net OPEB obligation, end of year	<u>\$ 32,192,899</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of the current year (the first year of implementation) were as follows:

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
6/30/11	\$ 17,836,256	\$ 9,515,047	53.3	\$32,192,899

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Funded Status - The funded status of the plan as of December 31, 2009, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liabilities (AAL)	\$ 204,084,283
Actuarial value of plan assets	<u>2,651,169</u>
Unfunded actuarial accrued liability (UAAL)	\$ 201,433,114
Funded ratio	1.3%
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 (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	12/31/09
Actuarial cost method	Individual entry age
Amortization method for contributions	Level dollar
Remaining amortization period	28 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	9% (2009), grading to 4.5% (2017)

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended June 30, 2011.

Statement of Plan Net Assets

<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,879,781
Investments, at fair value	
Other	<u>1,690,120</u>
Total assets	<u>3,569,901</u>
Net assets held in trust for pension benefits	<u>\$ 3,569,901</u>

Statement of Changes in Plan Net Assets

<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 483,678
Current premium contributions	<u>9,031,369</u>
Total contributions	9,515,047
Investments income	
Interest	35,242
Net appreciation in fair value of investments	<u>241,318</u>
Total investment income	<u>276,560</u>
Total additions	<u>9,791,607</u>
<u>DEDUCTIONS</u>	
Retiree premium payments	<u>9,031,369</u>
Net increase for the year	<u>760,238</u>
Net assets held in trust for pension benefits	
Beginning of year	<u>2,809,663</u>
End of year	<u>\$ 3,569,901</u>

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

F. Property taxes

City property taxes are levied each July 1 on the taxable value of property located in the City as of the preceding December 31, tax day and the lien date. In accordance with the provisions of Proposal A (see below), taxable value is the lower of the following three computations: 1) assessed/state equalized value; 2) the prior year's taxable value multiplied by the increase in the consumer price index or five percent (5%), whichever is less; or 3) the multiplier value. Proposal A requires the City Assessor to annually establish the assessed values and the equalization of said assessed values by the State of Michigan at 50 percent of current market value, prior to the application of formulas to determine the taxable value. Real property taxable value for the July 1, 2010, levy was assessed at \$514,330,876 and personal property taxable value was assessed at \$93,641,000.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2011, was 6.2976 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.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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.

G. Economic development projects

Baker Perkins Project

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

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

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

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

On April 17, 1996, the LDFA deferred the repayment of Interim Rental Advances made to SPM until the earlier of: 1) the date SPM completes the lease obligations for its blow molding machine under the Equipment Lease; or 2) the date the Equipment Lease is otherwise terminated for any reason including default of SPM. The LDFA also waived the payment of interest on the Interim Rental Advances provided SPM does not default in any of its obligations. No payments were made by SPM during the fiscal year.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Brownfield Authority Site Remediation Revolving Fund (SRRF)

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

H. 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.

I. Restatements

General Fund

To comply with GASB 54, the budget stabilization fund was combined with the general fund. This increased the beginning fund balance of the general fund \$2,200,000.

Major Street Fund

The Major Street fund balance was restated to reflect unspent grant proceeds that were previously recognized as being expended in a previous fiscal year; this decreased the beginning fund balance of the Major Street Fund by \$381,942.

Sewer Fund

The Sewer Fund net assets have been restated to reflect grant receivables for expenses incurred during fiscal year ended 6/30/10 but not requested for reimbursement until the current fiscal year. The restated net assets increased by \$393,155.

Nonmajor Enterprise Funds

Celebration Park Fund, which had previously been an enterprise fund, was determined to be a governmental fund as it does not charge fees to support services rendered. Due to the elimination of capital assets from the fund, the restated fund balance decreased to a deficit balance of \$676,711.

CITY OF SAGINAW, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

J. Net assets invested in capital assets, net of related debt

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets:		
Not being depreciated	\$ 17,594,879	\$ 33,946,169
Being depreciated, net	<u>26,058,810</u>	<u>90,798,738</u>
	<u>43,653,689</u>	<u>124,744,907</u>
Related debt:		
Bonds payable	<u>-</u>	<u>42,464,705</u>
	<u>\$ 43,653,689</u>	<u>\$ 82,280,202</u>

K. Subsequent Event

The City of Saginaw issued Water Supply System Revenue Bonds in the amount of \$10,570,000 dated July 7, 2011 for the purpose of paying the cost of acquiring and constructing improvements to the City's Water Supply System.

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**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>
6/30/06	\$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%
6/30/11	5,856,972	100%

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/08	\$75,094,190	\$138,942,208	\$63,848,018	54%	\$7,289,196	876%
12/31/09	72,299,080	140,178,740	67,879,660	52%	7,085,203	958%
12/31/10	70,432,198	140,215,191	69,782,993	50%	6,502,488	1073%

CITY OF SAGINAW, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

POLICEMEN AND FIREMEN RETIREMENT SYSTEM

Schedule of Employer Contributions

Fiscal year ending	Annual required contribution	Percentage of APC contributed
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%
6/30/11	4,469,001	100%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/03	\$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	130,123,446	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%
6/30/11	18,160,426	9,515,047	52.4%

Funded Status - The funded status of the plan as of December 31, 2009, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liabilities (AAL)	\$ 204,084,283
Actuarial value of plan assets	<u>2,651,169</u>
Unfunded actuarial accrued liability (UAAL)	\$ 201,433,114
Funded ratio	1.3%
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, 2011
(With Comparative Actual Amounts for June 30, 2010)**

	2011	2010
<u>Assets</u>		
Cash and cash equivalents	\$ 933,135	\$ 1,314,564
Income taxes receivable	1,509,454	1,449,058
Accounts receivable, net of allowances	4,318,158	2,908,757
Accrued interest	41	-
Due from other governmental units	2,782,597	1,947,828
Inventory	130,921	1,770
Prepays	12,240	12,465
Property taxes receivable	899,415	105,456
Assessments receivable	287,591	355,711
Due from other funds	4,616,887	2,114,494
Total assets	\$ 15,490,439	\$10,210,103
 <u>Liabilities and fund balances</u>		
<u>Liabilities</u>		
Accounts payable	\$ 2,296,057	\$ 635,323
Accrued wages payable	877,112	579,307
Due to other governmental units	114,191	98,293
Due to other funds	6,520,020	5,350,000
Customer deposits	315,035	576,177
Deferred revenue	1,503,055	1,399,224
Total liabilities	11,625,470	8,638,324
 <u>Fund balances</u>		
<u>Nonspendable</u>		
Inventories and prepaids	143,161	14,235
Restricted for fire purposes	700	
Assigned for subsequent year expenditures	1,035,987	750,000
Unassigned	2,685,121	807,544
Total fund balances	3,864,969	1,571,779
Total liabilities and fund balances	\$ 15,490,439	\$10,210,103

**CITY OF SAGINAW, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Amounts for the Year ended June 30, 2010)**

	FOR THE YEAR ENDED JUNE 30, 2011			Actual Over (Under) Final Budget	Year Ended June 30, 2010 Actual
	Original Budget	Final Budget	Actual		
Revenues					
General operating property taxes	\$ 3,546,753	\$ 3,546,753	\$ 2,826,472	\$ (720,281)	\$ 3,241,739
Special assessments	100,000	100,000	118,916	18,916	159,928
City income tax	12,079,000	12,079,000	12,235,713	156,713	11,802,819
State shared revenues					
Sales tax	8,718,542	8,718,542	8,884,942	166,400	8,884,942
Liquor licenses	44,000	44,000	35,085	(8,915)	36,414
Total state shared revenues	<u>8,762,542</u>	<u>8,762,542</u>	<u>8,920,027</u>	<u>157,485</u>	<u>8,921,356</u>
Departmental and miscellaneous					
Housing and business licenses	412,700	412,700	392,643	(20,057)	442,491
Construction and other permits	259,150	259,150	377,915	118,765	184,458
Fees	966,500	966,500	912,796	(53,704)	883,456
Fines, penalties and forfeitures	380,000	380,000	326,715	(53,285)	543,878
Grants, donations and contributions	4,837,200	5,776,677	5,123,670	(653,007)	3,838,824
Interest	436,100	436,100	467,977	31,877	403,166
Rents and privileges	30,000	30,000	22,512	(7,488)	32,360
Sale of materials and services	1,311,443	1,665,668	1,592,921	(72,747)	1,422,940
Total departmental and miscellaneous revenues	<u>8,633,093</u>	<u>9,926,795</u>	<u>9,217,149</u>	<u>(709,646)</u>	<u>7,751,573</u>
Total revenues	<u>33,121,388</u>	<u>34,415,090</u>	<u>33,318,277</u>	<u>(1,096,813)</u>	<u>31,877,415</u>
Expenditures					
General government	4,903,021	4,842,855	4,645,916	(196,939)	4,646,576
Fiscal services (administration)	2,600,629	2,686,879	2,506,866	(180,013)	2,304,181
Public safety	21,141,861	21,743,397	22,457,780	714,383	20,131,088
General services	3,352,362	3,590,034	3,096,603	(493,431)	2,716,618
Community services	1,195,272	1,508,999	1,543,247	34,248	1,546,515
Total expenditures	<u>33,193,145</u>	<u>34,372,164</u>	<u>34,250,412</u>	<u>(121,752)</u>	<u>31,344,978</u>
Revenues over (under) expenditures	<u>(71,757)</u>	<u>42,926</u>	<u>(932,135)</u>	<u>(975,061)</u>	<u>532,437</u>
Other financing sources (uses)					
Transfers in	330,531	330,531	2,492,500	2,161,969	63,770
Transfers out	<u>(1,008,776)</u>	<u>(1,028,044)</u>	<u>(1,467,175)</u>	<u>(439,131)</u>	<u>(568,889)</u>
Total other financing sources (uses)	<u>(678,245)</u>	<u>(697,513)</u>	<u>1,025,325</u>	<u>1,722,838</u>	<u>(505,119)</u>
Net change in fund balances	<u>\$ (750,002)</u>	<u>\$ (654,587)</u>	<u>93,190</u>	<u>\$ 747,777</u>	<u>27,318</u>
Fund balance, beginning of year as restated			<u>3,771,779</u>		
Fund balance, end of year			<u>\$ 3,864,969</u>		

CITY OF SAGINAW, MICHIGAN
SCHEDULE OF DEPARTMENTAL AND MISCELLANEOUS REVENUES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual Revenues	Actual Over (Under) Final Budget
Licenses				
Business and occupational	\$ 109,700	\$ 109,700	\$ 116,238	\$ 6,538
Rental housing	303,000	303,000	276,405	(26,595)
Total licenses	<u>412,700</u>	<u>412,700</u>	<u>392,643</u>	<u>(20,057)</u>
Construction and other permits	<u>259,150</u>	<u>259,150</u>	<u>377,915</u>	<u>118,765</u>
Fees				
Property tax administration	345,000	345,000	295,946	(49,054)
Gun registration	1,800	1,800	1,695	(105)
Zoning code	7,000	7,000	7,385	385
Witness	20,000	20,000	1,813	(18,187)
Japanese tea house	7,000	7,000	-	(7,000)
Hazmat clean up	35,500	35,500	5,584	(29,916)
Fire department	200	200	125	(75)
Cable television	550,000	550,000	600,248	50,248
Total fees	<u>966,500</u>	<u>966,500</u>	<u>912,796</u>	<u>(53,704)</u>
Fines, penalties and forfeitures				
Traffic violations (except parking)	170,000	170,000	228,695	58,695
Traffic violations - parking	25,000	25,000	866	(24,134)
Penalties on property taxes	135,000	135,000	66,791	(68,209)
Transfer affidavit fines	50,000	50,000	30,363	(19,637)
Total fines, penalties and forfeitures	<u>380,000</u>	<u>380,000</u>	<u>326,715</u>	<u>(53,285)</u>
Grants, donations and contributions				
City/county/school liaison	10,000	5,000	10,000	5,000
Indirect costs	2,937,460	2,937,460	3,031,483	94,023
Reimbursement for police overtime	133,431	133,431	120,044	(13,387)
Other grants	1,756,309	2,700,786	1,962,143	(738,643)
Total grants, donations and contributions	<u>4,837,200</u>	<u>5,776,677</u>	<u>5,123,670</u>	<u>(653,007)</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, 2011**

	Original Budget	Final Budget	Actual Revenues	Actual Over (Under) Final Budget
Interest				
Investments	\$ 202,800	\$ 202,800	\$ 45,546	\$ (157,254)
Deferred special assessments	3,300	3,300	7,490	4,190
City income taxes	230,000	230,000	414,941	184,941
Total interest	436,100	436,100	467,977	31,877
Rents and privileges				
Land and buildings	30,000	30,000	22,512	(7,488)
Sale of materials and services				
Cemetery services and markers	382,000	382,000	362,739	(19,261)
Cemetery grave spaces	133,000	133,000	94,064	(38,936)
Police Department services	88,064	88,064	103,771	15,707
Fire Department services	2,000	2,000	3,421	1,421
Election services	-	11,110	11,110	-
Engineering plans and specifications	750	750	1,620	870
Sale of land	-	332,864	209,000	(123,864)
Insurance proceeds	31,616	31,616	7,239	(24,377)
Surplus receipts	120,250	120,501	73,470	(47,031)
Other	553,763	563,763	726,487	162,724
Total sale of materials and services	1,311,443	1,665,668	1,592,921	(72,747)
Transfers in				
Police grant funds	330,531	330,531	2,492,500	2,161,969
Total departmental and miscellaneous revenues and transfers in	\$ 8,963,624	\$ 10,257,326	\$ 11,709,649	\$ 1,452,323

**CITY OF SAGINAW, MICHIGAN
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
General government				
City council	\$ 57,709	\$ 57,709	\$ 42,535	\$ (15,174)
City/county/school liaison	15,000	5,000	5,000	-
City manager	401,275	403,634	389,151	(14,483)
Cable television operation	50,000	50,000	40,650	(9,350)
Employee services	516,892	519,245	528,279	9,034
City clerk	327,165	329,266	298,823	(30,443)
Elections	235,574	247,259	243,248	(4,011)
City attorney	506,703	546,186	584,710	38,524
Unemployment compensation	231,463	231,462	199,729	(31,733)
Retiree health insurance and contributions	2,509,458	2,401,311	2,262,009	(139,302)
Geographical information system charges	51,782	51,783	51,782	(1)
Total general government	<u>4,903,021</u>	<u>4,842,855</u>	<u>4,645,916</u>	<u>(196,939)</u>
Fiscal services				
Administration	518,470	581,317	499,961	(81,356)
Controller	341,339	341,339	338,692	(2,647)
Treasurer/income tax	986,429	996,204	944,810	(51,394)
Assessor	579,784	592,712	554,939	(37,773)
Purchasing	174,607	175,307	168,464	(6,843)
Total fiscal services	<u>2,600,629</u>	<u>2,686,879</u>	<u>2,506,866</u>	<u>(180,013)</u>
Public safety				
Police department				
Administration	477,677	495,088	452,578	(42,510)
Patrol	8,255,149	8,419,458	9,331,265	911,807
Administrative services	374,516	377,829	383,574	5,745
Investigation	1,695,375	1,691,214	1,822,331	131,117
Building and property management	880,577	951,920	896,365	(55,555)
Technical services	602,377	605,942	470,222	(135,720)
Total police department	<u>12,285,671</u>	<u>12,541,451</u>	<u>13,356,335</u>	<u>814,884</u>

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CITY OF SAGINAW, MICHIGAN
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
Public safety (continued)				
Fire department				
Administration	\$ 404,621	\$ 405,443	\$ 391,946	\$ (13,497)
Suppression	7,753,485	7,906,316	7,904,081	(2,235)
Training	179,471	369,134	315,562	(53,572)
Prevention	194,566	189,884	194,598	4,714
Apparatus operation and maintenance	324,047	331,169	295,258	(35,911)
Total fire department	<u>8,856,190</u>	<u>9,201,946</u>	<u>9,101,445</u>	<u>(100,501)</u>
Total public safety	<u>21,141,861</u>	<u>21,743,397</u>	<u>22,457,780</u>	<u>714,383</u>
General services				
Public works and engineering	20,833	32,366	29,559	(2,807)
Street lighting	653,037	648,908	716,083	67,175
Public improvements	383,030	384,225	366,703	(17,522)
Traffic engineering	138,372	138,772	(843)	(139,615)
Abatement of nuisances	167,435	170,405	140,109	(30,296)
Cemeteries operation and maintenance	609,423	612,470	561,489	(50,981)
Japanese tea house and cultural center	46,223	46,223	46,695	472
Parks administration	35,000	35,000	35,860	860
Building and grounds maintenance	1,299,009	1,521,665	1,200,948	(320,717)
Total general services	<u>3,352,362</u>	<u>3,590,034</u>	<u>3,096,603</u>	<u>(493,431)</u>
Community services				
Inspections and zoning	619,867	607,686	614,036	6,350
Demolitions	283,750	260,150	277,165	17,015
Planning and economic development	290,655	635,163	646,046	10,883
Contributions to other organizations	1,000	6,000	6,000	-
Total community services	<u>1,195,272</u>	<u>1,508,999</u>	<u>1,543,247</u>	<u>34,248</u>

continued...

**CITY OF SAGINAW, MICHIGAN
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual Expenditures	Actual Over (Under) Final Budget
Transfers out				
Anderson Enrichment Center	\$ 11,674	\$ 11,674	\$ 11,674	\$ -
Public safety fund	784,936	784,936	1,171,748	386,812
Motor Pool Fund	-	-	20,000	20,000
Parking fund	27,684	27,684	27,682	(2)
Police grant funds	184,482	203,750	236,071	32,321
 Total transfers out	 1,008,776	 1,028,044	 1,467,175	 439,131
 Total appropriations, expenditures and transfers out	 \$ 34,201,921	 \$ 35,400,208	 \$ 35,717,587	 317,379

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

MAJOR AND LOCAL STREETS FUNDS

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

CLEAN ENERGY COALITION FUND

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

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.

CELEBRATION PARK FUND

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

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, 2011**

	Special Revenue Funds				
	Major Streets	Local Streets	Clean Energy Coalition	Public Safety Millage	Rubbish Collection
<u>Assets</u>					
Cash and cash equivalents	\$ 35,783	\$ 229,351	\$ -	\$ -	\$ 21,824
Accounts receivable, net	7,361	-	54,207	-	36,400
Property taxes receivable	-	-	-	588,330	622,160
Assessments receivable	-	906	-	-	559,554
Due from other governmental units	823,419	157,922	-	-	80,300
Due from other funds	22,907	-	-	-	-
Inventory	349,506	-	-	-	-
Prepays	-	-	-	-	174,865
Restricted assets					
Cash and cash equivalents	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Investments	-	-	-	-	-
Total assets	<u>\$ 1,238,976</u>	<u>\$ 388,179</u>	<u>\$ 54,207</u>	<u>\$ 588,330</u>	<u>\$ 1,495,103</u>
<u>Liabilities and fund balances</u>					
Liabilities					
Accounts payable	\$ 230,658	\$ 2,244	\$ 31,300	\$ 150	\$ 358,317
Accrued payroll	34,953	24,065	-	155,756	42,868
Due to other funds	-	-	22,907	432,424	597,612
Deferred revenue	381,942	-	-	-	169,005
Total liabilities	<u>647,553</u>	<u>26,309</u>	<u>54,207</u>	<u>588,330</u>	<u>1,167,802</u>
Fund balances					
Nonspendable					
Inventories and prepaids	349,506	-	-	-	174,865
Endowments	-	-	-	-	-
Restricted	241,917	361,870	-	-	152,436
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>591,423</u>	<u>361,870</u>	<u>-</u>	<u>-</u>	<u>327,301</u>
Total liabilities and fund balances	<u>\$ 1,238,976</u>	<u>\$ 388,179</u>	<u>\$ 54,207</u>	<u>\$ 588,330</u>	<u>\$ 1,495,103</u>

Police Grants Funds				
Community Policing	Local Law Enforcement	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant
\$ -	\$ -	\$ 6,820	\$ 19,438	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
335,202	200,964	-	-	26,320
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 335,202</u>	<u>\$ 200,964</u>	<u>\$ 6,820</u>	<u>\$ 19,438</u>	<u>\$ 26,320</u>

\$ 11,847	\$ -	\$ 3,190	\$ 4,440	\$ -
24,363	-	3,630	-	-
293,125	200,964	-	-	26,320
5,851	-	-	14,998	-
<u>335,186</u>	<u>200,964</u>	<u>6,820</u>	<u>19,438</u>	<u>26,320</u>

-	-	-	-	-
-	-	-	-	-
16	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 335,202</u>	<u>\$ 200,964</u>	<u>\$ 6,820</u>	<u>\$ 19,438</u>	<u>\$ 26,320</u>

Continued

**CITY OF SAGINAW, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Funds			
	Drug Forfeiture	Andersen Center Operation	GM Tower	Boat Launch Operation
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 92,899	\$ 135,311	\$ 28,537
Accounts receivable, net of allowances	-	-	-	-
Property taxes receivable	-	-	-	-
Assessments receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	-
Restricted assets				
Cash and cash equivalents	1,139,494	29,830	-	-
Accrued interest receivable	-	243	-	-
Investments	-	-	-	-
Total assets	<u>\$ 1,139,494</u>	<u>\$ 122,972</u>	<u>\$ 135,311</u>	<u>\$ 28,537</u>
<u>Liabilities and fund balances</u>				
Liabilities				
Accounts payable	\$ 2,979	\$ 3,950	\$ -	\$ 2,503
Accrued payroll	-	3,508	-	-
Due to other funds	276,665	-	-	-
Deferred revenue	438,222	-	-	-
Total liabilities	<u>717,866</u>	<u>7,458</u>	<u>-</u>	<u>2,503</u>
Fund balances				
Nonspendable				
Inventory and prepaids	-	-	-	-
Endowments	-	-	-	-
Restricted	421,628	-	-	-
Assigned	-	115,514	135,311	26,034
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>421,628</u>	<u>115,514</u>	<u>135,311</u>	<u>26,034</u>
Total liabilities and fund balances	<u>\$ 1,139,494</u>	<u>\$ 122,972</u>	<u>\$ 135,311</u>	<u>\$ 28,537</u>

Special Revenue Funds						
Economic Development	Carl H. Ibershoff Trust	Celebration Park	Total	Capital Projects	Permanent Fund	Totals
\$ 64,238	\$ -	\$ -	\$ 634,201	\$ 102,249	\$ 99,346	\$ 835,796
-	-	-	97,968	-	-	97,968
-	-	-	1,210,490	-	-	1,210,490
-	-	-	560,460	-	-	560,460
-	-	-	1,624,127	-	-	1,624,127
-	-	-	22,907	-	-	22,907
-	-	-	349,506	-	-	349,506
-	-	-	174,865	-	-	174,865
-	-	-	1,169,324	-	-	1,169,324
-	-	-	243	-	-	243
-	-	-	-	-	2,449,935	2,449,935
<u>\$ 64,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,844,091</u>	<u>\$ 102,249</u>	<u>\$ 2,549,281</u>	<u>\$ 8,495,621</u>
\$ -	\$ -	\$ 23,588	\$ 675,166	\$ -	\$ 3,549	\$ 678,715
-	-	3,793	292,936	-	-	292,936
-	-	763,105	2,613,122	-	-	2,613,122
-	-	-	1,010,018	-	-	1,010,018
-	-	790,486	4,591,242	-	3,549	4,594,791
-	-	-	524,371	-	-	524,371
-	-	-	-	-	2,449,935	2,449,935
64,238	-	-	1,242,105	-	95,797	1,337,902
-	-	-	276,859	102,249	-	379,108
-	-	(790,486)	(790,486)	-	-	(790,486)
<u>64,238</u>	<u>-</u>	<u>(790,486)</u>	<u>1,252,849</u>	<u>102,249</u>	<u>2,545,732</u>	<u>3,900,830</u>
<u>\$ 64,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,844,091</u>	<u>\$ 102,249</u>	<u>\$ 2,549,281</u>	<u>\$ 8,495,621</u>

**CITY OF SAGINAW, MICHIGAN
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	Major Streets	Local Streets	Clean Energy Coalition
Revenues			
General operating property taxes	\$ -	\$ -	\$ -
State of Michigan gas and weight taxes	3,497,741	978,774	-
Trunkline maintenance	285,307	-	-
Fees	-	-	-
Drug forfeitures	-	-	-
Grants and entitlements	1,025,880	-	233,878
Interest on deposits and investments	587	281	-
Sale of materials and services	37,571	7,107	-
Miscellaneous	97	-	-
Total revenues	4,847,183	986,162	233,878
Expenditures			
Current expenditures			
Public safety	-	-	-
Highways and streets	4,748,728	1,182,663	-
Garbage and rubbish	-	-	-
Contractual services	-	-	233,878
Community service	-	-	-
Economic development	-	-	-
Total expenditures	4,748,728	1,182,663	233,878
Revenues over (under) expenditures	98,455	(196,501)	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	98,455	(196,501)	-
Fund balances, beginning of year as restated	492,968	558,371	-
Fund balances, end of year	\$ 591,423	\$ 361,870	\$ -

Special Revenue Funds

Public Safety Millage	Rubbish Collection	Police Grants Funds				
		Community Policing	Local Law Enforcement	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant
\$ 2,951,153	\$ 1,525,784	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	1,361,056	-	-	-	-	-
-	-	552,900	251,586	31,709	20,185	60,640
-	2,380	-	-	-	(4)	(7)
-	244	-	-	1,664	-	-
-	-	-	-	-	-	-
<u>2,951,153</u>	<u>2,889,464</u>	<u>552,900</u>	<u>251,586</u>	<u>33,373</u>	<u>20,181</u>	<u>60,633</u>
4,122,901	-	994,479	251,586	112,420	20,181	76,418
-	-	-	-	-	-	-
-	3,247,793	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,122,901</u>	<u>3,247,793</u>	<u>994,479</u>	<u>251,586</u>	<u>112,420</u>	<u>20,181</u>	<u>76,418</u>
<u>(1,171,748)</u>	<u>(358,329)</u>	<u>(441,579)</u>	<u>-</u>	<u>(79,047)</u>	<u>-</u>	<u>(15,785)</u>
1,171,748	-	455,779	-	79,047	-	15,785
-	-	(14,200)	-	-	-	-
<u>1,171,748</u>	<u>-</u>	<u>441,579</u>	<u>-</u>	<u>79,047</u>	<u>-</u>	<u>15,785</u>
-	(358,329)	-	-	-	-	-
-	685,630	16	-	-	-	-
<u>\$ -</u>	<u>\$ 327,301</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, 2011**

	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	-	48,194	-	21,742
Drug forfeitures	191,587	-	-	-
Grants and entitlements	-	162,219	-	-
Interest on deposits and investments	1,896	664	59	33
Sale of materials and services	-	(1,667)	-	-
Sale of property items	-	-	-	-
Miscellaneous	900	-	-	-
Total revenues	194,383	209,410	59	21,775
Expenditures				
Current expenditures				
Public safety	158,859	-	-	-
Highways and streets	-	-	-	-
Garbage and rubbish	-	-	-	-
Contractual services	-	-	-	-
Community service	-	212,284	-	-
Economic development	-	-	102,500	21,304
Total expenditures	158,859	212,284	102,500	21,304
Revenues over (under) expenditures	35,524	(2,874)	(102,441)	471
Other financing sources (uses)				
Transfers in	-	11,674	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	11,674	-	-
Net change in fund balances	35,524	8,800	(102,441)	471
Fund balance, beginning of year	386,104	106,714	237,752	25,563
Fund balance, end of year	\$ 421,628	\$ 115,514	\$ 135,311	\$ 26,034

Special Revenue Funds						
Economic Development	Carl H. Ibershoff Trust	Celebration Park	Total	Capital Projects	Permanent Fund	Totals
\$ -	\$ -	\$ -	\$ 4,476,937	\$ -	\$ -	\$ 4,476,937
-	-	-	4,476,515	-	-	4,476,515
-	-	-	285,307	-	-	285,307
-	-	-	1,430,992	-	-	1,430,992
-	-	-	191,587	-	-	191,587
14,531	-	479,798	2,833,326	-	-	2,833,326
69	2	-	5,960	-	52	6,012
-	-	-	44,919	-	24,761	69,680
-	-	13,161	13,258	-	-	13,258
-	-	-	900	783	-	1,683
<u>14,600</u>	<u>2</u>	<u>492,959</u>	<u>13,759,701</u>	<u>783</u>	<u>24,813</u>	<u>13,785,297</u>
-	-	-	5,736,844	-	-	5,736,844
-	-	-	5,931,391	-	-	5,931,391
-	-	-	3,247,793	-	-	3,247,793
-	-	74,992	308,870	-	-	308,870
-	-	-	212,284	-	7,703	219,987
<u>22,036</u>	<u>-</u>	<u>534,556</u>	<u>680,396</u>	<u>-</u>	<u>-</u>	<u>680,396</u>
<u>22,036</u>	<u>-</u>	<u>609,548</u>	<u>16,117,578</u>	<u>-</u>	<u>7,703</u>	<u>16,125,281</u>
<u>(7,436)</u>	<u>2</u>	<u>(116,589)</u>	<u>(2,357,877)</u>	<u>783</u>	<u>17,110</u>	<u>(2,339,984)</u>
-	-	2,814	1,736,847	-	-	1,736,847
-	(2,814)	-	(17,014)	-	-	(17,014)
-	(2,814)	2,814	1,719,833	-	-	1,719,833
(7,436)	(2,812)	(113,775)	(638,044)	783	17,110	(620,151)
<u>71,674</u>	<u>2,812</u>	<u>(676,711)</u>	<u>1,890,893</u>	<u>101,466</u>	<u>2,528,622</u>	<u>4,520,981</u>
<u>\$ 64,238</u>	<u>\$ -</u>	<u>\$ (790,486)</u>	<u>\$ 1,252,849</u>	<u>\$ 102,249</u>	<u>\$ 2,545,732</u>	<u>\$ 3,900,830</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, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
State of Michigan gas and weight taxes	\$ 3,541,941	\$ 3,497,741	\$ (44,200)
Trunkline maintenance	-	285,307	285,307
Grants and entitlements	1,336,957	1,025,880	(311,077)
Interest	-	587	587
Sale of materials and services	107,000	37,571	(69,429)
Miscellaneous	-	97	97
	<u>4,985,898</u>	<u>4,847,183</u>	<u>(138,715)</u>
Expenditures			
Current expenditures			
Routine maintenance of roads and streets	1,278,015	955,152	(322,863)
Routine maintenance of bridges	140,663	116,366	(24,297)
Winter maintenance of roads and streets	244,960	333,704	88,744
Traffic services maintenance	1,013,696	892,428	(121,268)
State trunkline maintenance	308,439	193,731	(114,708)
Administration	1,141,700	1,106,204	(35,496)
Capital outlay			
Construction and resurfacing of streets	1,419,907	1,081,274	(338,633)
Bridge reconstruction	233,554	69,869	(163,685)
	<u>5,780,934</u>	<u>4,748,728</u>	<u>(1,032,206)</u>
Net change in fund balance	<u>\$ (795,036)</u>	98,455	<u>\$ 893,491</u>
Fund balance, beginning of year as restated		<u>492,968</u>	
Fund balance, end of year		<u>\$ 591,423</u>	

**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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
State of Michigan gas and weight taxes	\$ 946,097	\$ 978,774	\$ 32,677
Interest on deposits and investments	2,000	281	(1,719)
Sale of materials and services	<u>3,000</u>	<u>7,107</u>	<u>4,107</u>
Total revenues	<u>951,097</u>	<u>986,162</u>	<u>35,065</u>
Expenditures			
Current expenditures			
Routine maintenance of roads and streets	370,414	353,377	(17,037)
Winter maintenance of roads and streets	191,110	155,927	(35,183)
Traffic services maintenance	135,292	135,238	(54)
Administration	<u>527,282</u>	<u>538,121</u>	<u>10,839</u>
Total expenditures	<u>1,224,098</u>	<u>1,182,663</u>	<u>(41,435)</u>
Net change in fund balance	<u>\$ (273,001)</u>	(196,501)	<u>\$ 76,500</u>
Fund balance, beginning of year		<u>558,371</u>	
Fund balance, end of year		<u>\$ 361,870</u>	

**CITY OF SAGINAW, MICHIGAN
 CLEAN ENERGY COALITION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ 463,615	\$ 233,878	\$ (229,737)
Expenditures			
Current expenditures			
Contractual services	463,615	233,878	(229,737)
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

**CITY OF SAGINAW, MICHIGAN
PUBLIC SAFETY MILLAGE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
General operating property taxes	\$ 3,085,985	\$ 2,951,153	\$ (134,832)
Reimbursements	5,280	-	(5,280)
Total revenues	<u>3,091,265</u>	<u>2,951,153</u>	<u>(140,112)</u>
Expenditures			
Current expenditures			
Police patrol	1,609,952	1,581,763	(28,189)
Police investigation	689,737	734,697	44,960
Fire suppression	1,463,065	1,673,705	210,640
Fire prevention	113,447	132,736	19,289
Total expenditures	<u>3,876,201</u>	<u>4,122,901</u>	<u>246,700</u>
Revenues under expenditures	(784,936)	(1,171,748)	(386,812)
Other financing sources			
Transfers in	<u>784,936</u>	<u>1,171,748</u>	<u>386,812</u>
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, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
General operating property taxes	\$ 1,629,737	\$ 1,525,784	\$ (103,953)
Fees	1,467,250	1,361,056	(106,194)
Interest on deposits and investments	1,000	2,380	1,380
Sale of materials and services	500	244	(256)
Total revenues	<u>3,098,487</u>	<u>2,889,464</u>	<u>(209,023)</u>
Expenditures			
Current expenditures			
Administration	444,924	439,317	(5,607)
Rubbish collection and disposal	2,480,465	2,187,307	(293,158)
Brush collection and disposal	109,400	109,298	(102)
Recycling and composting	640,935	511,871	(129,064)
Total expenditures	<u>3,675,724</u>	<u>3,247,793</u>	<u>(427,931)</u>
Net change in fund balance	<u>\$ (577,237)</u>	(358,329)	<u>\$ 218,908</u>
Fund balance, beginning of year		<u>685,630</u>	
Fund balance, end of year		<u>\$ 327,301</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, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ 1,526,290	\$ 917,020	\$ (609,270)
Interest on deposits and investments	-	(11)	(11)
Sale of materials and services	<u>1,000</u>	<u>1,664</u>	<u>664</u>
Total revenues	1,527,290	918,673	(608,617)
Expenditures			
Current expenditures			
Public safety	<u>2,045,580</u>	<u>1,455,084</u>	<u>(590,496)</u>
Revenues under expenditures	<u>(518,290)</u>	<u>(536,411)</u>	<u>(18,121)</u>
Other financing sources			
Transfers in	518,290	550,611	32,321
Transfers out	<u>-</u>	<u>(14,200)</u>	<u>(14,200)</u>
Total other financing sources (uses)	<u>518,290</u>	<u>536,411</u>	<u>18,121</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>16</u>	
Fund balance, end of year		<u>\$ 16</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, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Drug forfeitures	\$ 213,985	\$ 191,587	\$ (22,398)
Grants and entitlements	10,687	-	(10,687)
Interest on deposits and investments	5,000	1,896	(3,104)
Miscellaneous	<u>3,000</u>	<u>900</u>	<u>(2,100)</u>
Total revenues	232,672	194,383	(38,289)
Expenditures			
Current expenditures			
Public safety	<u>207,420</u>	<u>158,859</u>	<u>(48,561)</u>
Net change in fund balance	<u>\$ 25,252</u>	35,524	<u>\$ 10,272</u>
Fund balance, beginning of year		<u>386,104</u>	
Fund balance, end of year		<u>\$ 421,628</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, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fees	\$ 49,589	\$ 48,194	\$ (1,395)
Grants and entitlements	176,523	162,219	(14,304)
Interest on deposits and investments	-	664	664
Sale of materials and services	39,600	(1,667)	(41,267)
Total revenues	265,712	209,410	(56,302)
Expenditures			
Current expenditures			
Community service	277,386	212,284	(65,102)
Revenues under expenditures	(11,674)	(2,874)	8,800
Other financing sources			
Transfers in	11,674	11,674	-
Net change in fund balance	\$ -	8,800	\$ 8,800
Fund balance, beginning of year		106,714	
Fund balance, end of year		\$ 115,514	

**CITY OF SAGINAW, MICHIGAN
GM TOWER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Interest on deposits and investments	\$ 7,000	\$ 59	\$ (6,941)
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>	(102,441)	<u>\$ (941)</u>
Fund balance, beginning of year		<u>237,752</u>	
Fund balance, end of year		<u>\$ 135,311</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, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fees	\$ 25,000	\$ 21,742	\$ (3,258)
Interest on deposits and investments	-	33	33
Total revenues	25,000	21,775	(3,225)
Expenditures			
Current expenditures			
Community services	25,550	21,304	(4,246)
Net change in fund balance	<u>\$ (550)</u>	471	<u>\$ 1,021</u>
Fund balance, beginning of year		<u>25,563</u>	
Fund balance, end of year		<u>\$ 26,034</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, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ -	\$ 14,531	\$ 14,531
Interest on deposits and investments	-	69	69
 Total revenues	 -	 14,600	 14,600
Expenditures			
Current expenditures			
Economic development	-	22,036	22,036
 Net change in fund balance	 <u>\$ -</u>	 <u>(7,436)</u>	 <u>\$ (7,436)</u>
 Fund balance, beginning of year		 <u>71,674</u>	
 Fund balance, end of year		 <u>\$ 64,238</u>	

**CITY OF SAGINAW, MICHIGAN
CELEBRATION PARK SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Grants and entitlements	\$ 908,185	\$ 479,798	\$ (428,387)
Sale of property items	-	13,161	13,161
Total revenues	<u>908,185</u>	<u>492,959</u>	<u>(415,226)</u>
Expenditures			
Current expenditures			
Contractual services	105,185	74,992	(30,193)
Economic development	<u>803,000</u>	<u>534,556</u>	<u>(268,444)</u>
Total expenditures	<u>908,185</u>	<u>609,548</u>	<u>(298,637)</u>
Revenues under expenditures	-	(116,589)	116,589
Other financing sources			
Transfers in	<u>-</u>	<u>2,814</u>	<u>2,814</u>
Net change in fund balance	<u>\$ -</u>	<u>(113,775)</u>	<u>\$ (113,775)</u>
Fund balance, beginning of year as restated (deficit)		<u>(676,711)</u>	
Fund balance, end of year (deficit)		<u>\$ (790,486)</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.

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, 2011**

	Information Services	GIS	Motor Pool
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 119,915	\$ 132,907	\$ 787,574
Due from other funds	-	-	-
Accounts receivable	-	2,367	157,966
Inventory	-	-	209,586
Prepaid insurance	-	-	-
Total current assets	<u>119,915</u>	<u>135,274</u>	<u>1,155,126</u>
Capital assets			
Buildings and improvements	-	-	182,829
Plant and office equipment	76,934	100,030	92,219
Vehicular and radio equipment	-	-	7,447,696
Less allowances for depreciation	<u>(41,058)</u>	<u>(87,262)</u>	<u>(6,680,934)</u>
Net capital assets	<u>35,876</u>	<u>12,768</u>	<u>1,041,810</u>
Total assets	<u>155,791</u>	<u>148,042</u>	<u>2,196,936</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	22,962	4,704	19,449
Accrued payroll	<u>16,975</u>	<u>11,065</u>	<u>26,596</u>
Total current liabilities	<u>39,937</u>	<u>15,769</u>	<u>46,045</u>
Long-term liabilities			
Workers' comp claims payable	-	-	-
Insurance claims payable	-	-	-
Accrued sick and vacation/PTO payable	<u>79,977</u>	<u>24,528</u>	<u>72,791</u>
Total long-term liabilities	<u>79,977</u>	<u>24,528</u>	<u>72,791</u>
Total liabilities	<u>119,914</u>	<u>40,297</u>	<u>118,836</u>
<u>Net assets</u>			
Investment in capital assets, net of related debt	35,876	12,768	1,041,810
Restricted for:			
Insurance and other claims	-	-	-
Unrestricted	<u>1</u>	<u>94,977</u>	<u>1,036,290</u>
Total net assets	<u>\$ 35,877</u>	<u>\$ 107,745</u>	<u>\$ 2,078,100</u>

<u>Radio</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Totals</u>
\$ 74,201	\$ -	\$ 1,623,021	\$ 53,052	\$ 2,790,670
810,324	3,762,220	1,947,476	-	6,520,020
-	-	-	-	160,333
-	-	-	-	209,586
-	38,381	47,135	-	85,516
<u>884,525</u>	<u>3,800,601</u>	<u>3,617,632</u>	<u>53,052</u>	<u>9,766,125</u>
-	-	-	-	182,829
-	-	-	-	269,183
585,341	-	-	-	8,033,037
(448,965)	-	-	-	(7,258,219)
<u>136,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,226,830</u>
<u>1,020,901</u>	<u>3,800,601</u>	<u>3,617,632</u>	<u>53,052</u>	<u>10,992,955</u>
-	61,273	2,269	16,189	126,846
208	-	1,321	5,463	61,628
<u>208</u>	<u>61,273</u>	<u>3,590</u>	<u>21,652</u>	<u>188,474</u>
-	-	3,608,788	-	3,608,788
-	1,517,628	-	-	1,517,628
-	-	4,740	31,400	213,436
<u>-</u>	<u>1,517,628</u>	<u>3,613,528</u>	<u>31,400</u>	<u>5,339,852</u>
<u>208</u>	<u>1,578,901</u>	<u>3,617,118</u>	<u>53,052</u>	<u>5,528,326</u>
136,376	-	-	-	1,226,830
-	2,221,700	514	-	2,222,214
884,317	-	-	-	2,015,585
<u>\$ 1,020,693</u>	<u>\$ 2,221,700</u>	<u>\$ 514</u>	<u>\$ -</u>	<u>\$ 5,464,629</u>

CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Information Services	GIS	Motor Pool
Operating revenues			
Charges for services	\$ 1,217,261	\$ 542,454	\$ 971,665
Sale of materials and services	28,500	10,214	3,760
Total operating revenues	<u>1,245,761</u>	<u>552,668</u>	<u>975,425</u>
Operating expenses			
Salaries	312,352	190,160	453,448
Employee benefits	308,786	148,834	623,169
Contractual services	380,236	38,803	83,305
Internal user charges	92,461	28,693	301,271
Insurance	11,617	3,474	77,069
Utilities	22,869	-	8,182
Supplies and materials	39,037	11,662	99,248
Claims and judgments	-	-	-
Depreciation	4,330	6,946	426,324
Other	38,513	16,473	64,474
Net operating expenses	<u>1,210,201</u>	<u>445,045</u>	<u>2,136,490</u>
Operating income (loss)	<u>35,560</u>	<u>107,623</u>	<u>(1,161,065)</u>
Nonoperating revenues (expenses)			
Interest on investments	316	122	317
Interest expense on bonded indebtedness	-	-	(230)
Loss on sale of capital assets	-	-	(1,902)
Total nonoperating revenues (expenses)	<u>316</u>	<u>122</u>	<u>(1,815)</u>
Other financing sources (uses)			
Transfers in	-	-	20,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>
Change in net assets	35,876	107,745	(1,142,880)
Net assets, beginning of year	<u>1</u>	<u>-</u>	<u>3,220,980</u>
Net assets, end of year	<u>\$ 35,877</u>	<u>\$ 107,745</u>	<u>\$ 2,078,100</u>

<u>Radio</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Totals</u>
\$ 213,321	\$ 2,017,161	\$ 2,393,496	\$ 395,288	\$ 7,750,646
-	-	-	-	42,474
<u>213,321</u>	<u>2,017,161</u>	<u>2,393,496</u>	<u>395,288</u>	<u>7,793,120</u>
2,717	-	29,582	118,260	1,106,519
856	-	16,268	72,453	1,170,366
1,791	266,349	126,895	65,935	963,314
7,203	-	11,534	-	441,162
4,402	867,088	52,552	8,577	1,024,779
-	-	-	117,004	148,055
1,558	-	237	12,248	163,990
-	882,744	2,160,376	-	3,043,120
24,947	-	-	-	462,547
10,200	-	782	1,054	131,496
<u>53,674</u>	<u>2,016,181</u>	<u>2,398,226</u>	<u>395,531</u>	<u>8,655,348</u>
<u>159,647</u>	<u>980</u>	<u>(4,730)</u>	<u>(243)</u>	<u>(862,228)</u>
992	(980)	4,921	242	5,930
-	-	-	-	(230)
-	-	-	-	(1,902)
<u>992</u>	<u>(980)</u>	<u>4,921</u>	<u>242</u>	<u>3,798</u>
-	-	-	-	20,000
-	(2,478,300)	-	-	(2,478,300)
-	(2,478,300)	-	-	(2,458,300)
160,639	(2,478,300)	191	(1)	(3,316,730)
860,054	4,700,000	323	1	8,781,359
<u>\$ 1,020,693</u>	<u>\$ 2,221,700</u>	<u>\$ 514</u>	<u>\$ -</u>	<u>\$ 5,464,629</u>

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Information Services	GIS	Motor Pool
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 1,245,761	\$ 550,301	\$ 1,133,391
Payments to suppliers	(478,476)	(66,625)	(375,300)
Payments to employees	(621,243)	(336,518)	(1,060,046)
Payments for interfund services used	(92,461)	(28,693)	(301,271)
Net cash provided by (used in) operating activities	<u>53,581</u>	<u>118,465</u>	<u>(603,226)</u>
Cash flows from noncapital financing activities:			
Transfers in	-	-	20,000
Transfers out	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>20,000</u>
Cash flows from capital and related financing activities:			
Purchases of property and equipment	(33,988)	-	(245,586)
Principal paid on long-term debt	-	-	(30,028)
Interest paid on long-term debt	-	-	(2,132)
Net cash used in capital and related financing activities	<u>(33,988)</u>	<u>-</u>	<u>(277,746)</u>
Cash flows from investing activities:			
Interest on investments	316	122	317
Net increase (decrease) in cash and cash equivalents	19,909	118,587	(860,655)
Cash and cash equivalents at beginning of year	<u>100,006</u>	<u>14,320</u>	<u>1,648,229</u>
Cash and cash equivalents at end of year	<u>\$ 119,915</u>	<u>\$ 132,907</u>	<u>\$ 787,574</u>
Cash flows from operating activities:			
Operating loss	\$ 35,560	\$ 107,623	\$ (1,161,065)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	4,330	6,946	426,324
Changes in assets and liabilities:			
Due from other funds	-	-	-
Accounts receivable	-	(2,367)	157,966
Inventory	-	-	(44,051)
Prepaid insurance	-	735	-
Accounts payable	13,796	3,052	1,029
Accrued wages payable	(73)	1,629	10,614
Claims payable	-	-	-
Accrued sick and vacation/PTO payable	(32)	847	5,957
Net cash provided by (used in) operating activities	<u>\$ 53,581</u>	<u>\$ 118,465</u>	<u>\$ (603,226)</u>

Radio	Self Insurance	Workers' Compensation	Public Works Building	Totals
\$ 213,321	\$ 2,017,161	\$ 446,020	\$ 395,288	\$ 6,001,243
(20,185)	(1,843,052)	(843,354)	(193,847)	(3,820,839)
(3,510)	-	(45,519)	(174,597)	(2,241,433)
(817,527)	937,780	(11,534)	-	(313,706)
(627,901)	1,111,889	(454,387)	26,844	(374,735)
-	-	-	-	20,000
-	(2,478,300)	-	-	(2,478,300)
-	(2,478,300)	-	-	(2,458,300)
-	-	-	-	(279,574)
-	-	-	-	(30,028)
-	-	-	-	(2,132)
-	-	-	-	(311,734)
992	(980)	4,921	242	5,930
(626,909)	(1,367,391)	(449,466)	27,086	(3,138,839)
701,110	1,367,391	2,072,487	25,966	5,929,509
<u>\$ 74,201</u>	<u>\$ -</u>	<u>\$ 1,623,021</u>	<u>\$ 53,052</u>	<u>\$ 2,790,670</u>
\$ 159,647	\$ 980	\$ (4,730)	\$ (243)	\$ (862,228)
24,947	-	-	-	462,547
(810,324)	937,780	(1,947,476)	-	(1,820,020)
-	-	-	-	155,599
-	-	-	-	(44,051)
-	209	37,904	-	38,848
(2,234)	28,213	(1,830)	10,971	52,997
63	-	136	782	13,151
-	144,707	1,461,414	-	1,606,121
-	-	195	15,334	22,301
<u>\$ (627,901)</u>	<u>\$ 1,111,889</u>	<u>\$ (454,387)</u>	<u>\$ 26,844</u>	<u>\$ (374,735)</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, 2011

	<u>Policemen and Firemen Pension</u>	<u>Public Employee Healthcare</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 2,049,841	\$ 1,879,781	\$ 3,929,622
Investments, at fair value			
Governmental securities	12,448,010	-	12,448,010
Municipal obligations	3,094,440	-	3,094,440
Corporate and foreign bonds	13,998,254	-	13,998,254
Common equity securities	58,923,788	-	58,923,788
Equity mutual funds	32,987,143	-	32,987,143
Other	-	1,690,120	1,690,120
Total investments	121,451,635	1,690,120	123,141,755
Accrued interest receivable	162,339	-	162,339
Total assets	123,663,815	3,569,901	127,233,716
<u>Liabilities</u>			
Accounts payable	3,328,063	-	3,328,063
Accrued payroll	689,212	-	689,212
Total liabilities	4,017,275	-	4,017,275
Net assets held In trust for pension and other employee benefits	<u>\$ 119,646,540</u>	<u>\$ 3,569,901</u>	<u>\$ 123,216,441</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, 2011

	Policemen and Firemen Pension	Public Employee Healthcare	Total
<u>Additions</u>			
Contributions:			
Employer	\$ 4,469,001	\$ 483,678	\$ 4,952,679
Current premium contributions	-	9,031,369	9,031,369
Plan members	871,822	-	871,822
Total contributions	<u>5,340,823</u>	<u>9,515,047</u>	<u>14,855,870</u>
Investment income:			
Interest	1,426,243	35,242	1,461,485
Dividends	1,632,668	-	1,632,668
Mutual fund rebates	26,659	-	26,659
Net appreciation in fair value of investments	21,605,414	241,318	21,846,732
Investment expenses	(101,694)	-	(101,694)
Total investments	<u>24,589,290</u>	<u>276,560</u>	<u>24,865,850</u>
Total additions	<u>29,930,113</u>	<u>9,791,607</u>	<u>39,721,720</u>
<u>Deductions</u>			
Police pension benefits	6,853,374	-	6,853,374
Fire pension benefits	5,937,927	-	5,937,927
Retiree healthcare premium payments	-	9,031,369	9,031,369
Administrative expenses	621,324	-	621,324
Total deductions	<u>13,412,625</u>	<u>9,031,369</u>	<u>22,443,994</u>
Net increase	16,517,488	760,238	17,277,726
Net assets held in trust for pension and other employee benefits			
Beginning of year	<u>103,129,052</u>	<u>2,809,663</u>	<u>105,938,715</u>
End of year	<u>\$ 119,646,540</u>	<u>\$ 3,569,901</u>	<u>\$ 123,216,441</u>

**CITY OF SAGINAW, MICHIGAN
COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2011**

	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	\$ 1,778	\$ (450)	\$ 3,750	\$ 844	\$ 1,048	\$ 264
Accounts receivable	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Taxes receivable for other governmental units	<u>23,715</u>	<u>88,958</u>	<u>224,697</u>	<u>70,210</u>	<u>24,466</u>	<u>53,215</u>
Total assets	<u><u>\$ 25,493</u></u>	<u><u>\$ 88,508</u></u>	<u><u>\$228,447</u></u>	<u><u>\$ 71,054</u></u>	<u><u>\$ 25,514</u></u>	<u><u>\$ 53,479</u></u>
 <u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	25,493	88,508	228,447	71,054	25,514	53,479
Claims payable	-	-	-	-	-	-
Other current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>\$ 25,493</u></u>	<u><u>\$ 88,508</u></u>	<u><u>\$228,447</u></u>	<u><u>\$ 71,054</u></u>	<u><u>\$ 25,514</u></u>	<u><u>\$ 53,479</u></u>

Saginaw Transit Tax Collection	Undistributed Tax Collection	Employee Benefits	Housing Commission	Saginaw County Land Bank	Totals
\$ (181)	\$ 243,601	\$ 1,169,693	\$ -	\$ 1,154	\$ 1,421,501
-	14,440	11,391	157,966	-	183,797
-	-	1,322,372	-	-	1,322,372
<u>28,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,718</u>
<u>\$ 28,276</u>	<u>\$ 258,041</u>	<u>\$ 2,503,456</u>	<u>\$ 157,966</u>	<u>\$ 1,154</u>	<u>\$ 3,441,388</u>
\$ -	\$ -	\$ 121,162	\$ 157,966	\$ -	\$ 279,128
28,276	258,041	-	-	1,154	779,966
-	-	820,446	-	-	820,446
<u>-</u>	<u>-</u>	<u>1,561,848</u>	<u>-</u>	<u>-</u>	<u>1,561,848</u>
<u>\$ 28,276</u>	<u>\$ 258,041</u>	<u>\$ 2,503,456</u>	<u>\$ 157,966</u>	<u>\$ 1,154</u>	<u>\$ 3,441,388</u>

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Intermediate School Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 3,885	\$ 11,932	\$ 14,039	\$ 1,778
Taxes receivable for the account of other governmental units	24,309	54	648	23,715
Total assets	<u>\$ 28,194</u>	<u>\$ 11,986</u>	<u>\$ 14,687</u>	<u>\$ 25,493</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 13,985	\$ 13,985	\$ -
Due to other governmental units	28,194	12,086	14,787	25,493
Total liabilities	<u>\$ 28,194</u>	<u>\$ 26,071</u>	<u>\$ 28,772</u>	<u>\$ 25,493</u>
<u>Saginaw County Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 16,624	\$ 4,050	\$ 21,124	\$ (450)
Taxes receivable for the account of other governmental units	89,103	217	362	88,958
Total assets	<u>\$ 105,727</u>	<u>\$ 4,267</u>	<u>\$ 21,486</u>	<u>\$ 88,508</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 20,907	\$ 20,907	\$ -
Due to other governmental units	105,727	4,629	21,848	88,508
Total liabilities	<u>\$ 105,727</u>	<u>\$ 25,536</u>	<u>\$ 42,755</u>	<u>\$ 88,508</u>
<u>School District Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 22,455	\$ 13,067	\$ 31,772	\$ 3,750
Taxes receivable for the account of other governmental units	225,731	572	1,606	224,697
Total assets	<u>\$ 248,186</u>	<u>\$ 13,639</u>	<u>\$ 33,378</u>	<u>\$ 228,447</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 31,200	\$ 31,200	\$ -
Due to other governmental units	248,186	14,144	33,883	228,447
Total liabilities	<u>\$ 248,186</u>	<u>\$ 45,344</u>	<u>\$ 65,083</u>	<u>\$ 228,447</u>

continued...

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>State Education Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 3,722	\$ 7,876	\$ 10,754	\$ 844
Taxes receivable for the account of other governmental units	70,892	157	839	70,210
Total assets	<u>\$ 74,614</u>	<u>\$ 8,033</u>	<u>\$ 11,593</u>	<u>\$ 71,054</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 10,598	\$ 10,598	\$ -
Due to other governmental units	74,614	8,033	11,593	71,054
Total liabilities	<u>\$ 74,614</u>	<u>\$ 18,631</u>	<u>\$ 22,191</u>	<u>\$ 71,054</u>
<u>Delta College Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 2,733	\$ 1,380	\$ 3,065	\$ 1,048
Taxes receivable for the account of other governmental units	24,511	53	98	24,466
Total assets	<u>\$ 27,244</u>	<u>\$ 1,433</u>	<u>\$ 3,163</u>	<u>\$ 25,514</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 3,012	\$ 3,012	\$ -
Due to other governmental units	27,244	1,532	3,262	25,514
Total liabilities	<u>\$ 27,244</u>	<u>\$ 4,544</u>	<u>\$ 6,274</u>	<u>\$ 25,514</u>
<u>Public Libraries Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 5,369	\$ 2,203	\$ 7,308	\$ 264
Taxes receivable for the account of other governmental units	53,303	104	192	53,215
Total assets	<u>\$ 58,672</u>	<u>\$ 2,307</u>	<u>\$ 7,500</u>	<u>\$ 53,479</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 7,203	\$ 7,203	\$ -
Due to other governmental units	58,672	2,500	7,693	53,479
Total liabilities	<u>\$ 58,672</u>	<u>\$ 9,703</u>	<u>\$ 14,896</u>	<u>\$ 53,479</u>

continued...

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Saginaw Transit Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 4,106	\$ 2,519	\$ 6,806	\$ (181)
Taxes receivable for the account of other governmental units	28,523	78	144	28,457
Total assets	<u>\$ 32,629</u>	<u>\$ 2,597</u>	<u>\$ 6,950</u>	<u>\$ 28,276</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 6,727	\$ 6,727	\$ -
Due to other governmental units	32,629	2,742	7,095	28,276
Total liabilities	<u>\$ 32,629</u>	<u>\$ 9,469</u>	<u>\$ 13,822</u>	<u>\$ 28,276</u>
	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Undistributed Tax Collection</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 350,737	\$ 57,726,957	\$ 57,834,093	\$ 243,601
Accounts receivable	-	1,143,110	1,128,670	14,440
Total assets	<u>\$ 350,737</u>	<u>\$ 58,870,067</u>	<u>\$ 58,962,763</u>	<u>\$ 258,041</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,539	\$ 1,055,713	\$ 1,057,252	\$ -
Due to other governmental units	349,198	26,728,020	26,819,177	258,041
Total liabilities	<u>\$ 350,737</u>	<u>\$ 27,783,733</u>	<u>\$ 27,876,429</u>	<u>\$ 258,041</u>
	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Employee Benefits</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 645,776	\$ 34,647,701	\$ 34,123,784	\$ 1,169,693
Accounts receivable	9,766	45,999	44,374	11,391
Prepaid insurance	1,214,699	1,322,372	1,214,699	1,322,372
Total assets	<u>\$ 1,870,241</u>	<u>\$ 36,016,072</u>	<u>\$ 35,382,857</u>	<u>\$ 2,503,456</u>
<u>Liabilities</u>				
Accounts payable	\$ 136,623	\$ 2,414,253	\$ 2,429,714	\$ 121,162
Claims payable	825,502	12,006,440	12,011,496	820,446
Other current liabilities	908,116	36,094,367	35,440,635	1,561,848
Total liabilities	<u>\$ 1,870,241</u>	<u>\$ 50,515,060</u>	<u>\$ 49,881,845</u>	<u>\$ 2,503,456</u>

continued...

**CITY OF SAGINAW, MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Housing Commission</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 157,966	\$ 157,966	\$ -
Accounts receivable	315,932	-	157,966	157,966
Total assets	<u>\$ 315,932</u>	<u>\$ 157,966</u>	<u>\$ 315,932</u>	<u>\$ 157,966</u>
<u>Liabilities</u>				
Accounts Payable	\$ 315,932	\$ -	\$ 157,966	\$ 157,966
Total liabilities	<u>\$ 315,932</u>	<u>\$ -</u>	<u>\$ 157,966</u>	<u>\$ 157,966</u>
<u>Saginaw County Land Bank</u>				
	June 30, 2010	Additions	Deductions	June 30, 2011
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 1,154	\$ -	\$ 1,154
Total assets	<u>\$ -</u>	<u>\$ 1,154</u>	<u>\$ -</u>	<u>\$ 1,154</u>
<u>Liabilities</u>				
Due to other governmental units	\$ -	\$ 1,154	\$ -	\$ 1,154
Total liabilities	<u>\$ -</u>	<u>\$ 1,154</u>	<u>\$ -</u>	<u>\$ 1,154</u>

continued...

**CITY OF SAGINAW, MICHIGAN
 COMBINING STATEMENT OF CHANGES IN ASSETS
 AND LIABILITIES - AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

Total Agency Funds	Balance June 30, 2010	Additions	Deductions	Balance June 30 2011
ASSETS				
Cash and cash equivalents	\$ 1,055,407	\$ 92,576,805	\$ 92,210,711	\$ 1,421,501
Accounts receivable	325,698	1,189,109	1,331,010	183,797
Prepaid insurance	1,214,699	1,322,372	1,214,699	1,322,372
Taxes receivable for the account of other governmental units	516,372	1,235	3,889	513,718
TOTAL ASSETS	\$ 3,112,176	\$ 95,089,521	\$ 94,760,309	\$ 3,441,388
LIABILITIES				
Accounts payable	\$ 454,094	\$ 3,563,598	\$ 3,738,564	\$ 279,128
Due to other governmental units	924,464	26,774,840	26,919,338	779,966
Claims payable	825,502	12,006,440	12,011,496	820,446
Other current liabilities	908,116	36,094,367	35,440,635	1,561,848
TOTAL LIABILITIES	\$ 3,112,176	\$ 78,439,245	\$ 78,110,033	\$ 3,441,388

concluded

COMPONENT UNITS

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
TIFA COMPONENT UNITS
JUNE 30, 2011

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Net Assets
<u>Assets</u>					
Cash and cash equivalents	<u>\$ 5,185</u>	<u>\$26,120</u>	<u>\$ 31,305</u>	<u>\$ -</u>	<u>\$ 31,305</u>
 <u>Fund Balances / Net Assets</u>					
Restricted 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, 2011**

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Activities
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><u>\$ 5,185</u></u>	<u><u>\$ 26,120</u></u>	<u><u>\$ 31,305</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,305</u></u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
DDA COMPONENT UNITS
JUNE 30, 2011

	Commerce Center DDA	Sils Island DDA	Downtown Development Authority
<u>Assets</u>			
Cash and cash equivalents	\$ 62,212	\$ 5,319	\$ 119,212
Property taxes receivable	127	4,715	26,746
Land held for resale	-	-	-
Total assets	<u>\$ 62,339</u>	<u>\$ 10,034</u>	<u>\$ 145,958</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 2,626	\$ 19
Deferred revenue	127	4,715	25,898
Total liabilities	<u>127</u>	<u>7,341</u>	<u>25,917</u>
<u>Fund Balances / Net Assets</u>			
Restricted for:			
Specific Projects	<u>62,212</u>	<u>2,693</u>	<u>120,041</u>
Total liabilities and fund balances	<u>\$ 62,339</u>	<u>\$ 10,034</u>	<u>\$ 145,958</u>
Net assets - unrestricted			

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$ 186,743	\$ -	\$ 186,743
31,588	-	31,588
-	33,182	33,182
<u>\$ 218,331</u>	<u>\$ -</u>	<u>251,513</u>
\$ 2,645	\$ -	2,645
30,740	(30,740)	-
33,385	(30,740)	2,645
184,946	(184,946)	-
<u>\$ 218,331</u>		
	<u>\$ 215,686</u>	<u>\$ 248,868</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, 2011**

	Commerce Center DDA	Sils Island DDA	Downtown Development Authority
Revenues			
General operating property taxes	\$ 29,030	\$ 2,443	\$ 1,299
Interest on loans and investments	59	-	118
Miscellaneous	-	-	70
Total revenues	29,089	2,443	1,487
Expenditures/Expenses			
Current expenditures/expenses			
Administration	-	-	2,384
Tax increment payments	27,570	2,626	-
Total expenditures/expenses	27,570	2,626	2,384
Change in net assets	1,519	(183)	(897)
Fund balances / net assets at beginning of year	60,693	2,876	120,938
Fund balances / net assets at end of year	<u>\$ 62,212</u>	<u>\$ 2,693</u>	<u>\$ 120,041</u>

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 32,772	\$ 461	\$ 33,233
177	-	177
70	-	70
33,019	461	33,480
2,384	-	2,384
30,196	-	30,196
32,580	-	32,580
439	461	900
184,507	63,461	247,968
\$ 184,946	\$ 63,922	\$ 248,868

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
LDFA COMPONENT UNITS
JUNE 30, 2011

	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA
<u>Assets</u>			
Cash and cash equivalents	\$ 1,390,508	\$ 466,190	\$ 98,159
Property taxes receivable	1,084	-	-
Accrued interest receivable	3,648	-	-
Due from other governmental units	1,787,310	-	-
Total assets	\$ 3,182,550	\$ 466,190	\$ 98,159
 <u>Liabilities</u>			
Deferred revenue	\$ 1,084	\$ -	\$ -
 <u>Fund Balances / Net Assets</u>			
Restricted for:			
TIFA/LDFA projects	3,181,466	466,190	98,159
Total liabilities and fund balances	\$ 3,182,550	\$ 466,190	\$ 98,159
Net assets - unrestricted			

Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Net Assets
\$ 80,103	\$ 4,369	\$ 99,960	\$ 2,139,289	\$ -	\$ 2,139,289
5	-	-	1,089		1,089
-	-	-	3,648	-	3,648
-	-	-	1,787,310	-	1,787,310
<u>\$ 80,108</u>	<u>\$ 4,369</u>	<u>\$ 99,960</u>	<u>\$ 3,931,336</u>	<u>\$ -</u>	<u>3,931,336</u>
<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089</u>	<u>\$ (1,089)</u>	<u>\$ -</u>
80,103	4,369	99,960	3,930,247	(3,930,247)	-
<u>\$ 80,108</u>	<u>\$ 4,369</u>	<u>\$ 99,960</u>	<u>\$ 3,931,336</u>		
				<u>\$ 3,931,336</u>	<u>\$ 3,931,336</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, 2011**

	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA
Revenues			
General operating property taxes	\$ 129,246	\$ 13,433	\$ -
Interest on loans and investments	8,961	-	-
Total revenues	<u>138,207</u>	<u>13,433</u>	<u>-</u>
Expenditures/Expenses			
Current			
Administration	144	-	144
Tax increment payments	60	-	-
Total expenditures/expenses	<u>204</u>	<u>-</u>	<u>144</u>
Change in net assets	138,003	13,433	(144)
Fund balances / net assets at beginning of year	<u>3,043,463</u>	<u>452,757</u>	<u>98,303</u>
Fund balances / net assets at end of year	<u>\$ 3,181,466</u>	<u>\$ 466,190</u>	<u>\$ 98,159</u>

Treasure Island L DFA	Saginaw Machine Systems L DFA	Saginaw Tool and Die L DFA	Total	Adjustments	Statement of Activities
\$ 9,789	\$ -	\$ 123	\$ 152,591	\$ 21	\$ 152,612
-	-	-	8,961	-	8,961
9,789	-	123	161,552	21	161,573
144	144	144	720	-	720
-	-	-	60	-	60
144	144	144	780	-	780
9,645	(144)	(21)	160,772	21	160,793
70,458	4,513	99,981	3,769,475	1,068	3,770,543
<u>\$ 80,103</u>	<u>\$ 4,369</u>	<u>\$ 99,960</u>	<u>\$ 3,930,247</u>	<u>\$ 1,089</u>	<u>\$ 3,931,336</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
SEDC COMPONENT UNIT
JUNE 30, 2011

	Saginaw Economic Development Corporation	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and cash equivalents	\$ 119,619	\$ -	\$ 119,619
Accounts receivable	681		681
Due from other governmental units	324,454	-	324,454
Notes and contracts receivable Economic development projects	<u>1,798,470</u>	<u>(222,225)</u>	<u>1,576,245</u>
Total assets	<u>\$ 2,243,224</u>	<u>\$ (222,225)</u>	<u>2,020,999</u>
<u>Liabilities</u>			
Accounts payable	\$ 64,000	\$ -	64,000
Deferred revenue	<u>1,799,470</u>	<u>(1,799,470)</u>	<u>-</u>
Total liabilities	1,863,470	(1,799,470)	64,000
<u>Fund Balances / Net Assets</u>			
Restricted for:			
Specific Projects	<u>379,754</u>	<u>(379,754)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,243,224</u>		
Net assets, unrestricted		<u>\$ 2,179,224</u>	<u>\$ 1,956,999</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, 2011**

	Saginaw Economic Development Corporation	Adjustments	Statement of Activities
Revenues			
Fees and loan repayments	\$ 250,629	\$ (238,309)	\$ 12,320
Federal grants	324,454	-	\$ 324,454
Interest on loans and investments	63,736	1,515	65,251
	<u>638,819</u>	<u>(236,794)</u>	<u>402,025</u>
Total revenues			
Expenditures/Expenses			
Current expenditures/expenses			
Loan disbursements	442,278	(442,278)	-
Service fees	-	5,241	5,241
Provision for loan losses	-	46,997	46,997
Capital outlay	4,946	-	4,946
	<u>447,224</u>	<u>(390,040)</u>	<u>57,184</u>
Total expenditures/expenses			
Change in net assets	191,595	153,246	344,841
Fund balances / net assets at beginning of year	<u>188,159</u>	<u>1,423,999</u>	<u>1,612,158</u>
Fund balances / net assets at end of year	<u>\$ 379,754</u>	<u>\$ 1,577,245</u>	<u>\$ 1,956,999</u>

CITY OF SAGINAW, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
BROWNFIELD COMPONENT UNIT
JUNE 30, 2011

	Brownfield Authority SRRF	Adjustments	Statement of Net Assets
<u>Assets</u>			
Cash and cash equivalents	\$ 164,315	\$ -	\$ 164,315
Property taxes receivable	21,300	-	21,300
Total assets	<u>\$ 185,615</u>	<u>\$ -</u>	<u>185,615</u>
<u>Liabilities</u>			
Accounts payable	\$ 11,689	\$ -	11,689
Deferred revenue	21,300	(21,300)	-
Total liabilities	32,989	(21,300)	11,689
<u>Fund Balances / Net Assets</u>			
Restricted for:			
Specific Projects	152,626	(152,626)	-
Total liabilities and fund balances	<u>\$ 185,615</u>		
Net assets - unrestricted		<u>\$ 173,926</u>	<u>\$ 173,926</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, 2011**

	<u>Brownfield Authority SRRF</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
General operating property taxes	\$ 31,031	\$ 1,196	\$ 32,227
Expenditures/Expenses			
Tax increment payments	<u>13,109</u>	<u>-</u>	<u>13,109</u>
Change in net assets	17,922	1,196	19,118
Fund balances / net assets at beginning of year	<u>134,704</u>	<u>20,104</u>	<u>154,808</u>
Fund balances / net assets at end of year	<u><u>\$ 152,626</u></u>	<u><u>\$ 21,300</u></u>	<u><u>\$ 173,926</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							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 30,031,876	\$ 32,145,099	\$ 32,080,041	\$ 45,625,909	\$ 44,021,349	\$ 43,412,648	\$ 42,357,901	\$ 43,653,689
Restricted	3,606,255	3,519,523	3,141,661	3,308,444	5,503,153	5,726,440	4,855,840	3,794,989
Unrestricted	4,497,035	6,829,300	6,061,704	8,840,328	5,639,120	(4,288,914)	(13,847,085)	(24,064,137)
Total governmental activities net assets	<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>	<u>\$ 23,384,541</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 68,419,903	\$ 68,063,253	\$ 69,779,191	\$ 75,854,872	\$ 70,941,541	\$ 72,449,928	\$ 77,177,910	\$ 82,280,202
Restricted	7,213,017	8,991,506	7,550,734	8,616,819	8,083,872	999,026	995,343	-
Unrestricted	12,464,912	16,111,007	20,853,812	17,211,864	24,924,823	27,555,338	24,125,802	24,700,068
Total business-type activities net assets	<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>	<u>\$ 106,980,270</u>
Primary government								
Invested in capital assets, net of related debt	\$ 98,451,779	\$ 100,208,352	\$ 101,859,232	\$ 121,480,781	\$ 114,962,890	\$ 115,862,576	\$ 119,535,811	\$ 125,933,891
Restricted	10,819,272	12,511,029	10,692,395	11,925,263	13,587,025	6,725,466	5,851,183	3,794,989
Unrestricted	16,961,947	22,940,307	26,915,516	26,052,192	30,563,943	23,266,424	10,278,717	635,931
Total primary government net assets	<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>	<u>\$ 130,364,811</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							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	\$ 5,065	\$ 3,958	\$ 4,031	\$ 4,270	\$ 4,257	\$ 8,108	\$ 4,959	\$ 3,441
Administration	2,734	2,050	2,201	2,332	2,391	2,431	2,422	2,590
Public safety	25,222	23,258	23,557	25,321	24,814	32,375	31,688	32,191
General services	12,565	9,651	12,178	13,919	13,735	12,877	15,855	16,086
Community services	1,516	1,764	1,875	1,999	2,476	2,325	2,121	1,862
Economic development	3,157	2,342	3,205	3,263	2,843	2,876	6,132	8,217
Clean Energy Coalition	-	-	-	-	-	-	-	234
Celebration Park	-	-	-	-	-	38	9	610
Interest on long-term debt	188	150	107	66	61	28	4	-
Total governmental activities expenses	50,447	43,173	47,154	51,170	50,577	61,058	63,190	65,231
Business-type activities:								
Sewer	15,887	15,454	16,138	17,203	17,392	19,050	19,245	19,279
Water	10,392	10,426	10,532	11,637	11,859	13,513	13,872	13,670
Parking	627	524	393	359	359	481	421	407
Wave Pool	142	142	142	927	-	-	-	-
Total business-type activities expenses	27,048	26,546	27,205	30,126	29,610	33,044	33,538	33,356
Total primary government expenses	\$ 77,495	\$ 69,719	\$ 74,359	\$ 81,296	\$ 80,187	\$ 94,102	\$ 96,728	\$ 98,587
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 696	\$ 791	\$ 832	\$ 1,077	\$ 988	\$ 1,107	\$ 1,176	\$ 1,373
Administration	1,971	1,854	2,192	2,351	2,738	2,484	2,930	3,031
Public safety	242	223	(200)	262	213	650	360	535
General services	2,472	2,174	2,033	2,786	1,681	2,929	2,423	2,010
Community services	622	677	826	854	(89)	789	832	824
Economic development	575	203	187	220	131	169	163	241
Celebration Park	-	-	-	-	-	30	-	-
Operating grants and contributions	10,157	8,436	10,008	10,162	9,633	10,309	13,117	15,943
Capital grants and contributions	2,353	140	408	65	-	-	-	-
Total governmental activities program revenues	19,088	14,498	16,286	17,777	15,295	18,467	21,001	23,957
Business-type activities:								
Charges for services								
Sewer	17,996	17,633	17,826	18,239	16,664	16,739	20,733	21,602
Water	10,149	13,035	12,624	12,553	12,305	12,112	13,630	14,991
Parking	368	504	554	309	255	287	302	278
Wave Pool	8	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	102	-
Capital grants and contributions	96	-	240	2,507	2,291	402	-	995
Total business-type activities program revenues	28,617	31,172	31,244	33,608	31,515	29,540	34,767	37,866
Total primary government program revenues	\$ 47,705	\$ 45,670	\$ 47,530	\$ 51,385	\$ 46,810	\$ 48,007	\$ 55,768	\$ 61,823
Net (expense)/revenue								
Governmental activities	\$ (31,359)	\$ (28,675)	\$ (30,868)	\$ (33,393)	\$ (35,282)	\$ (42,591)	\$ (42,189)	\$ (41,274)
Business-type activities	1,569	4,626	4,039	3,482	1,905	(3,504)	1,229	4,510
Total primary government net expense	\$ (29,790)	\$ (24,049)	\$ (26,829)	\$ (29,911)	\$ (33,377)	\$ (46,095)	\$ (40,960)	\$ (36,764)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$ 5,770	\$ 6,289	\$ 6,376	\$ 9,928	\$ 9,659	\$ 9,281	\$ 9,072	\$ 7,757
Income taxes	12,918	13,229	13,549	13,526	12,776	12,359	11,803	12,236
Unrestricted grants and contributions	10,430	10,498	10,168	9,885	10,190	10,660	9,299	10,661
Unrestricted investment earnings	246	421	641	784	657	438	419	473
Miscellaneous	55	124	146	83	84	138	104	27
Gain on disposal of capital assets	97	99	-	44	88	69	-	256
Transfers	(417)	31	(21)	-	(40)	(421)	-	(29)
Total governmental activities	29,099	30,691	30,859	34,250	33,414	32,524	30,697	31,381
Business-type activities:								
Unrestricted investment earnings	39	145	222	351	322	146	74	43
Miscellaneous	-	-	4	-	-	-	-	-
Insurance proceeds	425	-	-	-	-	-	-	-
Increase in investment in Saginaw-Midland Water Supply Corporation	140	328	-	-	-	-	-	-
Transfers	417	(31)	21	-	40	421	-	28
Total business-type activities	1,021	442	247	351	362	567	74	71
Total primary government	\$ 30,120	\$ 31,133	\$ 31,106	\$ 34,601	\$ 33,776	\$ 33,091	\$ 30,771	\$ 31,452
Change in Net Assets								
Governmental activities	\$ (2,260)	\$ 2,016	\$ (9)	\$ 857	\$ (1,868)	\$ (10,067)	\$ (11,492)	\$ (9,893)
Business-type activities	2,590	5,068	4,286	3,833	2,267	(2,937)	1,303	4,581
Total primary government	\$ 330	\$ 7,084	\$ 4,277	\$ 4,690	\$ 399	\$ (13,004)	\$ (10,189)	\$ (5,312)

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>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>	<u>2011</u>
General fund										
Reserved	\$ 192	\$ 634	\$ 146	\$ 81	\$ 58	\$ 45	\$ 137	\$ 46	\$ 59	\$ -
Unreserved	6,565	5,581	4,952	4,897	5,126	7,626	1,574	1,498	1,513	-
Nonspendable	-	-	-	-	-	-	-	-	-	143
Restricted	-	-	-	-	-	-	-	-	-	1
Assigned	-	-	-	-	-	-	-	-	-	1,036
Unassigned	-	-	-	-	-	-	-	-	-	2,685
Total general fund	<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>	<u>\$ 3,865</u>
All other governmental funds										
Reserved	\$ 1,178	\$ 2,981	\$ 3,994	\$ 3,787	\$ 3,301	\$ 3,459	\$ 6,642	\$ 6,284	\$ 5,666	\$ -
Unreserved, reported in:										
Special revenue funds	2,688	327	293	1,322	1,681	990	(719)	1,215	1,934	-
Capital projects funds	277	252	73	26	101	101	101	101	101	-
Debt service fund	254	198	-	-	-	-	-	-	-	-
Permanent fund	-	120	112	105	187	217	92	85	79	-
Nonspendable	-	-	-	-	-	-	-	-	-	2,974
Restricted	-	-	-	-	-	-	-	-	-	1,338
Assigned	-	-	-	-	-	-	-	-	-	379
Unassigned	-	-	-	-	-	-	-	-	-	(790)
Total all other governmental funds	<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>	<u>\$ 3,901</u>

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

Table 4

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
General operating property taxes	\$ 5,881	\$ 5,932	\$ 5,620	\$ 5,669	\$ 5,824	\$ 9,305	\$ 9,218	\$ 8,695	\$ 8,401	\$ 7,303
Special assessments	74	148	101	93	67	45	83	296	160	119
City income tax	14,354	13,696	12,918	13,229	13,550	13,526	12,776	12,359	11,803	12,236
State shared revenues	17,233	16,409	15,638	15,718	15,199	14,797	14,809	14,863	13,661	13,682
Licenses, permits and fees	2,920	2,521	3,384	3,008	3,072	3,450	2,649	3,550	2,975	3,114
Fines, penalties and forfeitures	563	420	359	442	334	356	293	788	582	518
Grants, donations and contributions	9,038	7,517	9,143	6,165	7,741	7,596	7,713	8,600	11,758	16,058
Interest on loans and investments	995	520	326	361	583	682	597	431	439	497
Rents and privileges	113	68	67	-	52	1	104	31	37	27
Sale of materials and services	1,522	1,781	1,143	1,175	995	1,540	1,281	1,493	1,548	1,676
Sale of land	-	-	-	-	-	-	-	115	-	-
Loan repayments	323	208	375	69	131	159	104	35	123	90
Miscellaneous	-	-	-	-	-	-	-	-	13	126
Total revenues	53,016	49,220	49,074	45,929	47,548	51,457	49,627	51,256	51,500	55,446
Expenditures										
General government	2,628	4,656	4,502	3,702	3,597	3,901	3,882	4,266	4,647	4,646
Administration	3,767	2,629	2,868	2,761	3,002	3,199	3,280	3,308	3,151	3,492
Public safety	21,939	23,496	24,584	22,745	23,714	24,834	24,862	26,279	25,360	28,195
Highway and streets	-	5,321	5,394	5,281	6,158	5,930	5,984	5,067	4,600	5,931
General services	6,860	7,365	6,194	6,053	6,067	6,590	6,752	6,361	6,022	6,653
Community services	2,030	2,169	1,501	1,288	1,217	1,512	2,143	1,986	1,767	1,763
Economic development	-	2,788	2,443	1,450	2,258	2,029	1,835	1,785	4,696	7,213
Program support services	2,477	-	-	-	-	-	-	-	-	-
Maintenance and improvements	4,173	-	-	-	-	-	-	-	-	-
Loan disbursements	360	-	-	-	-	-	-	-	-	-
Grant expenditures	2,435	-	-	-	-	-	-	-	-	-
Miscellaneous	3,379	-	-	-	-	-	-	-	-	-
Capital outlay	4,717	4,851	2,712	866	825	843	542	557	657	510
Debt service:										
Principal	1,252	1,399	1,164	765	780	576	430	450	470	-
Interest and other fees	220	171	155	128	90	59	40	26	9	-
Total expenditures	56,237	54,845	51,517	45,039	47,708	49,473	49,750	50,085	51,379	58,403
Excess of revenues over (under) expenditures	(3,221)	(5,625)	(2,443)	890	(160)	1,984	(123)	1,171	121	(2,957)
Other financing sources (uses)										
Proceeds from installment contract	-	1,185	-	-	-	-	-	-	-	-
Section 109 loan proceeds	196	35	1,412	65	-	-	-	-	-	-
Transfers in	1,533	1,548	2,348	1,457	1,811	1,686	1,388	2,121	1,145	4,239
Transfers from component units	85	75	-	-	-	-	-	-	-	-
Transfers (out)	(1,671)	(1,031)	(1,582)	(1,445)	(1,415)	(1,686)	(5,133)	(1,632)	(1,145)	(1,809)
Total other financing sources (uses)	143	1,812	2,178	77	396	-	(3,745)	489	-	2,430
Net change in fund balances	\$ (3,078)	\$ (3,813)	\$ (265)	\$ 967	\$ 236	\$ 1,984	\$ (3,868)	\$ 1,660	\$ 121	\$ (527)
Debt service as a percentage of noncapital expenditures	2.86%	3.14%	2.70%	2.02%	1.86%	1.31%	0.96%	0.96%	0.94%	0.00%

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

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

Fiscal Year	Property Taxes
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
2011	7,303,409

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

Fiscal Year Ended June 30	Real Property			Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Industrial					
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%
2011	389,861	94,607	32,054	93,643	610,165	15.2508	1,220,330	50.00%

Source: City of Saginaw Assessor's Office

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

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

<u>Fiscal Year (1) (2)</u>	<u>City of Saginaw</u>				<u>Overlapping Rates</u>						<u>Total Direct & Overlapping Rates</u>
	<u>Operating Millage</u>	<u>Rubbish Millage</u>	<u>Police & Fire Millage</u>	<u>Total City Millage</u>	<u>School District</u>	<u>Public Libraries</u>	<u>Delta College</u>	<u>Intermediate School</u>	<u>Saginaw Transit</u>	<u>County</u>	
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
2011	6.2976	2.9532	6.0000	15.2508	27.9000	3.9947	2.0427	2.0872	3.0000	7.7284	62.0038

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. 2002 refers to the 2001 tax collection, 2003 refers to the 2002 tax collection, and so on.

**City of Saginaw, Michigan
Principal Property Taxpayers
June 30, 2011 and Nine Years Previous**

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Consumers Energy	\$ 18,134,479	1	2.98%	\$ 18,837,712	3	2.92%
General Motors LLC	13,318,000	2	2.19%	126,922,170	1	19.67%
TRW Integrated Chassis Systems	7,845,300	3	1.29%			
Linear Motion LLC	5,281,040	4	0.87%			
Enterprise Automotive Systems	4,671,400	5	0.77%			
General Motors Corporation	4,558,793	6	0.75%			
Means Industries	4,543,462	7	0.75%	2,813,208	9	0.44%
Corvus Nodular Interest II, LLC	3,493,544	8	0.57%			
SSP Associates Inc	3,355,099	9	0.55%			
CMI - Schneible Co	3,272,200	10	0.54%			
Delphi Automotive Systems				86,234,817	2	13.36%
Thomson Saginaw Ball Screw Co				8,253,424	5	1.28%
Eaton Manufacturing Inc				14,302,560	4	2.22%
Machining Enterprises Inc				5,716,300	6	0.89%
TCI American Cable				3,760,200	7	0.58%
Fullerton Tool Co.				3,220,877	8	0.50%
Uvalde (Rodarte)				2,052,887	10	0.32%
Totals	<u>\$ 68,473,317</u>		<u>11.26%</u>	<u>\$ 272,114,155</u>		<u>42.17%</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
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%
2011	8,666,391	6,849,119	79.03%	35,222	6,884,341	79.44%

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	Revenue Bonds	General Obligation Bonds			
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	0.07%	3,393
2011	-	-	-	10,600,000	31,864,706	42,464,706	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 2011 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)
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%	-
2011	31,864,706	-	31,864,706	-	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, 2011

<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	\$ 61,945,000	71.87%	\$ 44,519,872
Saginaw county	33,827,982	11.17%	3,778,586
Saginaw ISD	2,720,000	11.32%	307,904
Delta Community College	-	4.89%	-
			<hr/>
TOTAL OVERLAPPING DEBT			<u>48,606,361</u>
 <u>Direct Debt:</u>			
Saginaw City	42,464,705	100.00%	<u>42,464,705</u>
 <u>Indirect Debt:</u>			
Saginaw county	2,230,470	100.00%	2,230,470
Multi - Authority	7,900,320	100.00%	<u>7,900,320</u>
			<hr/>
TOTAL INDIRECT DEBT			10,130,790
			<hr/>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 101,201,856</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>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>	<u>2011</u>
Debt limit	\$ 68,440	\$ 68,600	\$ 72,650	\$ 74,453	\$ 77,366	\$ 79,195	\$ 79,574	\$ 74,844	\$ 69,369	\$ 61,017
Total net debt applicable to limit	14,970	14,730	16,365	14,757	14,666	13,210	11,250	10,393	15,283	13,531
Legal debt margin	\$ 53,470	\$ 53,870	\$ 56,285	\$ 59,696	\$ 62,700	\$ 65,985	\$ 68,324	\$ 64,451	\$ 54,086	\$ 47,486
Total net debt applicable to the limit as a percentage of debt limit	21.87%	21.47%	22.53%	19.82%	18.96%	16.68%	14.14%	13.89%	22.03%	22.18%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed valuation, December 31, 2010	\$ 610,165
Debt limit (10% of assessed valuation)	\$ 61,017
Debt applicable to limit:	\$ 52,595
Less:	
Sewer revenue supported debt	31,865
Water revenue supported debt	10,600
	<u>42,465</u>
Total amount of debt applicable to debt limit	<u>10,130</u>
Legal debt margin	<u>\$ 50,886</u>

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

Water System Revenue Bonds

<u>Fiscal Year</u>	<u>Operating Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>		
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	-	506,000	506,000	4.20
2010	13,665,066	10,925,125	2,739,941	250,000	493,000	743,000	3.69
2011	14,956,126	10,610,636	4,345,490	250,000	481,000	731,000	5.94

Water Park Revenue Bonds

2002	147,692	196,807	(49,115)	65,000	3,774	68,774	(0.71)
2003	1,970	40,421	(38,451)	65,000	1,923	66,923	(0.57)
2004	2,759	9	2,750	15,000	600	15,600	0.18

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

(1) Includes interest earnings.

(2) Net of depreciation expense.

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

Fiscal Year	Population (1)	Personal Income (1)	Per Capita (1) Personal Income	School Enrollment (3)	Unemployment Rate (2)
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	51,508	724,614,544	14,068	9,302	20.50%
2011	(4)	(4)	(4)	8,605	17.10%

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 Employers
2011 and 2002**

2011				2002			
Employer	Employees (1)	Rank	Percentage of Total Employment	Employer	Employees (1)	Rank	Percentage of Total Employment
Covenant Medical Center	4,560	1	5.40%	Covenant Medical Center	4,402	1	4.79%
St. Marys of Michigan	2,506	2	2.97%	St Marys of Michigan	(3)		
GM, LLC	2,357	3	2.79%	General Motors Corporation	3,993	2	4.35%
School District City of Saginaw	1,428	4	1.69%	School District City of Saginaw	2,884	3	3.14%
Nexteer Steering Solutions	951	5	1.13%	Delphi Automotive Systems	2,596	4	2.83%
Saginaw County	930	6	1.10%	Saginaw County	1,082	6	1.18%
US Govt Def Fin & Acct Serv	916	7	1.08%				
State of Michigan	736	8	0.87%	State of Michigan	726	8	0.79%
TRW Integrated Chassis Systems	586	9	0.69%				
City of Saginaw	582	10	0.69%	City of Saginaw	751	7	0.82%
US MN Postal Data	498	11	0.59%	US MN Postal Data	1,406	5	1.53%
				Department of Veterans Affairs	634	9	0.69%
				Eaton Corporation	547	10	0.60%
Totals	<u><u>16,050</u></u>		<u><u>18.99%</u></u>		<u><u>19,021</u></u>		<u><u>20.70%</u></u>
Total Employment (2)	84,513			Total Employment (2)	91,875		

Data Sources:

(1) City of Saginaw Income Tax Department

(2) Michigan labor market information, Data Explorer

(3) In 2002 St. Mary's did not provide the City with this information, but they are always a top employer.

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

	<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>	<u>2011</u>
Function										
General government	21	22	25	29	26	25	25	26	25	26
Fiscal services	31	30	28	28	29	30	32	27	26	27
Public safety										
Police	140	127	126	157	143	155	155	140	142	140
Fire	91	90	77	77	77	69	69	70	72	70
Highways and streets	29	34	28	31	34	33	28	20	21	27
General services	92	84	71	57	54	73	64	52	52	46
Community services	12	12	11	12	13	16	19	18	18	18
Economic development	1	2	2	9	12	11	11	11	10	7
Parking system	4	2	3	2	2	2	2	2	2	1
Water	51	55	55	55	56	65.0	65	71	68	61
Sewer	73	79	80	79	74	76	80	99	94	83
Total	545	537	506	536	520	555	550	536	530	506

Source: City of Saginaw Annual Budget

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

Function	<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>	<u>2011</u>
General Government										
Elections										
Number of registered voters	43,968							40,158	40,224	39,788
Public safety										
Police Department										
Number of citations issued							8,534	11,121	9,947	9,596
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	44,245
Number of DUI offenses										
Fire Department										
Number of emergency runs								1,918	1,678	1,835
Public works										
Streets										
Tons of salt used								2,218		
Recreation and culture										
Park acreage maintained	600	600						308	308	
Special events								60	61	57
Shelter rentals								35	61	57
Block parties								11	16	16
Street trees planted										
Street trees trimmed										
Street trees removal										
Community and Economic Development										
Housing units rehabilitated								16	11	14
Basic needs and 50/50								32	7	9
Sewer System										
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	17.0	23.3
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
Water system										
Miles of water mains								419.71	419.71	419.71
Daily average consumption (million gallons)	26.0	25.8	23.3	22.0	22.1	21.50	21.50	20.3	19.41	19.19
Maximum daily treatment (million gallons)	44.7	37.8	35.0	31.8	32.3	37.4	34.5	29.6	28.1	30.5
Cemetery										
Interments									401	342
Grave sales									303	240
Foundations set									257	203
Marina										
Boat Launch								1	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**

	<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>	<u>2011</u>
Function										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles								69	72	74
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Vehicles										21
Public works										
Streets (miles)										
Major	99	99	99	99	99	99	99	99	99	96
Local	184	184	184	184	184	184	184	184	184	182
State highways	32	32	32	32	32	32	32	32	32	36
Recreation and culture										
Park areas	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, 2011

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal or Pass-Through Grant	Amended Grant Amount	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant Entitlement	14.218	B-08-MC-260028	\$ 2,461,205	\$ 2,422,963
Community Development Block Grant Entitlement	14.218	B-09-MC-260028	2,506,107	
Total Community Development Block Grant Entitlements			<u>4,967,312</u>	<u>2,422,963</u>
Community Development Block Grant Entitlement - revolving loan	14.218			<u>324,454</u>
Emergency Shelter Grants Program				
Stewart McKinney Homeless Assistance	14.231	S-08-MC-260028	110,133	105,753
Stewart McKinney Homeless Assistance	14.231	S-09-MC-260028	109,581	
Total Stewart McKinney Homeless Assistance			<u>219,714</u>	<u>105,753</u>
Home Investment Partnerships Program				
City of Saginaw HOME programs	14.239	M-07-MC-260212	658,408	1,022,868
City of Saginaw HOME programs	14.239	M-08-MC-260212	637,959	
City of Saginaw HOME programs	14.239	M-09-MC-260212	709,480	-
Total Home Investment Partnerships Program			<u>2,005,847</u>	<u>1,022,868</u>
EDI Special Projects	14.251			<u>340,021</u>
Neighborhood Stabilization Program				
ARRA - NSP I	14.256		-	728,926
ARRA - NSP II	14.256		-	3,664,033
Total Neighborhood Stabilization Program			<u>-</u>	<u>4,392,959</u>
Homelessness Prevention and Rapid Re Housing Program	14.257	S-09-MY-260028	1,022,177	394,417
Total U.S. Department of Housing and Urban Development			<u>8,215,050</u>	<u>9,003,435</u>
U.S. Department of Justice				
Weed and Seed Program				
Weed and Seed Program 2009	16.595	2009-WS-QX-0060	142,000	48,064
Weed and Seed Program 2010	16.595	2010-WS-QX-0080	157,000	92,660
Total Weed and Seed Program			<u>299,000</u>	<u>140,724</u>
Edward Byrne Memorial Formula Grant Program				
Police Drug Investigation Grant	16.579		-	143,045
Public Safety Partnership and Community Policing Grants				
COPS Technology Grant	16.710	2010-CK-WX-0233	300,000	98,320
ARRA - COPS Hiring Recovery Program	16.710	2009-RX-WX-0457	1,126,710	326,416
Total Public Safety Partnership and Community Policing Grants			<u>1,426,710</u>	<u>424,736</u>
Passed-Through Saginaw County				
ARRA - Byrne Justice Assistance Grant - JAG Program 2009	16.804	(1) 2009-F3730-MI-SB	540,320	212,254

City of Saginaw
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2011

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number		Federal or Pass-Through Grant	Amended Grant Amount	Federal Expenditures
Passed-Through Michigan State Police Byrne Justice Assistance Grant	16.738	(1)	201070909	\$ 32,353	\$ 4,415
Passed-Through Saginaw County Byrne Justice Assistance Grant - JAG Program 2008	16.738	(1)	NA		27,234
Byrne Justice Assistance Grant - JAG Program 2010	16.738	(1)	2010-H8893-MI-DJ	104,906	12,098
Total Byrne Justice Assistance Grant				<u>137,259</u>	<u>43,747</u>
Total U.S. Department of Justice				<u>2,403,289</u>	<u>964,506</u>
U.S. Environmental Protection Agency					
Passed through State of Michigan ARRA - Clean Water State Revolving Funds	66.458		2W-00E752-01	<u>1,388,000</u>	<u>1,388,000</u>
U.S. Department of Energy					
Energy Efficiency and Conservation Grant	81.128		89000001	<u>566,200</u>	<u>208,252</u>
Executive Office of the President					
Passed through B.A.Y.N.E.T High Intensity Drug Trafficking Areas Program	95.001				<u>6,197</u>
U.S. Department of Homeland Security					
Assistance to Firefighters Grant	97.044				<u>96,860</u>
Total Expenditures of Federal Awards				<u>\$ 12,572,539</u>	<u>\$ 11,667,250</u>

(1) JAG Program Cluster

The accompanying notes are an integral part of this schedule.

CITY OF SAGINAW, MICHIGAN

NOTES TO THE SCHEDULE OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2011

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Saginaw, Michigan (the "City") under programs of the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. **Summary of Significant Accounting Policies**

Schedule expenditures are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. **Subrecipients**

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients in the amount of \$913,091

**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 13, 2011

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, 2011, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2011-1 to be a material weakness.

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 13, 2011.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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 cursive script that reads "Lehmann Johnson".

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

December 13, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing

procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2011-2.

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 in accordance with OMB Circular A-133, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2011-2. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.



CITY OF SAGINAW, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended, June 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal controls over financial reporting:
Material weakness(es) identified? X yes no

Significant deficiencies identified? 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? X yes 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)? X yes no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.256	ARRA - Neighborhood Stabilization Program
14.257	Homelessness Prevention and Rapid Re-housing Program
16.710	Public Safety Partnership and Community Policing Grants
66.458	Capitalization Grants for Clean Water State Revolving

Dollar threshold used to distinguish between Type A and Type B programs: \$350,017

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, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

2011-1 Financial Statement Finding Considered to be a Material Weakness

- Criteria:** All governments are required to have in place internal controls over recording, processing and summarizing accounting data (e.g., maintaining internal books and records).
- Condition:** The City failed to properly record the deferred portion of a Major Streets fund grant received in fiscal year ended 6/30/09 in the amount of \$381,942. Additionally the City did not record a grant receivable for expense incurred during the fiscal year ended 6/30/10 for the Sewer fund in the amount of \$393,155.
- Effect:** The City's fund balance for the Major Streets fund was overstated by the amount of the monies which should have been included in deferred revenue. This situation caused fund balance to be misstated and placed the City at risk of having these funds spent for non-grant related expenditures. The net assets of the Sewer fund were understated by the amount of monies receivable from the grantor agency.
- Cause:** The adjustments needed were due to inadequate documentation provided by the department receiving the grant information to the controller's office at the time of the grant award.
- Recommendation:** We recommend that the City departments receiving grant funds provide all documentation to the Controller's office on a timely basis.
- Response:** The City concurs with the recommendation and will put a process in place to address this issue.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Environmental Protection Agency

ARRA – Clean Water State Revolving Grant CFDA #66.458

2011-2 Significant Deficiency - Cash Management and Reporting - Immaterial Noncompliance

- Criteria:** Grant recipient's are required to submit cash requests on a timely basis for reimbursement
- Condition:** The City failed to record expenditures on the schedule of expenditures of federal awards and request reimbursement for the expenditures in the prior year.
- Effect:** The City's fund balance for the Sewer fund was understated by \$393,155 for grant expenditures which should have been included in grants receivable. This situation

CITY OF SAGINAW, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended, June 30, 2011

caused fund balance to be misstated and was not in compliance with cash management requirements of the grant.

Cause: The oversight was due to inadequate communication by the department receiving the grant to the controller's office that a grant was incurring reimbursable expenses.

Recommendation: We recommend that the City departments receiving grant funds provide all documentation to the Controller's office on a timely basis.

Response: The City concurs with the recommendation and will put a process in place to address this issue.

SECTION IV – PRIOR YEAR FINDINGS

None