



**S** CITY OF  
SAGINAW

Michigan

**Comprehensive Annual  
Financial Report**

For the Fiscal Year Ended

June 30, 2014

**City of Saginaw**

**Saginaw County**

**Comprehensive Annual Financial Report**

**June 30, 2014**

Prepared by the Department of Fiscal Services

# Table of Contents

<u>Section</u>	<u>Page</u>
<b><u>Introductory Section</u></b>	
Letter of Transmittal	i
GFOA Certificate of Achievement	viii
Organization Chart	ix
List of Elected and Appointed Officials	x
<b><u>Financial Section</u></b>	
<b>1 Independent Auditors' Report</b>	<b>1 – 1</b>
<b>2 Management's Discussion and Analysis</b>	<b>2 – 1</b>
<b>3 Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	3 – 1
Statement of Activities	3 – 3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3 – 4
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	3 – 6
Statement of Revenues, Expenditures and Changes in Fund Balances	3 – 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	3 – 9
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	3 – 10
Community Development	3 – 12

<b>Section</b>	<b>Page</b>
<b>3 Basic Financial Statements</b>	
Proprietary Funds	
Statement of Net Position	3 – 13
Statement of Revenues, Expenses and Changes in Fund Net Position	3 – 15
Statement of Cash Flows	3 – 17
Fiduciary Funds	
Statement of Net Position	3 – 19
Statement of Changes in Net Position	3 – 20
Component Units	
Combining Statement of Net Position	3 – 21
Combining Statement of Activities	3 – 22
Notes to Financial Statements	3 – 23
<b>4 Required Supplemental Information</b>	
Municipal Employees Retirement System of Michigan	4 – 1
Policemen and Firemen Retirement System	
Schedule of Changes in Net Pension Liability and Related Ratios	4 – 2
Schedule of Employers' Net Pension Liability	4 – 3
Schedule of Contributions	4 – 4
Schedule of Investment Returns	4 – 5
Other Postemployment Benefits	4 – 6
<b>5 Other Supplemental Information</b>	
General Fund	
Balance sheet	5 – 1
Schedule of Departmental and Miscellaneous Revenues – Budget and Actual	5 – 3
Schedule of Appropriations and Expenditures – Budget and Actual	5 – 5
Nonmajor Governmental Funds	
Combining Balance Sheet	5 – 8
Combining Statement of Revenue, Expenditures and Changes in Fund Balance Fund Balance	5 – 14

**Section****Page****5 Other Supplemental Information**

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual

Major Streets	5 – 20
Local Streets	5 – 21
Clean Energy Coalition	5 – 22
Public Safety Millage	5 – 23
SAFER grant	5 – 24
Rubbish Collection	5 – 25
Police Grants	5 – 26
Drug Forfeiture	5 – 27
Andersen Center Operation	5 – 28
Boat Launch	5 – 29
Economic Development	5 – 30
Celebration Park	5 – 31

## Internal Service Funds

Combining Statement of Net Position	5 – 32
Combining Statement of Revenues, Expenses, and Changes in Fund Balance	5 – 36
Combining Statement of Cash Flows	5 – 38

## Fiduciary Funds

Employee Pension and Other Employee Benefits Trust Funds	
Combining Statement of Plan Net Position	5 – 39
Combining Statement of Changes in Plan Net Position	5 – 40

## Agency Funds

Combining Balance Sheet	5 – 41
Combining Statement of Changes in Assets and Liabilities	5 – 43

## Component Units

Statement of Net Position and Governmental Fund Balance Sheet – TIFA	5 – 46
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – TIFA	5 – 47
Statement of Net Position and Governmental Fund Balance Sheet – DDA	5 – 48

<b>Section</b>	<b>Page</b>
<b>5</b>	<b>Other Supplemental Information</b>
	Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – DDA
	5 – 49
	Statement of Net Position and Governmental Fund Balance Sheet – LDFA
	5 – 50
	Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – LDFA
	5 – 51
	Statement of Net Position and Governmental Fund Balance Sheet – Saginaw Economic Development Corporation
	5 – 52
	Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Saginaw Economic Development Corporation
	5 – 53
	Statement of Net Position and Governmental Fund Balance Sheet – Brownfield
	5 – 54
	Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Brownfield
	5 – 55
<b>6</b>	<b>Statistical Section (Unaudited)</b>
	Net Position by Component
	6 – 1
	Changes in Net Position
	6 – 2
	Fund Balance Governmental Funds
	6 – 5
	Changes in Fund Balance – Governmental Funds
	6 – 6
	Revenues by Source
	6 – 8
	Assessed Value and Estimated Actual Value of Taxable Property
	6 – 9
	Direct and Overlapping Property Tax Rates
	6 – 10
	Principal Property Taxpayers
	6 – 11
	Property Tax Levies and Collections
	6 – 12
	Ratios of Outstanding Debt
	6 – 13
	Direct and Overlapping Governmental Activities Debt
	6 – 15
	Legal Debt Margin Information
	6 – 16
	Pledged Revenue Coverage
	6 – 17
	Demographic and Economic Statistics
	6 – 18
	Principal Employers 2013 and 2004
	6 – 19
	Full – Time Equivalent City of Saginaw Employees by Function
	6 – 20
	Operating Indicators by Function
	6 – 21
	Capital Assets Statistics by Function
	6 – 22

# CITY OF SAGINAW

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

---



December 17, 2014

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, 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

## **Profile of the Government**

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



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

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

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

## **Economic Conditions and Outlook**

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

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

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



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

City staff and Saginaw Future Inc. are currently working on projects to bring new businesses to the City of Saginaw to further diversify the economic base. The new Central Michigan University Medical School has begun construction and students will begin receiving instruction at the Saginaw campus in 2015. The school will be located at Covenant Hospital and St. Mary's Hospital, both located in the city. Additionally, the city is experiencing growth in the downtown area, where two significant market rate apartment buildings have been renovated and are ready for rental. The other significant downtown area, Old Town, is also experiencing growth, as renovations are taking place on historic buildings to provide housing in the form of condominiums and apartments. In the coming years the City expects to announce more exciting additions to the local economy.

### **Long-term Financial Planning**

The City anticipates that fiscal year 2015 will be another challenging year as state shared revenue and other City revenues have leveled off, however expenses continue to grow. The most significant are those related to retirees (healthcare and pension). This situation is not unique to the City of Saginaw, but is one that faces most communities in Michigan. Many cities have been forced to reduce services in recent years to deal with the changing conditions. The City has made

several changes in the past few years to impact the long-term liability related to post-employment benefits – both pension and health care. Saginaw has eliminated the defined benefit pension plan for new hires, eliminated retiree health care for new hires and continues to evaluate additional changes.

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

As has been typical for the past several years, the city budget was developed in a year of financial challenges. Local units of government throughout the country are struggling to find ways to maintain services, particularly those cities that once relied heavily on the manufacturing industry. One of the City's main goals is to help build the city for the future and to develop it into what we believe it can and will be going forward. We have to look to the past at our city's history however it is more imperative that we look to the future to see what Saginaw can become rather than what it once was. We are seeing the future



develop at our core. Collaborative efforts have brought and retained jobs in the downtown area, most recently at AT&T, Catholic Federal Credit Union, CMU College of Medicine, Michigan CardioVascular Institute, Tri City Urology, FirstMerit Bank, Garber Management Group, Midwestern Surgical Associates, and many others. The first market rate housing development in Downtown Saginaw in over twenty years has been completed. Downtown businesses and philanthropists have also developed entertainment venues, such as the Temple Theatre, Dow Event Center, and FirstMerit Bank Event Park. Cultural attractions like the Castle Museum and Children's Museum are convenient to the downtown location. Recently the Delta College Board of Trustees voted to select Downtown Saginaw as the area for a new Delta College Center, which will be a natural fit for Downtown. Saginaw is on the move and we are seeing the future develop.

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

As our community changes so does the City of Saginaw as an organization. The recent national economy has forced everyone to make adjustments to the way they live. It has been more difficult than ever to make ends meet. The City of Saginaw is no exception. Saginaw must continue to evolve in order for it to provide the same full service delivery system to the residents that it currently does. This change comes in the form of active management and review of city organization.

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

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

In the coming years, the City will have to continue to implement bold and innovative measures in order to remain operationally and fiscally sound. Current planning takes this into account and provides a basis from which to focus on change through reforms and related difficult decision making.

### *Strategic Planning*

The City of Saginaw management team and Council believe that long-term planning is vitally important to ensure the City's fiscal viability. The City of Saginaw's City Council and

management team meet 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 even now in fiscal year 2014:

- ◇ 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, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

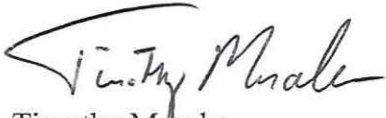
A certificate of achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Acknowledgements

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

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

Respectfully Submitted,

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

Timothy Morales  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

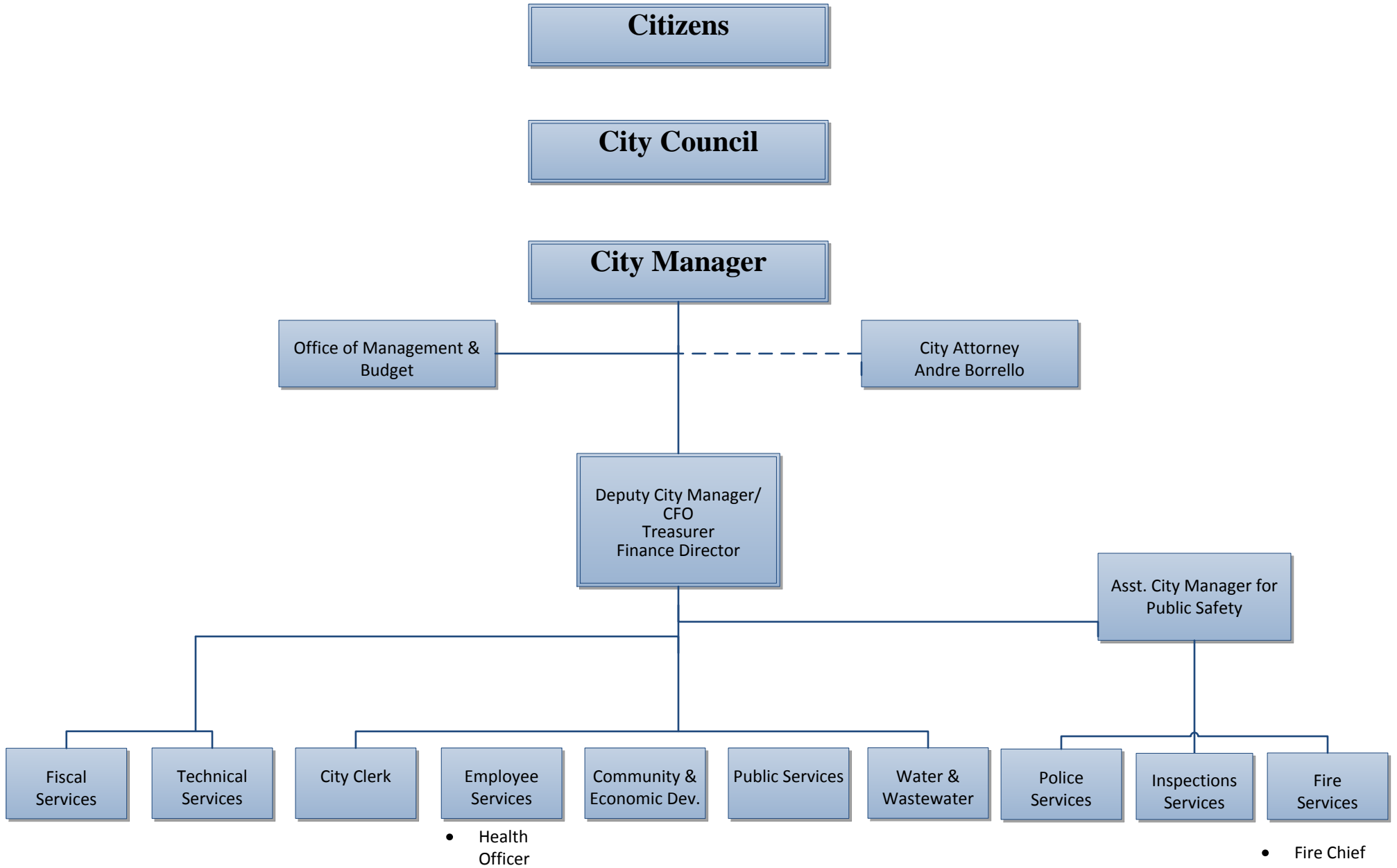
**City of Saginaw  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# CITY OF SAGINAW





**City of Saginaw**  
**List of Elected and Appointed Officials**  
**June 30, 2014**

---

**City Council**

Dennis Browning – Mayor

Amos O’Neal – Mayor Pro-Term

Michael D. Balls – Council Member

Annie Boensch – Council Member

Larry Coulouris – Council Member

Dan Fitzpatrick – Council Member

Floyd Kloc – Council Member

Brenda Moore – Council Member

Demond Tibbs – Council Member

**Administrative Staff**

Tim Morales – City Manager

## Independent Auditors' Report

To the Honorable Mayor and City Council  
City of Saginaw

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saginaw, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saginaw, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Community Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Adoption of New Accounting Standards:**

As described in Note 1 to the financial statements, during the year ended June 30, 2014, the City adopted new accounting guidance: GASB Statements No. 67, *Financial Reporting for Pension Plans*. Our opinions are not modified with respect to this matter.

## **Other Matters:**

### **Required Supplemental Information**

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

### **Other Supplemental Information**

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

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

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

#### **Prior Year Information**

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the City of Saginaw's financial statements as of and for the year ended June 30, 2013, which are not presented with the accompanying financial statements. In our report dated December 19, 2013, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely present component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saginaw's financial statements as a whole. The 2013 information in the comparative other supplemental schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 information in the comparative supplemental schedules is fairly stated in all material respects in relation to the financial statements from which they have been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the City of Saginaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Saginaw's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
December 17, 2014

**City of Saginaw, Michigan**  
**Management's Discussion And Analysis**  
**June 30, 2014**

---

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

### **Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

**City of Saginaw, Michigan**  
**Management's Discussion And Analysis**  
**June 30, 2014**

---

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

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

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

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

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

functions. The City of Saginaw uses internal service funds to account for its Information Systems operations, Geographic Information Services, Radio Revolving activities, Motor Pool operations, and Risk Management program.

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 3 - 23 through 3 - 50 of this report.

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

**City of Saginaw, Michigan**  
**Management's Discussion And Analysis**  
**June 30, 2014**

**Government-wide Financial Analysis**

The City of Saginaw has combined net position of \$114,900,311. Business type activities comprise \$116,241,083 and governmental activities make up (\$1,340,772) of the total net position.

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

position. Long-term liabilities and unrestricted net position in the governmental activities increased due to the increase in the OPEB liability. The decrease in the long-term liabilities in the business-type activities relates to the payments on long-term debt in the current year.

The following table shows the revenue and expense components of changes in net position for the year ended June 30, 2014.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 17,240,030	\$ 17,185,851	\$ 49,164,104	\$ 50,226,140	\$ 66,404,134	\$ 67,411,991
Capital Assets	41,522,452	42,480,896	117,019,840	120,287,213	158,542,292	162,768,109
<b>Total Assets</b>	<b>58,762,482</b>	<b>59,666,747</b>	<b>166,183,944</b>	<b>170,513,353</b>	<b>224,946,426</b>	<b>230,180,100</b>
Current Liabilities	3,394,611	4,596,845	7,790,979	8,602,693	11,185,590	13,199,538
Long-term liabilities	56,708,643	50,512,242	42,151,882	45,259,161	98,860,525	95,771,403
<b>Total liabilities</b>	<b>60,103,254</b>	<b>55,109,087</b>	<b>49,942,861</b>	<b>53,861,854</b>	<b>110,046,115</b>	<b>108,970,941</b>
Net position:						
Net investment in						
capital assets	41,522,452	42,480,896	78,362,788	76,740,286	119,885,240	119,221,182
Restricted	7,177,028	4,772,251	-	-	7,177,028	4,772,251
Unrestricted (Deficit)	(50,040,252)	(42,695,487)	37,878,295	39,911,213	(12,161,957)	(2,784,274)
<b>Total net position</b>	<b>\$ (1,340,772)</b>	<b>\$ 4,557,660</b>	<b>\$ 116,241,083</b>	<b>\$ 116,651,499</b>	<b>\$ 114,900,311</b>	<b>\$ 121,209,159</b>

Net position decreased \$3,975,077 during the year, which includes a decrease of \$410,416 in business-type activities and a decrease of \$3,564,661 in governmental activities. The primary cause of the decrease in business-type activities net position is due to a decrease in sewer revenues due to a decrease in units billed but an increase in the salaries and benefits of over one million dollars and also a slight increase in depreciation expense of approximately \$200,000. The decrease in governmental activities net position is primarily due to the increase in the OPEB liability. We also noted a significant reduction in the operating grants and contributions related to economic development as many of the ARRA grants were finalized and completely spent in fiscal year 2013 but that was offset by reductions in economic development and public safety expenditures and altogether did not have a significant impact on governmental net

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for Services	\$ 10,127,343	\$ 10,745,198	\$ 36,085,540	\$ 37,836,492	\$ 46,212,883	\$ 48,581,690
Operating Grants & Contributions	10,307,440	14,121,024	-	-	10,307,440	14,121,024
Capital Grants and Contributions	66,026	-	-	119,520	66,026	119,520
General Revenues:						
Property Taxes	6,766,599	6,458,365	-	-	6,766,599	6,458,365
Income Taxes	12,309,181	12,257,420	-	-	12,309,181	12,257,420
State Shared Revenue	7,632,423	7,384,019	-	-	7,632,423	7,384,019
Grants not restricted	456,904	381,736	-	-	456,904	381,736
Unrestricted invest earnings	399,525	347,386	65,475	28,630	465,000	376,016
Misc	46,025	91,311	934,243	148,727	980,268	240,038
Gain on Sale of Cap Assets	55,018	87,569	-	1,461	55,018	89,030
<b>Total Revenues</b>	<b>48,166,484</b>	<b>51,874,028</b>	<b>37,085,258</b>	<b>38,134,830</b>	<b>85,251,742</b>	<b>90,008,858</b>
Expenses						
General Government	4,047,430	4,246,625	-	-	4,047,430	4,246,625
Administration	2,785,134	2,082,511	-	-	2,785,134	2,082,511
Public Safety	26,474,924	28,577,748	-	-	26,474,924	28,577,748
Highway Streets	5,363,157	5,033,333	-	-	5,363,157	5,033,333
Other General Services	8,490,446	9,883,212	-	-	8,490,446	9,883,212
Community Services	1,788,892	1,588,378	-	-	1,788,892	1,588,378
Economic Development	2,800,707	10,063,315	-	-	2,800,707	10,063,315
Interest on Long-term Debt:						
Water	2,308	2,436	-	-	2,308	2,436
Sewer	-	-	15,837,475	14,558,993	15,837,475	14,558,993
Sewer	-	-	21,636,346	20,260,314	21,636,346	20,260,314
<b>Total Expenses</b>	<b>51,752,998</b>	<b>61,477,558</b>	<b>37,473,821</b>	<b>34,819,307</b>	<b>89,226,819</b>	<b>96,296,865</b>
Transfers	21,853	13,664	(21,853)	(13,664)	-	-
Increase (Dec) in net position	(3,564,661)	(9,589,866)	(410,416)	3,301,859	(3,975,077)	(6,288,007)
Net position - beginning (restated)	2,223,889	14,147,526	116,651,499	113,349,640	118,875,388	127,497,166
<b>Total net position</b>	<b>\$ (1,340,772)</b>	<b>\$ 4,557,660</b>	<b>\$ 116,241,083</b>	<b>\$ 116,651,499</b>	<b>\$ 114,900,311</b>	<b>\$ 121,209,159</b>



**City of Saginaw, Michigan**  
**Management's Discussion And Analysis**  
**June 30, 2014**

---

**Governmental Activities**

General revenues for governmental activities totaled approximately \$27.9 million for the year ended June 30, 2014. A total of approximately \$7.0 million was in the form of property tax collections and related revenues that reflected an increase in the tax rate for general operations from 7.0637 (\$7.0637 per \$1,000 of taxable value) to 7.3830 mills. Property taxes revenue is shown net of applicable chargebacks. Income tax generated approximately \$12.3 million from residents and non-residents who live or work in the City respectively. Intergovernmental revenues, in the form of state shared revenues, continue to be of concern. While they provided approximately \$7.6 million, it is uncertain what will happen in the next several years, given the increase in sales tax collections over the last year and the State's recent ability to balance the budget timely.

The decrease in governmental activities operating grants and contributions is due to less activity in the neighborhood stabilization program grant program and the usage of all ARRA funds in fiscal year 2013. Also see discussion above in the government-wide financial analysis section. The decrease in public safety expense is due to decreases in staffing and pension expenses.

**Business-type Activities**

Business-type activities operated by the City include the water and sewer system. Program revenues from business-type activities were approximately \$36 million. Significant items include sewer service - \$20.6 million and water supply - \$15.4 million.

The decrease in capital grants and contributions for business type activities is due to State Revolving Fund Loan Program in 2013, part of the loan was recognized as a grant in that year. The decrease in water and sewer charges for service is due to decreases in consumption.

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 is being negotiated with other communities as they increase business and residential development. These agreements will provide a direct revenue flow to the general fund.

**City of Saginaw, Michigan**  
**Management's Discussion And Analysis**  
**June 30, 2014**

---

The most promising Public Act 425 Agreement revenue stream is local income tax.

Local income tax – The City of Saginaw receives approximately 39% of its general fund revenue from local income tax. Economic conditions continue to have a negative impact on this revenue source. For the 2014-2015 budget, the revenue from income taxes is expected to decrease approximately \$683,180 from the 2013-2014 budget amount.

State shared revenues – The City of Saginaw receives approximately 25% of its general fund revenue from state revenue sharing. The State of Michigan is experiencing significant budget problems, which it is attempting to partially remedy by cutting payments of shared sales tax revenues to local units of government. 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 2013-2014 with a fund balance of approximately \$1.5 million, of which \$165,803 is nonspendable for prepaids and inventory, and \$332,770 is restricted for grants and public safety.

The unassigned fund balance is \$1,028,628 as of June 30, 2014. The unassigned amount represented 3.5% of the June 30, 2014 general fund expenditures and other financing uses. That same number represents 4.5% of the fiscal year 2014-2015 budget (prior to 2014-2015 budget amendments).

Several factors affected general fund operating results:

- State shared revenue increased \$303,255
- Property tax revenue increased \$38,042
- Grants, donations and contributions decreased by \$101,913
- Public safety expenditures were cut significantly by \$3,011,379 due to staffing, overtime monitoring and benefit reductions.

The general fund budget is amended throughout the year. Revenues were \$820,260 under budget while expenditures were \$2,082,767 under budget.

The community development fund has a June 30, 2014, restricted fund balance of \$1,114,812.

The City's June 30, 2014, \$220 million in unfunded health care liability impacts all funds per the December 31, 2011, 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 \$220 million liability is being developed and requires a \$470,000, annual contribution to the Public Employee Healthcare fund. The City did not make an annual contribution in 2014.

#### **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, 2014, amounted to \$158,542,292 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles.

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

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

- WTP security upgrade – approximately \$2,447,857
- Woodbridge Construction – approximately \$1,984,913
- Kochville Generator – \$1,236,668

However, depreciation expense well exceeded the capital improvements that were incurred during the year, therefore, resulting

**City of Saginaw, Michigan  
Management's Discussion And Analysis  
June 30, 2014**

---

in the decrease noted above to the City's total investment in capital assets.

Additional information on the City's capital assets can be found beginning on page 3 - 33 of this report.

**Long-term debt**

At the end of the current fiscal year, the City of Saginaw had total debt outstanding of \$40 million in principal and \$9.8 million in interest. The City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Loans	\$ 783,601	\$ 143,204	\$ -	\$ -	\$ 783,601	\$ 143,204
Revenue Bonds	-	-	39,295,307	9,715,966	39,295,307	9,715,966
<b>Total</b>	<b>\$ 783,601</b>	<b>\$ 143,204</b>	<b>\$ 39,295,307</b>	<b>\$ 9,715,966</b>	<b>\$ 40,078,908</b>	<b>\$ 9,859,170</b>

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 \$51,402,800, which is significantly higher than the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found on pages 3 - 36 through 3 - 38 of this report.

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

The following factors were considered in preparing the City's budget for the 2015 fiscal year:

- Significant operating deficit from fiscal year 2014
- Loss of property tax revenue for the police and fire tax levy
- Continued increase in annual pension contributions

**Contacting the City of Saginaw**

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

**City of Saginaw**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 7,384,602	\$ 15,528,189	\$ 22,912,791	\$ 5,075,465
Investments	-	6,783,442	6,783,442	-
Receivables, net	8,593,811	6,484,746	15,078,557	1,924,539
Due from other units of government	2,565,028	-	2,565,028	-
Internal balances	(5,036,667)	5,036,667	-	-
Inventories	756,241	1,558,912	2,315,153	-
Prepaid items	441,249	1,455	442,704	-
Investment in SMWSC	-	13,207,771	13,207,771	-
Restricted assets				
Cash and cash equivalents	85,831	562,922	648,753	-
Investments	2,449,935	-	2,449,935	-
Capital assets not being depreciated	16,327,823	10,386,737	26,714,560	-
Capital assets, net of accumulated depreciation	25,194,629	106,633,103	131,827,732	-
 Total assets	 <u>58,762,482</u>	 <u>166,183,944</u>	 <u>224,946,426</u>	 <u>7,000,004</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 1,140,717	\$ 1,115,650	\$ 2,256,367	\$ 60,023
Accrued and other liabilities	1,803,393	1,478,090	3,281,483	-
Due to other units of government	53,213	-	53,213	-
Unearned revenue	330,757	192	330,949	-
Noncurrent liabilities				
Due within one year	66,531	5,197,047	5,263,578	-
Due in more than one year	9,294,059	35,190,506	44,484,565	-
Other postemployment benefit obligations	47,414,584	6,961,376	54,375,960	-
Total liabilities	<u>60,103,254</u>	<u>49,942,861</u>	<u>110,046,115</u>	<u>60,023</u>
<b>Net position</b>				
Net investment in capital assets	41,522,452	78,362,788	119,885,240	-
Restricted for:				
Endowments	2,449,935	-	2,449,935	-
Grants	2,361	-	2,361	-
Roads	2,617,511	-	2,617,511	-
Public safety	330,490	-	330,490	-
Rubbish	939,947	-	939,947	-
Police grants	26,872	-	26,872	-
Drug forfeiture	190,393	-	190,393	-
Economic development	64,115	-	64,115	-
Community development grants	363,840	-	363,840	-
Permanent fund	191,564	-	191,564	-
Unrestricted (deficit)	<u>(50,040,252)</u>	<u>37,878,295</u>	<u>(12,161,957)</u>	<u>6,939,981</u>
Total net position	<u>\$ (1,340,772)</u>	<u>\$ 116,241,083</u>	<u>\$ 114,900,311</u>	<u>\$ 6,939,981</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 4,047,430	\$ 3,782,508	\$ 84,413	\$ -	\$ (180,509)	\$ -	\$ (180,509)	\$ -
Administration	2,785,134	1,071,173	-	-	(1,713,961)	-	(1,713,961)	-
Public safety	26,474,924	656,692	1,369,436	66,026	(24,382,770)	-	(24,382,770)	-
Highways and streets	5,363,157	60,908	5,729,589	-	427,340	-	427,340	-
General services	8,490,446	3,569,235	-	-	(4,921,211)	-	(4,921,211)	-
Community services	1,788,892	670,825	221,898	-	(896,169)	-	(896,169)	-
Economic development	2,800,707	316,002	2,902,104	-	417,399	-	417,399	-
Interest on long-term debt	2,308	-	-	-	(2,308)	-	(2,308)	-
Total governmental activities	<u>51,752,998</u>	<u>10,127,343</u>	<u>10,307,440</u>	<u>66,026</u>	<u>(31,252,189)</u>	<u>-</u>	<u>(31,252,189)</u>	<u>-</u>
Business-type activities								
Sewer	21,636,346	20,645,995	-	-	-	(990,351)	(990,351)	-
Water	15,837,475	15,439,545	-	-	-	(397,930)	(397,930)	-
Total business-type activities	<u>37,473,821</u>	<u>36,085,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,388,281)</u>	<u>(1,388,281)</u>	<u>-</u>
Total primary government	<u>\$ 89,226,819</u>	<u>\$ 46,212,883</u>	<u>\$ 10,307,440</u>	<u>\$ 66,026</u>	<u>(31,252,189)</u>	<u>(1,388,281)</u>	<u>(32,640,470)</u>	<u>-</u>
Component units	<u>\$ 151,727</u>	<u>\$ -</u>	<u>\$ 57,533</u>	<u>\$ 10,000</u>				<u>(84,194)</u>
General revenues								
Property taxes					6,766,599	-	6,766,599	60,878
City income taxes					12,309,181	-	12,309,181	-
State shared revenue					7,632,423	-	7,632,423	-
Grants not restricted to specific programs					456,904	-	456,904	-
Investment earnings					399,525	65,475	465,000	61,502
Gain on sale of capital assets					46,025	-	46,025	-
Miscellaneous					55,018	934,243	989,261	-
Transfers					21,853	(21,853)	-	-
Total general revenues					<u>27,687,528</u>	<u>977,865</u>	<u>28,665,393</u>	<u>122,380</u>
Change in net position					(3,564,661)	(410,416)	(3,975,077)	38,186
Net position - beginning of year, restated					<u>2,223,889</u>	<u>116,651,499</u>	<u>118,875,388</u>	<u>6,901,795</u>
Net position (deficit) - end of year					<u>\$ (1,340,772)</u>	<u>\$ 116,241,083</u>	<u>\$ 114,900,311</u>	<u>\$ 6,939,981</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2014**

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 287,075	\$ 1,004,638	\$ 2,946,313	\$ 4,238,026
Receivables, net of allowance	4,858,274	423,845	2,307,538	7,589,657
Due from other units of government	1,368,622	438,354	758,052	2,565,028
Due from other funds	3,483,008	-	930,892	4,413,900
Inventories	103,919	-	356,095	460,014
Prepaid items	61,884	-	174,865	236,749
Notes and contracts receivable	-	756,336	-	756,336
Restricted assets				
Cash and cash equivalents	-	85,831	-	85,831
Investments	-	-	2,449,935	2,449,935
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 10,162,782</u>	<u>\$ 2,709,004</u>	<u>\$ 9,923,690</u>	<u>\$ 22,795,476</u>
<b>Liabilities</b>				
Accounts payable	\$ 250,421	\$ 165,184	\$ 667,795	\$ 1,083,400
Accrued and other liabilities	1,071,839	24,527	643,410	1,739,776
Due to other funds	7,177,175	1,864,841	1,469,958	10,511,974
Due to other units of government	53,213	-	-	53,213
Unearned revenue	40,145	290,612	-	330,757
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>8,592,793</u>	<u>2,345,164</u>	<u>2,781,163</u>	<u>13,719,120</u>

See Accompanying Notes to Financial Statements



**City of Saginaw**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2014**

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred inflows of resources</b>				
Accounts receivable	\$ 37,256	\$ -	\$ -	\$ 37,256
Notes and contracts receivable	-	775,098	-	775,098
Grants	5,532	585,984	19,868	611,384
Total deferred inflows of resources	<u>42,788</u>	<u>1,361,082</u>	<u>19,868</u>	<u>1,423,738</u>
<b>Fund balances</b>				
Non-spendable				
Inventories	103,919	-	356,095	460,014
Prepaid items	61,884	-	174,865	236,749
Endowments	-	-	2,449,935	2,449,935
Restricted for:				
Grants	2,280	-	81	2,361
Roads	-	-	2,617,511	2,617,511
Public safety	330,490	-	-	330,490
Rubbish	-	-	939,947	939,947
Police grants	-	-	7,004	7,004
Drug forfeiture	-	-	190,393	190,393
Economic development	-	-	64,115	64,115
Permanent fund	-	-	191,564	191,564
Assigned	-	-	151,007	151,007
Unassigned (deficit)	1,028,628	(997,242)	(19,858)	11,528
Total fund balances	<u>1,527,201</u>	<u>(997,242)</u>	<u>7,122,659</u>	<u>7,652,618</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,162,782</u>	<u>\$ 2,709,004</u>	<u>\$ 9,923,690</u>	<u>\$ 22,795,476</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**June 30, 2014**

---

<b>Total fund balances for governmental funds</b>	\$ 7,652,618
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	24,246,502
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	16,327,823
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	1,423,738
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(3,976,880)
Net other post employment obligation	(47,414,584)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(783,601)
Internal service funds are included as part of governmental activities.	<u>1,183,612</u>
<b>Net position of governmental activities</b>	<u>\$ (1,340,772)</u>

**City of Saginaw**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	<u>General</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
General operating property taxes	\$ 3,283,103	\$ -	\$ 3,158,536	\$ 6,441,639
Special assessments	36,203	-	-	36,203
City income tax	12,309,181	-	-	12,309,181
State shared revenues	7,721,117	-	4,734,825	12,455,942
Licenses, permits and fees	1,675,260	-	3,909,184	5,584,444
Fines, penalties and forfeitures	459,309	-	90,562	549,871
Grants, donations and contributions	3,496,153	3,079,236	2,336,700	8,912,089
Interest on loans and investments	346,338	3,079	71,022	420,439
Rents and privileges	30,479	4,022	43,604	78,105
Sale of materials and services	1,272,450	281,064	-	1,553,514
Loan repayments	-	52,965	-	52,965
Miscellaneous	-	4,131	262,744	266,875
	<u>30,629,593</u>	<u>3,424,497</u>	<u>14,607,177</u>	<u>48,661,267</u>
Total revenues				

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	<u>General</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Expenditures</b>				
Current				
General government	\$ 4,017,349	\$ -	\$ -	\$ 4,017,349
Administration	2,791,931	-	-	2,791,931
Public safety	17,825,247	-	5,062,835	22,888,082
Highways and streets	-	-	4,683,494	4,683,494
General services	3,046,046	-	3,611,636	6,657,682
Community services	1,459,938	-	292,995	1,752,933
Economic development	-	2,643,636	54,121	2,697,757
Debt service				
Principal retirement	-	-	5,706	5,706
Interest and fiscal charges	-	-	2,308	2,308
Total expenditures	<u>29,140,511</u>	<u>2,643,636</u>	<u>13,713,095</u>	<u>45,497,242</u>
Excess (deficiency) of revenues over expenditures	<u>1,489,082</u>	<u>780,861</u>	<u>894,082</u>	<u>3,164,025</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	24,885	1,131,775	1,156,660
Transfers out	(561,252)	(196,089)	(333,760)	(1,091,101)
Note proceeds	330,490	-	364,382	694,872
Total other financing sources and uses	<u>(230,762)</u>	<u>(171,204)</u>	<u>1,162,397</u>	<u>760,431</u>
Net change in fund balance	1,258,320	609,657	2,056,479	3,924,456
Fund balance (deficit) - beginning of year	<u>268,881</u>	<u>(1,606,899)</u>	<u>5,066,180</u>	<u>3,728,162</u>
Fund balance (deficit) - end of year	<u>\$ 1,527,201</u>	<u>\$ (997,242)</u>	<u>\$ 7,122,659</u>	<u>\$ 7,652,618</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2014**

---

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 3,924,456</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(2,277,518)
Capital outlay	1,495,604
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(252,963)
Grants	(161,561)
Notes receivable	(68,367)
Expenses are recorded when incurred in the statement of activities	
Compensated absences	(62,082)
Net other post employment obligation	(5,507,331)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Debt issued	(694,872)
Repayments of long-term debt	5,706
Internal service funds are also included as governmental activities	34,267
<b>Change in net position of governmental activities</b>	<b>\$ (3,564,661)</b>

**City of Saginaw**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
General operating property taxes	\$ 3,482,783	\$ 3,286,648	\$ 3,283,103	\$ (3,545)
Special assessments	150,000	150,000	36,203	(113,797)
City income tax	12,043,027	11,939,162	12,309,181	370,019
State shared revenues	7,512,647	7,825,083	7,721,117	(103,966)
Licenses, permits and forfeitures	1,782,157	1,858,918	1,675,260	(183,658)
Fines, penalties and forfeitures	633,100	601,946	459,309	(142,637)
Grants, donations and contributions	3,574,489	3,703,204	3,496,153	(207,051)
Interest	383,000	401,027	346,338	(54,689)
Rents and privileges	32,000	32,000	30,479	(1,521)
Sale of materials and services	1,391,640	1,651,865	1,272,450	(379,415)
	<u>30,984,843</u>	<u>31,449,853</u>	<u>30,629,593</u>	<u>(820,260)</u>
Total revenues				

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government	\$ 4,183,416	\$ 4,244,285	\$ 4,017,349	\$ (226,936)
Administration	3,038,281	3,043,261	2,791,931	(251,330)
Public safety	18,722,230	19,147,291	17,825,247	(1,322,044)
General services	3,113,533	3,317,019	3,046,046	(270,973)
Community services	1,526,199	1,591,505	1,459,938	(131,567)
Total expenditures	<u>30,583,659</u>	<u>31,343,361</u>	<u>29,140,511</u>	<u>(2,202,850)</u>
Revenue over (under) expenditures	<u>401,184</u>	<u>106,492</u>	<u>1,489,082</u>	<u>1,382,590</u>
Other financing sources (uses)				
Note proceeds	-	330,490	330,490	-
Transfers out	<u>(400,371)</u>	<u>(441,169)</u>	<u>(561,252)</u>	<u>(120,083)</u>
Total other financing sources (uses)	<u>(400,371)</u>	<u>(110,679)</u>	<u>(230,762)</u>	<u>(120,083)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 813</u>	<u>\$ (4,187)</u>	1,258,320	<u>\$ 1,262,507</u>
Fund balance - beginning of year			<u>268,881</u>	
Fund balance - end of year			<u>\$ 1,527,201</u>	

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Community Development**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Federal grants	\$ 3,488,378	\$ 4,656,093	\$ 3,028,051	\$ (1,628,042)
Other state grants	-	-	50,185	50,185
Local contributions	-	-	1,000	1,000
Interest income	40,000	40,000	3,079	(36,921)
Loan repayments	135,000	135,000	52,965	(82,035)
Rental income	5,412	5,412	4,022	(1,390)
Sale of materials and services	200,000	250,599	281,064	30,465
Miscellaneous	-	8,377	4,131	(4,246)
Transfers in	28,088	28,088	24,885	(3,203)
	<u>3,896,878</u>	<u>5,123,569</u>	<u>3,449,382</u>	<u>(1,674,187)</u>
<b>Expenditures</b>				
Current				
Economic development	3,686,181	4,912,872	2,643,636	(2,269,236)
Transfers out	210,697	210,697	196,089	(14,608)
	<u>3,896,878</u>	<u>5,123,569</u>	<u>2,839,725</u>	<u>(2,283,844)</u>
Excess of revenues over expenditures	-	-	609,657	609,657
Fund balance - beginning of year (deficit)	<u>(1,606,899)</u>	<u>(1,606,899)</u>	<u>(1,606,899)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (1,606,899)</u>	<u>\$ (1,606,899)</u>	<u>\$ (997,242)</u>	<u>\$ 609,657</u>

See Accompanying Notes to Financial Statements



**City of Saginaw**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 5,769,836	\$ 9,758,353	\$ 15,528,189	\$ 3,146,576
Investments	1,122,159	5,661,283	6,783,442	-
Receivables				
Customers	4,320,824	1,859,848	6,180,672	247,819
Special assessments, current	300,676	1,035	301,711	-
Accrued interest and other	-	2,363	2,363	-
Due from other funds	5,315,391	-	5,315,391	1,723,340
Inventories	-	1,558,912	1,558,912	296,227
Prepaid items	675	780	1,455	204,500
Restricted cash - bond proceeds	-	562,922	562,922	-
	<u>16,829,561</u>	<u>19,405,496</u>	<u>36,235,057</u>	<u>5,618,462</u>
Total current assets				
Noncurrent assets				
Investment In SMWSC	-	13,207,771	13,207,771	-
Capital assets not being depreciated	4,296,200	6,090,537	10,386,737	948,127
Capital assets, net of accumulated depreciated	<u>65,129,705</u>	<u>41,503,398</u>	<u>106,633,103</u>	<u>-</u>
	<u>69,425,905</u>	<u>60,801,706</u>	<u>130,227,611</u>	<u>948,127</u>
Total noncurrent assets				
	<u>86,255,466</u>	<u>80,207,202</u>	<u>166,462,668</u>	<u>6,566,589</u>
Total assets				

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 380,220	\$ 735,430	\$ 1,115,650	\$ 57,317
Accrued and other liabilities	347,346	1,130,744	1,478,090	63,617
Due to other funds	907,023	-	907,023	33,634
Unearned revenue	-	192	192	-
Current portion of compensated absences	210,421	190,540	400,961	-
Current portion of noncurrent liabilities	3,996,086	800,000	4,796,086	-
Total current liabilities	<u>5,841,096</u>	<u>2,856,906</u>	<u>8,698,002</u>	<u>154,568</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	2,816,227
Insurance claims payable	-	-	-	1,581,345
Accrued compensated absences	431,547	335,071	766,618	202,538
Other postemployment benefit	3,795,918	3,165,458	6,961,376	-
Long-term debt net of current portion	16,684,221	17,739,667	34,423,888	-
Total noncurrent liabilities	<u>20,911,686</u>	<u>21,240,196</u>	<u>42,151,882</u>	<u>4,600,110</u>
Total liabilities	<u>26,752,782</u>	<u>24,097,102</u>	<u>50,849,884</u>	<u>4,754,678</u>
<b>Net position</b>				
Net investment in capital assets	48,745,598	29,617,190	78,362,788	-
Unrestricted	10,757,086	26,492,910	37,249,996	1,811,911
Total net position	<u>\$ 59,502,684</u>	<u>\$ 56,110,100</u>	115,612,784	<u>\$ 1,811,911</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			<u>628,299</u>	
Net position of business-type activities			<u>\$ 116,241,083</u>	

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Operating revenue</b>				
User charges	\$ 20,645,995	\$ 15,439,545	\$ 36,085,540	\$ 6,460,055
Other revenue	162,321	23,514	185,835	909,721
Total operating revenue	<u>20,808,316</u>	<u>15,463,059</u>	<u>36,271,375</u>	<u>7,369,776</u>
<b>Operating expenses</b>				
Salaries and benefits	9,337,304	6,596,659	15,933,963	2,109,209
Supplies	987,567	911,738	1,899,305	356,711
Contractual services	3,493,203	3,147,781	6,640,984	2,467,666
Claims	-	-	-	1,989,194
Utilities	93,585	101,812	195,397	96,548
Repairs and maintenance	133,997	629,184	763,181	41,952
Other expenses	873,406	757,267	1,630,673	7,405
Amortization	-	5,413	5,413	-
Depreciation	6,238,548	1,528,004	7,766,552	172,178
Total operating expenses	<u>21,157,610</u>	<u>13,677,858</u>	<u>34,835,468</u>	<u>7,240,863</u>
Operating income (loss)	<u>(349,294)</u>	<u>1,785,201</u>	<u>1,435,907</u>	<u>128,913</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Nonoperating revenue (expenses)</b>				
Gain on investments	\$ 12,755	\$ 52,720	\$ 65,475	\$ 2,111
Gain (loss) on sale of assets	18,276	(313)	17,963	4,050
Loss on disposal of assets	-	-	-	(11,892)
Contractual obligations to SMWSC	-	(911,878)	(911,878)	-
Increase in investment in SMWSC	-	748,408	748,408	-
Bond issuance costs	(25,233)	(500)	(25,733)	-
Interest expense	(497,159)	(1,266,755)	(1,763,914)	-
 Total nonoperating revenues (expenses)	 (491,361)	 (1,378,318)	 (1,869,679)	 (5,731)
 Income (loss) before transfers	 (840,655)	 406,883	 (433,772)	 123,182
Transfers out	-	(21,853)	(21,853)	(43,706)
 Change in net position	 (840,655)	 385,030	 (455,625)	 79,476
Net position - beginning of year	60,343,339	55,725,070		1,732,435
Net position - end of year	<u>\$ 59,502,684</u>	<u>\$ 56,110,100</u>		<u>\$ 1,811,911</u>
 Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			<u>45,209</u>	
 Change in net position of business-type activities			<u>\$ (410,416)</u>	

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 20,937,015	\$ 15,439,339	\$ 36,376,354	\$ 7,157,996
Receipts from other funds	-	-	-	-
Payments to other funds	(52,235)	-	(52,235)	-
Payments to suppliers	(6,270,600)	(5,572,185)	(11,842,785)	(5,361,460)
Payments to employees	(8,824,916)	(6,178,042)	(15,002,958)	(2,067,450)
Net cash provided (used) by operating activities	<u>5,789,264</u>	<u>3,689,112</u>	<u>9,478,376</u>	<u>(270,914)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers to other funds	-	(21,853)	(21,853)	(43,706)
<b>Cash flows from capital and related financing activities</b>				
Proceeds from capital debt	1,506,683	-	1,506,683	-
Proceeds from special assessments	-	147	147	-
Purchases/construction of capital assets	(1,406,959)	(3,092,220)	(4,499,179)	(7,531)
Principal and interest paid on long-term debt	(5,566,441)	(2,062,255)	(7,628,696)	-
Contractual obligations to Saginaw-Midland Water Supply Corporation	-	(911,878)	(911,878)	-
Proceeds from sale of capital assets	18,276	(313)	17,963	4,050
Net cash used by capital and related financing activities	<u>(5,448,441)</u>	<u>(6,066,519)</u>	<u>(11,514,960)</u>	<u>(3,481)</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Cash flows from investing activities</b>				
Purchases of investments	\$ (18,326)	\$ (1,015,419)	\$ (1,033,745)	\$ -
Interest received	12,755	52,384	65,139	2,111
Net cash provided (used) by investing activities	(5,571)	(963,035)	(968,606)	2,111
Net change in cash and cash equivalents	335,252	(3,362,295)	(3,027,043)	(315,990)
Cash and cash equivalents - beginning of year	5,434,584	13,120,648	18,555,232	3,462,566
Cash and cash equivalents - end of year	<u>\$ 5,769,836</u>	<u>\$ 9,758,353</u>	<u>\$ 15,528,189</u>	<u>\$ 3,146,576</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (349,294)	\$ 1,785,201	\$ 1,435,907	\$ 128,913
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	6,238,548	1,533,417	7,771,965	172,178
Changes in assets and liabilities				
Restricted cash - bond proceeds	-	(1,506)	(1,506)	
Receivables (net)	129,322	(21,783)	107,539	(245,405)
Due from other funds	(959,258)	-	(959,258)	-
Inventories	-	(189,799)	(189,799)	(81,482)
Prepaid items	(675)	(780)	(1,455)	(161,494)
Accounts payable	(728,192)	239,806	(488,386)	(109,166)
Accrued and other liabilities	(5,680)	(73,630)	(79,310)	(6,731)
Due to other funds	907,023	-	907,023	33,625
Unearned revenue	(623)	(431)	(1,054)	-
Customer deposits payable	-	-	-	(43,111)
Other post employment benefit obligation	512,388	432,932	945,320	-
Compensated absences	45,705	(14,315)	31,390	41,759
Net cash provided (used) by operating activities	<u>\$ 5,789,264</u>	<u>\$ 3,689,112</u>	<u>\$ 9,478,376</u>	<u>\$ (270,914)</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

---

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,060,154	\$ 836,993
Investments	120,166,771	-
Accrued interest and other	137,083	45,126
Prepaid insurance	-	<u>1,081,076</u>
Total assets	<u>124,364,008</u>	<u>\$ 1,963,195</u>
<b>Liabilities</b>		
Accounts payable	3,116,554	191,987
Accrued and other liabilities	764,587	833,813
Due to other units of government	-	251,265
Claims payable	-	<u>686,130</u>
Total liabilities	<u>3,881,141</u>	<u>\$ 1,963,195</u>
<b>Net position</b>		
Held in trust for pension benefits and other purposes	<u>\$ 120,482,867</u>	

**City of Saginaw**  
**Fiduciary Funds**  
**Statement of Changes in Net Position**  
**For the Year Ended June 30, 2014**

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer	\$ 6,046,358
Current premium contributions	9,966,235
Plan members	<u>539,021</u>
Total contributions	<u>16,551,614</u>
Investment earnings	
Interest	1,759,382
Dividends	1,253,678
Mutual fund rebates	19,299
Change in fair value	10,395,516
Investment expenses	<u>(121,139)</u>
Total investment earnings	<u>13,306,736</u>
Total additions	<u>29,858,350</u>
<b>Deductions</b>	
Benefits	8,399,788
Refunds of contributions	6,945,977
Retiree healthcare premium payments	9,966,235
Administrative expenses	<u>488,296</u>
Total deductions	<u>25,800,296</u>
Change in net position	4,058,054
Net position - beginning of year	<u>116,424,813</u>
Net position - end of year	<u>\$ 120,482,867</u>

See Accompanying Notes to Financial Statements



**City of Saginaw**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2014**

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 31,290	\$ 197,296	\$ 3,945,489	\$ 672,772	\$ 228,618	\$ 5,075,465
Receivables	-	-	1,670	-	-	1,670
Notes and contracts receivable	-	-	-	1,922,869	-	1,922,869
	<u>31,290</u>	<u>197,296</u>	<u>3,947,159</u>	<u>2,595,641</u>	<u>228,618</u>	<u>7,000,004</u>
<b>Liabilities</b>						
Accounts payable	-	12,216	-	35,490	12,317	60,023
	<u>-</u>	<u>12,216</u>	<u>-</u>	<u>35,490</u>	<u>12,317</u>	<u>60,023</u>
<b>Net position</b>						
Unrestricted	<u>\$ 31,290</u>	<u>\$ 185,080</u>	<u>\$ 3,947,159</u>	<u>\$ 2,560,151</u>	<u>\$ 216,301</u>	<u>\$ 6,939,981</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Net (expense) revenue</u>
TIFA Activities	\$ 15	\$ -	\$ -	\$ (15)
DDA Activities	104,466	-	61,758	(42,708)
LDFA Activities	694	-	-	(694)
Saginaw Economic Development Corporation	23,622	-	5,775	(17,847)
Brownfield Activities	<u>22,930</u>	<u>-</u>	<u>-</u>	<u>(22,930)</u>
Total component unit activities	<u>\$ 151,727</u>	<u>\$ -</u>	<u>\$ 67,533</u>	<u>\$ (84,194)</u>

**Component Units**

	<u>TIFA Activities</u>	<u>DDA Activities</u>	<u>LDFA Activities</u>	<u>Saginaw Economic Development Corporation</u>	<u>Brownfield Activities</u>	<u>Total</u>
Changes in net position						
Net expense	<u>\$ (15)</u>	<u>\$ (42,708)</u>	<u>\$ (694)</u>	<u>\$ (17,847)</u>	<u>\$ (22,930)</u>	<u>\$ (84,194)</u>
General revenues:						
Property taxes	-	27,486	-	-	33,392	60,878
Unrestricted investment earnings	<u>-</u>	<u>-</u>	<u>4,054</u>	<u>57,448</u>	<u>-</u>	<u>61,502</u>
Total general revenues	<u>-</u>	<u>27,486</u>	<u>4,054</u>	<u>57,448</u>	<u>33,392</u>	<u>122,380</u>
Change in net position	(15)	(15,222)	3,360	39,601	10,462	38,186
Net position, beginning of year	<u>31,305</u>	<u>200,302</u>	<u>3,943,799</u>	<u>2,520,550</u>	<u>205,839</u>	<u>6,901,795</u>
Net position, end of year	<u>\$ 31,290</u>	<u>\$ 185,080</u>	<u>\$ 3,947,159</u>	<u>\$ 2,560,151</u>	<u>\$ 216,301</u>	<u>\$ 6,939,981</u>

See Accompanying Notes to Financial Statements

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Note 1 - Summary of Significant Accounting Policies**

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

**Reporting entity**

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

**Discretely Presented Component Units**

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

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

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

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

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

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

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 \$748,408 as nonoperating revenues. At June 30, 2014, total outstanding bonded debt of the Saginaw-Midland Municipal Water Supply Corporation was \$12,695,000. The City was obligated for \$6,790,349 of this total. During fiscal year 2014, the City paid the Corporation \$911,878 to finance its share of the contractual obligations. The City’s equity of \$13,207,771 in the Saginaw-Midland Municipal Water Supply Corporation is recorded as an Investment within the Noncurrent Assets section on the statement of net position of the Water Fund.

The financial information for the year ended June 30, 2014, for the Saginaw-Midland Municipal Water Supply Corporation follows:

Total assets and deferred inflows	\$ 39,283,432
Total liabilities	<u>14,590,642</u>
Net position:	
City of Saginaw	13,207,771
City of Midland	<u>11,485,019</u>
Total net position	<u>\$ 24,692,790</u>
Total revenues	\$ 5,809,214
Total expenses	<u>4,410,015</u>
Net income	1,399,199
Net position at beginning of year	<u>23,293,591</u>
Total net position	<u>\$ 24,692,790</u>

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

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

Additionally, the government reports the following:

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.

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 funds and the internal service funds are charges to customers for sales and services. The enterprise funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new

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

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

**Assets, liabilities, and net position or equity**

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

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

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The City considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis (Special Revenue Funds) or average cost (Enterprise and Internal Service Funds) methods. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both entity-wide and fund financial statements.

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

Capital assets – Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the 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.

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

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

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

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

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

accumulated hours as time off in lieu of a cash payment. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

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

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

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

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

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

The following is a detail of the assigned fund balance as of June 30, 2014.

Anderson Center Operation	\$ 107,501
Boat Launch	<u>43,506</u>
Total assigned fund balance	<u>\$ 151,007</u>

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

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

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the government's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.



**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Comparative data**

The financial information for the year ended June 30, 2013, presented for comparative purposes, is not intended to be a complete financial statement presentation.

**Adoption of New Accounting Standards**

The Governmental Accounting Standards Board issued Statement 67, *Financial Reporting for Pension Plans*. Statement 67 changed how the City calculated the total pension liability for the City's pension plans.

**Upcoming Accounting and Reporting Changes**

The Governmental Accounting Standards Board has issued *Statements 68 Accounting and Financial Reporting for Pensions*. Statement 68 requires governments participating in public employee pension plans to recognize their portion of the long-term obligation for the pension benefits as a liability and to measure the annual costs of the pension benefits. The effect of these changes has not been determined. Statement 68 is effective for the year ending June 30, 2015.

The Governmental Accounting Standards Board has also issued *Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Statement 71, improves accounting and financial reporting by addressing an issue in Statement 68, *Accounting and Financial Reporting of Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities. Statement 71 should be applied simultaneously with the provisions of Statement 68.

**Subsequent Events**

Management has evaluated subsequent events through December 17, 2014, which is the date the financial statements were available to be issued.

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary information**

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

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

The general fund, community development, major streets, local streets, clean energy coalition, public safety millage, rubbish collection, police grants (all budgeted as one fund), drug forfeiture, Andersen Center Operation, GM Tower, boat launch operation, economic development, and celebration park special revenue funds are under formal budgetary control as is required by Michigan Public Act 621. Budgets shown in the financial statements were prepared on the modified accrual basis. This is the same basis used to reflect

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

actual results and consists only of those amounts contained in the formal budget approved by City Council. Special revenue funds are considered to be departments for budgetary purposes. All enterprise and internal service funds are budgeted annually for internal control purposes only. Budgetary information for these funds is not required in the financial statements. Budgetary control for the capital projects fund is on a project basis because most exceed one fiscal year. Any funds not expended during the current fiscal year are carried forward until spent or reallocated. City Council does not formally adopt budgets for the trust and agency funds.

**Excess of expenditures over appropriations**

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

	Appropriations	Actual	Budget Variance
Clean Energy Coalition			
Debt service	\$ 5,694	\$ 8,014	\$ 2,320
Public Safety Millage			
Public safety	3,212,761	3,271,453	58,692

**Deficit fund equity**

The community development and local law enforcement funds reported an unassigned deficit fund balance at June 30, 2014.

The City also budgeted for a deficit fund balance in the police grants and community development special revenue funds.

**State construction code act**

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection on building construction renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

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

Shortfall at July 1, 2013	\$(3,493,402)
Current year building permit revenue	242,590
Related expenditures	<u>(1,040,528)</u>
Cumulative shortfall at June 30, 2014	<u><u>\$(4,291,340)</u></u>

**Note 3 - Deposits and Investments**

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

	Cash and Cash Equivalents	Investments	Restricted Cash and Cash Equivalents	Restricted Investments
Governmental activities	\$ 7,384,602	\$ -	\$ 85,831	\$ 2,449,935
Business-type activities	15,528,189	6,783,442	562,922	-
Total primary government	<u>22,912,791</u>	<u>6,783,442</u>	<u>648,753</u>	<u>2,449,935</u>
Fiduciary funds	4,897,147	120,166,771	-	-
Component unit	5,075,465	-	-	-
Total	<u><u>\$ 32,885,403</u></u>	<u><u>\$ 126,950,213</u></u>	<u><u>\$ 648,753</u></u>	<u><u>\$ 2,449,935</u></u>

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 23,553,394	\$ 4,897,147	\$ 5,075,465
Investments in securities, mutual funds and similar vehicles	9,233,377	120,166,771	-
Petty cash and cash on hand	8,150	-	-
	<u>\$ 32,794,921</u>	<u>\$ 125,063,918</u>	<u>\$ 5,075,465</u>

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

Investment	Fair Value	Rating	Rating Organization
<b>Primary government</b>			
Money market funds	\$ 6,783,442	-	N/A
<b>Pension and other employee benefit funds</b>			
Equity mutual funds	\$ 4,140,865	N/A	-
Common stocks	115,539,499	N/A	-
Money market and other	486,407	N/A	-
Total pension and benefit	<u>\$ 120,166,771</u>		

*Interest rate risk* – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates. The City uses the weighted average maturity method.

	Total	Less than 1 year	1 year to 5 years	6 years to 10 years	More than 10 years
Government securities	\$ 9,469,120	\$ 100,203	\$ 2,177,000	\$ -	\$ 7,191,917
Corporate and foreign bonds	19,552,301	-	6,698,242	7,620,543	5,233,516

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

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year-end, \$ 32,911,050 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

**Note 4 - Receivables**

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

	Government Activities	Business Type Activities	Component Units
<b>Primary government</b>			
Income taxes	\$ 1,479,509	\$ -	\$ -
Accounts	7,910,622	6,345,444	-
Accrued interest and other	10,230	2,363	-
Assessments			
Due within one year	277,328	301,711	-
Notes			
Due within one year	76,482	-	-
Due after one year	679,854	-	1,924,539
Total receivables	10,434,025	6,649,518	1,924,539
Less allowance	(1,840,214)	(164,772)	-
Total receivables, net	<u>\$ 8,593,811</u>	<u>\$ 6,484,746</u>	<u>\$ 1,924,539</u>
Intergovernmental	<u>\$ 2,565,028</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 5 - Interfund Receivables, Payable, and Transfers**

The composition of interfund balances is as follows:

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

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor	\$ 1,640,504
General Fund	Community Development	935,481
General Fund	Sewer Fund	907,023
Nonmajor	General Fund	1,861,784
Sewer Fund	General Fund	5,315,391
Nonmajor	Nonmajor	792,448
		<u>\$ 11,452,631</u>

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor	\$ 536,367
General Fund	Community Development	24,885
Nonmajor	Nonmajor	333,760
Community Development	Nonmajor	196,089
Water Fund	Nonmajor	21,853
Internal service fund	Nonmajor	43,706
		<u>\$ 1,156,660</u>

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

**Note 6 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 15,229,609	\$ 44,986	\$ -	\$ 15,274,595
Construction in progress	700,097	479,246	126,115	1,053,228
<b>Total capital assets not being depreciated</b>	<b>15,929,706</b>	<b>524,232</b>	<b>126,115</b>	<b>16,327,823</b>
Capital assets being depreciated				
Land improvements	1,407,044	-	-	1,407,044
Infrastructure	43,861,269	542,175	-	44,403,444
Buildings, additions and improvements	24,847,143	29,225	-	24,876,368
Machinery and equipment	9,747,297	257,369	16,400	9,988,266
Vehicles	10,976,389	276,257	424,547	10,828,099
<b>Total capital assets being depreciated</b>	<b>90,839,142</b>	<b>1,105,026</b>	<b>440,947</b>	<b>91,503,221</b>
Less accumulated depreciation for				
Land improvements	56,592	28,733	-	85,325
Infrastructure	27,867,860	1,348,853	-	29,216,713
Buildings, additions and improvements	18,658,142	307,052	-	18,965,194
Machinery and equipment	8,264,220	313,633	16,400	8,561,453
Vehicles	9,441,138	451,425	412,656	9,479,907
<b>Total accumulated depreciation</b>	<b>64,287,952</b>	<b>2,449,696</b>	<b>429,056</b>	<b>66,308,592</b>
<b>Net capital assets being depreciated</b>	<b>26,551,190</b>	<b>(1,344,670)</b>	<b>11,891</b>	<b>25,194,629</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 42,480,896</b>	<b>\$ (820,438)</b>	<b>\$ 138,006</b>	<b>\$ 41,522,452</b>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 1,420,629	\$ 58,418	\$ -	\$ 1,479,047
Construction in progress	11,888,809	3,840,975	6,822,094	8,907,690
<b>Total capital assets not being depreciated</b>	<b>13,309,438</b>	<b>3,899,393</b>	<b>6,822,094</b>	<b>10,386,737</b>
Capital assets being depreciated				
Buildings, additions and improvements	162,834,507	5,607,922	42,899	168,399,530
CSO Facility	96,941,025	10,362	1,418	96,949,969
Machinery and equipment	8,258,702	1,481,346	-	9,740,048
Vehicular equipment	1,814,202	365,462	-	2,179,664
<b>Total capital assets being depreciated</b>	<b>269,848,436</b>	<b>7,465,092</b>	<b>44,317</b>	<b>277,269,211</b>
Less accumulated depreciation for				
Buildings, additions and improvements	90,468,161	2,701,048	-	93,169,209
CSO facility	64,706,573	4,677,354	1,105	69,382,822
Machinery and equipment	6,485,239	275,999	-	6,761,238
Vehicular equipment	1,210,688	112,151	-	1,322,839
<b>Total accumulated depreciation</b>	<b>162,870,661</b>	<b>7,766,552</b>	<b>1,105</b>	<b>170,636,108</b>
<b>Net capital assets being depreciated</b>	<b>106,977,775</b>	<b>(301,460)</b>	<b>43,212</b>	<b>106,633,103</b>
<b>Business-type capital assets, net</b>	<b>\$ 120,287,213</b>	<b>\$ 3,597,933</b>	<b>\$ 6,865,306</b>	<b>\$ 117,019,840</b>

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

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

**Construction Commitments**

The City has active construction projects as of June 30, 2014, consisting of the following:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Commitment Remaining</u>
Ezra Rust Construction	\$ 125,065	\$ 112,134	\$ 5,000
Fordney Construction	614,000	599,983	14,017
Course Screen Improvements (water treatment)	2,336,778	2,185,959	151,651
Sewer Cleaning and Televising	540,000	523,289	16,711
Water Meter Replacement	490,487	85,020	405,467
Niagara Design	96,194	85,447	10,747
19th & Lapeer Design	53,878	11,500	42,379
Mackinaw Design	116,653	85,774	30,879
Window and Masonry	71,450	39,387	32,063
Gabriel Design	16,950	16,210	741
Hermansau and Weiss Construction	48,000	31,299	16,701
Hamilton Construction	685,400	73,305	612,095
Design of Parking lot for 1701 S. Jefferson	33,165	12,342	20,823
Design of Boulder Climbing Wall	7,900	5,300	2,600
Kibbe VA Parking and Topographic Services	49,900	22,000	27,900
<b>Total</b>	<b><u>\$ 5,285,819</u></b>	<b><u>\$ 3,888,948</u></b>	<b><u>\$ 1,389,772</u></b>

**Note 7 - Unearned Revenue**

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

	<u>Unearned</u>
<b>Primary government</b>	
Grant drawdowns prior to meeting eligibility requirements	\$ 330,757
Other revenue	192
	<b><u>\$ 330,949</u></b>

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Note 8 - Long-Term Debt**

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

Long-term obligation activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>							
Energy reduction revolving loan fund	2.50%	\$5,706 - \$7,894	\$ 94,435	\$ -	\$ 5,706	\$ 88,729	\$ 5,850
Note payable	3.37%		-	694,872	-	694,872	60,681
Workers' compensation claims payable			2,951,497	791,206	926,476	2,816,227	-
Insurance claims payable			1,489,186	1,154,877	1,062,718	1,581,345	-
Accrued sick and vacation payable			4,075,577	103,840	-	4,179,417	-
Total governmental activities			<u>\$ 8,610,695</u>	<u>\$ 2,744,795</u>	<u>\$ 1,994,900</u>	<u>\$ 9,360,590</u>	<u>\$ 66,531</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**  
**Notes to Financial Statements**  
**June 30, 2014**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>							
General obligation bonds							
State of Michigan sewage disposal system bonds	2.00%	\$3,434,205 - \$1,797,435	\$ 3,912,836	\$ -	\$ 2,115,400	\$ 1,797,436	\$ 1,797,436
State of Michigan sewage disposal system bonds	2.50%	\$860,000 - \$976,777	6,449,648	-	860,000	5,589,648	880,000
State of Michigan wastewater treatment improvement bonds	1.625%	\$130,000 - \$725,000	9,753,563	676,683	635,000	9,795,246	645,000
State of Michigan sewage disposal system bonds	2.25%	\$412,138 - \$608,539	3,251,627	-	583,650	2,667,977	588,650
Drake/Douglas sewage general obligation bonds	3.60-5.50%	\$50,000 - \$100,000	850,000	-	850,000	-	-
Refunding Drake/Douglas sewage general obligation bonds	2.13%	\$85,000 - \$105,000	-	830,000	-	830,000	85,000
Revenue bonds							
2008 water revenue bonds	4.00-5.25%	\$400,000 - \$900,000	9,600,000	-	400,000	9,200,000	400,000
2011 water revenue bonds	4.00-5.25%	\$395,000 - \$780,000	9,810,000	-	395,000	9,415,000	400,000
Less deferred amounts							
For bond discounts			(80,746)	-	(5,413)	(75,333)	-
Total bonds payable			43,546,928	1,506,683	5,833,637	39,219,974	4,796,086
Accrued sick and vacation payable			1,136,188	31,391	-	1,167,579	400,961
Total business-type activities			<u>\$ 44,683,116</u>	<u>\$ 1,538,074</u>	<u>\$ 5,833,637</u>	<u>\$ 40,387,553</u>	<u>\$ 5,197,047</u>



**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2014, excluding accrued sick and vacation/PTO compensatory time payable, workers' compensation claims payable and insurance claims payable are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 66,531	\$ 23,749	\$ 4,796,086	\$ 1,228,095
2016	67,418	22,863	3,156,620	1,131,014
2017	69,657	20,623	3,218,539	1,046,974
2018	71,970	18,310	3,115,000	962,195
2019	74,361	15,919	3,230,945	877,407
2020 - 2024	410,562	40,839	10,812,871	3,160,380
2025 - 2029	23,102	901	9,315,246	1,229,651
2029 - 2031	-	-	1,650,000	80,250
	<u>\$ 783,601</u>	<u>\$ 143,204</u>	<u>\$ 39,295,307</u>	<u>\$ 9,715,966</u>

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

**Note 9 - Leases**

**Operating Leases**

The City leases various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$106,646 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2015	\$ 130,000
2016	130,000
2017	130,000
2018	130,000
2019	130,000
	<u>\$ 650,000</u>

**Note 10 - Risk Management**

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

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

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.

**Note 11 - Self Insurance**

**General liability**

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

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

The changes in the claims liability for the fiscal years ended June 30, 2014 and 2013 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2013	\$ 1,201,194	\$ 1,009,014	\$ (721,022)	\$ 1,489,186
6/30/2014	\$ 1,489,186	\$ 1,154,877	\$ (1,062,718)	\$ 1,581,345

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, 2014 and 2013 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2013	\$ 839,924	\$ 10,745,259	\$ (10,830,630)	\$ 754,553
6/30/2014	\$ 754,553	\$ 11,050,702	\$ (11,119,125)	\$ 686,130

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

**Workers' compensation**

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

The City also carries excess workers' compensation coverage for claims exceeding \$600,000 and employers' liability coverage in the amount of \$1,000,000 through Safety National Insurance Company. The coverage will provide financial protection for the City in the event of a major employment-related catastrophe. The City currently has 4 workers' compensation claims that exceed \$300,000.

The changes in the claims liability for the fiscal years ended June 30, 2014 and 2013 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2013	\$ 3,578,469	\$ 170,307	\$ (797,279)	\$ 2,951,497
6/30/2014	\$ 2,951,497	\$ 791,206	\$ (926,476)	\$ 2,816,227

**Note 12 - Employee Retirement and Benefit Systems**

**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.

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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, 2014, there were 142 general city plan members and 48 public safety plan members. The City is required to contribute 10% of the employees' gross wages and the eligible employee is required to contribute 5% of their gross wages for general city employees. The City is required to contribute 13% of the employees' gross wages and the eligible employee is required to contribute 8% of their gross wages for public safety employees. The contribution requirements of plan members and the City are established and may be amended by the City Council.

Employer contributions to the Plan for the year ended June 30, 2014, amounted to \$993,353 and employee contributions were \$545,226.

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

**Defined benefit pension plan**

Plan description – The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

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 costs – For the year ended June 30, 2014, the City's annual pension cost of \$9,059,568 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2013, using the entry age normal cost method. Significant actuarial assumptions used include: 1) a 8.0% investment rate of return; 2) projected salary increases and inflation rate of 4.5% percent per year; and 3) 0-8.4% percent per year cost of living adjustments. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 15 years.

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

Three year trend information as of December 31, follows:

**Three Year Trend Information**

Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/2012	\$ 6,720,804	100%	-
6/30/2013	7,576,236	100%	-
6/30/2014	9,059,568	100%	-

**Schedule of Funding Progress**

Actuarial valuation date	12/31/2013
Actuarial value of assets	\$ 67,893,778
Actuarial accrued liability (AAL) entry age	143,739,812
Unfunded AAL (UAAL)	75,846,034
Funded ratio	47%
Covered payroll	4,319,547
UAAL as a percentage of covered payroll	1756%

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.

Substantially all governmental funds typically have been used to liquidate the net pension obligation.

**Policemen and firemen retirement system**

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

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

Eligible members of the Plan are required to contribute eight percent (8%) for the fire department members, and eleven and a half percent (11.5%) for police members of their annual compensation to the Plan with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The annual required employer contribution is based upon a flat rate as determined by the actuary and was \$6,046,388 for the year ended June 30, 2014.

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. The Plan does not issue a separate financial report.

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

**Significant Accounting Policies**

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

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

The following single investments comprised more than five percent of the total investments for the Police and Fire Retirement System at June 30, 2014: DFA International Core Equity – 15%; BlackRock Mid-Capitalization Equity – 17%; and Cube Global Multi Strategy Fund – 10%.

**Single Discount Rate**

A single discount rate of 7.75% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net pension was projected to be available to

make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**Annual Pension Cost**

The Plan’s annual pension cost of \$6,046,388 was equal to the Plan’s required and actual contributions for the current year.

Three year trend information as of June 30, (should be as of the date of the actuarial report) follows:

<b>Three Year Trend Information</b>			
Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/2012	5,685,858	100%	-
6/30/2013	5,845,642	100%	-
6/30/2014	6,046,388	100%	-

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

**Actuarial Methods and Assumptions**

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

**Funded Status and Funding Progress**

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

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

Following are the financial statements for the Policemen and Firemen Pension Trust Fund for the year ended June 30, 2014:

**Changes in Net Pension Liability**

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

The City's annual money-weighted rate of return, net of investment expenses is 11.64%. The plans net position as a % of total pension liability is 62.92%.

**Employee benefits**

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

The City paid or accrued premiums, claims and administrative fees to third party administrators for its full time employees totaling \$1,739,487, a decrease of 54% from the prior fiscal year, as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Change</u>
Health insurance	\$ 1,066,069	\$ 3,104,974	\$ (2,038,905)
Dental insurance	262,994	289,476	(26,482)
Life insurance	116,683	91,308	25,375
Short/long term disability	230,542	218,157	12,385
Vision care	<u>63,199</u>	<u>68,690</u>	<u>(5,491)</u>
Total payments	<u>\$ 1,739,487</u>	<u>\$ 3,772,605</u>	<u>\$ (2,033,118)</u>

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

**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 nonunion management, supervisory, police patrol, salaried and hourly employee groups. Dental insurance is continued upon retirement only to the fire fighters covered by Delta Dental. Dental insurance for all other employee groups is terminated upon retirement.

In addition to the health care expenditures for full time employees above, expenditures in the amount of \$9,966,233 were recognized for postretirement health care benefits, an increase of 20%, from the prior fiscal year, as follows:

	<u>No. of Retirees</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Health insurance	750	\$ 9,586,556	\$ 8,224,902
Dental insurance	52	262,994	53,943
Life insurance	595	<u>116,683</u>	<u>4,002</u>
Total payments		<u>\$ 9,966,233</u>	<u>\$ 8,282,847</u>

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

**Significant Accounting Policies**

Basis of Accounting – The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. The City’s contributions to the Plan are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan does not issue a separate financial report.

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



**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

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, 2014, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2011. 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 ended June 30, 2014, 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	\$ 17,500,390
Interest on net OPEB obligation	1,916,932
Adjustment to annual required contribution	<u>(2,998,436)</u>
Annual OPEB cost	16,418,886
Contribution made	<u>(9,966,235)</u>
Increase in net OPEB obligation	6,452,651
Net OPEB obligation, beginning of year	<u>47,923,309</u>
Net OPEB obligation, end of year	<u><u>\$ 54,375,960</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of the current year (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
6/30/2010	\$ 20,635,286	\$ 8,945,764	43.4%	\$ 11,689,522
6/30/2011	17,836,256	9,515,047	53.3%	20,010,731
6/30/2012	17,615,866	9,791,130	55.6%	27,835,467
6/30/2013	16,188,521	8,282,847	51.2%	35,741,141
6/30/2014	16,418,886	9,966,235	60.7%	42,193,792

Funded Status – The funded status of the plan as of December 31, 2011, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liabilities (AAL)	\$ 223,750,256
Actuarial value of plan assets	<u>3,494,511</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 220,255,745</u></u>
Funded ratio	1.6%
Covered payroll (active plan members)	\$ 14,750,338
UAAL as a percentage of covered payroll	1493%

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

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

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	12/31/2011
Actuarial cost method	Individual entry age
Amortization method for contributions	Level dollar
Remaining amortization period	26 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	4.3% - 12.4%
Healthcare inflation rate	9% (2011), grading to 4.0% (2021)
General inflation rate	3%

Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended June 30, 2014:

<u>Assets</u>	
Cash and cash equivalents	\$ 1,968,900
Investments, at fair value	<u>1,742,306</u>
Total assets	<u>3,711,206</u>
Net position held in trust for pension benefits	<u>\$ 3,711,206</u>

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

<u>Additions</u>	
Contributions:	
Current premium contributions	\$ 9,966,235
Investment income	
Interest	27,526
Net appreciation in fair value of investments	87,216
Total investment income	<u>114,742</u>
Total additions	<u>10,080,977</u>
<u>Deductions</u>	
Retiree premium payments	<u>9,966,235</u>
Net increase for the year	114,742
Net position held in trust for pension benefits	
Beginning of year	3,596,464
End of year	<u><u>\$ 3,711,206</u></u>

**Note 13 - Contingent Liabilities**

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

**Note 14 - Property Taxes**

City property taxes are levied each July 1 on the taxable value of property located in the City as of the preceding December 31, tax day and the lien date. In accordance with the provisions of Proposal A (see below), taxable value is the lower of the following three computations: 1) assessed/state equalized value; 2) the prior year's taxable value multiplied by the increase in the consumer price index or five percent (5%), whichever is less; or 3) the multiplier value. Proposal A requires the City Assessor to annually establish the assessed values and the equalization of said assessed values by the State of Michigan at 50 percent of current market value, prior to the application of formulas to determine the taxable value. Real property taxable value for the July 1, 2012, levy was assessed at \$497,268,417 and personal property taxable value was assessed at \$88,338,000.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2014, was 7.3830 mills (limited to 7.5000 mills). Additionally, the City levied 7.5000 mills for public safety. The City did not levy for debt service.

On March 15, 1994, voters in the State of Michigan approved Proposal A, a property tax reform proposal, which shifted the funding of education from property taxes to a combination of property taxes, higher sales tax and a real estate transfer tax. Property taxes were reduced to a maximum of six mills for homestead property and eighteen mills for non-homestead property; the State Sales Tax was increased from four cents to six cents; and a new real estate transfer tax of \$7.50 per thousand dollars was added. In addition, Proposal A restricted the growth of assessments on individual properties to the increase in the consumer price index or five percent (5%), whichever is less, until ownership of the property is transferred. The citizens of Saginaw subsequently approved an additional four mills for public libraries when Proposal A eliminated their millage from the school's

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

millage and another three mills to operate a public transportation system.

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

Tax Limitation – By general law, property taxes for City purposes are limited to two percent (2%) of the assessed valuation of all real and personal property in the municipality, provided that no such restriction shall prevent the levy of taxes required for the payment of general debt obligations. The charter of the City of Saginaw provided that City taxes shall be subject to the overall limitation (City, School and County) imposed by Section 21, Article X, of the Michigan State Constitution, which is 1-1/2 percent of assessed value exclusive of debt incurred prior to December 8, 1932. Act No. 44, Public Acts of 1948, effective August 20, 1948, amended all Michigan city charters nullifying charter limitations and authorized that the levy for city purposes shall not exceed one percent (1%) of assessed valuation in any one year, unless and until a different tax rate limitation is provided by charter. State equalized valuations have been used in place of local assessed valuations.

On November 6, 1979, pursuant to an initiatory referendum, the City Charter was amended by the electors of the City of Saginaw to reduce the maximum property tax, which may be levied by the City in

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

**Note 15 - Economic Development Projects**

**Baker Perkins Project**

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

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

In November 1989, the LDFA approved the sale of the Baker Perkins complex to the Saginaw Industrial Center (SIC). SIC agreed to remodel the facility, lease space and personal property to tenants and market it as an inner-city industrial park. The LDFA would act as an optional lessee and would lease space, if necessary, in the facility to provide an ongoing cash stream for debt service. The developer secured a \$1.1 million loan from a local bank to purchase the option

**City of Saginaw**  
**Notes to Financial Statements**  
**June 30, 2014**

---

from KPL, exercise the option and purchase the balance of the site from the LDFA and to make improvements to the facility. The bank's security would be the optional lease from the LDFA. The TIFA and LDFA pledged a portion of the cash stream from the Saginaw Division Tower Project to make the lease payments, if necessary. The payments assigned by the City to LaSalle Bank would be made by the developer, but still backed by the LDFA. The LDFA would have a first mortgage on the Baker Perkins real estate and personal property and a secured personal guarantee from an independent individual to make the LDFA whole in case of a loss.

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

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

**Brownfield Authority Site Remediation Revolving Fund (SRRF)**

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

**Note 16 - Prior Period Adjustment**

A prior period adjustment was recorded for accounts receivable and deferred inflows of resources in the Community Development fund. This had no effect on the fund statements, but did require the beginning balance of government-wide net position to be reduced by \$2,333,771.

Beginning net position	\$ 4,557,660
Prior period adjustment	(2,333,771)
Restated net position	<u>\$ 2,223,889</u>

**City of Saginaw**  
**Required Supplementary Information**  
**Municipal Employees Retirement System of Michigan**  
**June 30, 2014**

**Schedule of Employer Contributions**

Fiscal year ending	Annual Required Contribution	Percentage of Annual Pension Cost Contributed
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%
6/30/12	6,720,804	100%
6/30/13	7,576,236	100%
6/30/14	9,059,568	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
12/31/2008	\$ 75,094,190	\$138,942,208	\$ 63,848,018	54%	\$ 7,289,196	876%
12/31/2009	72,299,080	140,178,740	67,879,660	52%	7,085,203	958%
12/31/2010	70,432,198	140,215,191	69,782,993	50%	6,502,488	1,073%
12/31/2011	69,139,071	142,762,029	73,622,958	48%	5,521,089	1,333%
12/31/2012	67,637,828	144,200,057	76,562,229	47%	4,596,699	1,666%
12/31/2013	67,893,778	143,739,812	75,846,034	47%	4,319,547	1,756%

**City of Saginaw**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**June 30, 2014**

	<b>Changes in Net Pension Liability</b>	
Fiscal year ended June 30,		2014
<b>Total Pension Liability</b>		
Service cost		\$ 1,543,581
Interest on the total pension liability		13,844,678
Benefit payments and refunds		(15,344,667)
Net change in total pension liability		43,592
Total pension liability - beginning		185,541,544
Total pension liability - ending (a)		\$ 185,585,136
<b>Plan Fiduciary Net Position</b>		
Employer contributions		\$ 6,046,358
Employee contributions		529,843
Pension plan net investment income		13,172,694
Benefit payments and refunds		(15,344,667)
Pension plan administrative expense		(489,395)
Other		28,476
Net change in plan fiduciary net position		3,943,309
Plan fiduciary net position - beginning		112,828,350
Plan fiduciary net position - ending (b)		116,771,659
Net pension liability (a-b)		\$ 68,813,477
Plan fiduciary net position as a percentage of total pension liability		62.92%
Covered employee payroll		4,879,892
Net pension liability as a percentage of covered employee payroll		1,410.14%

\*GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**City of Saginaw**  
**Required Supplementary Information**  
**Schedule of Employers' Net Pension Liability**  
**June 30, 2014**

**Changes in Net Pension Liability**

<u>Fiscal year ending June 30,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as a % of covered payroll</u>
2014	\$ 185,585,136	\$ 116,771,659	\$ 68,813,477	62.92%	\$ 4,879,892	1410.14%

\*GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.



**City of Saginaw**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**June 30, 2014**

**Police and Fire Defined Benefit Pension Plan**

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

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

**Methods and assumptions used to determine contribution rates:**

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

**City of Saginaw**  
**Required Supplementary Information**  
**Schedule of Investment Return**  
**June 30, 2014**

---

**Changes in Net Pension Liability**

---

<u>Fiscal year ending June 30,</u>	<u>Annual Return (1)</u>
2014	11.64%

Notes:

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

**City of Saginaw**  
**Required Supplementary Information**  
**Other Postemployment Benefits**  
**June 30, 2014**

---

**Schedule of Employer Contributions**

---

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage of ARC Contributed</b>
6/30/2009	\$ 20,070,947	\$ 7,888,779	39%
6/30/2010	19,904,355	8,945,764	45%
6/30/2011	18,160,426	9,515,047	52%
6/30/2012	18,085,642	9,791,130	54%
6/30/2013	17,617,037	8,282,847	47%
6/30/2014	17,500,390	9,966,234	57%

Funded Status - The funded status of the plan as of December 31, 2011, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 223,750,256
Actuarial value of plan assets	<u>3,494,511</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 220,255,745</u>
Funded ratio	1.6%
Covered payroll (active plan members)	14,750,338
UAAL as a percentage of covered payroll	1,493%

**City of Saginaw**  
**Other Supplemental Information**  
**General Fund**  
**Balance Sheet**  
**June 30, 2014**

**(With Comparative Actual Amounts for June 30, 2013)**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 287,075	\$ 1,015,406
Receivables		
Taxes receivable	1,479,509	1,511,474
Customers	3,123,672	1,578,945
Special assessments	245,342	290,009
Accrued interest and other	9,751	9,779
Due from other units of government	1,368,622	1,237,591
Due from other funds	3,483,008	2,340,935
Inventories	103,919	175,351
Prepaid items	<u>61,884</u>	<u>37,240</u>
 Total assets	 <u>\$ 10,162,782</u>	 <u>\$ 8,196,730</u>

**City of Saginaw**  
**Other Supplemental Information**  
**General Fund**  
**Balance Sheet**  
**June 30, 2014**

**(With Comparative Actual Amounts for June 30, 2013)**

	2014	2013
<b>Liabilities</b>		
Accounts payable	\$ 250,421	\$ 419,188
Accrued and other liabilities	1,071,839	1,002,419
Due to other funds	7,177,175	6,217,917
Due to other units of government	53,213	58,241
Unearned revenue	40,145	11,717
Total liabilities	8,592,793	7,709,482
<b>Deferred inflows of resources</b>		
Accounts receivable	37,256	218,367
Grants	5,532	-
Total deferred inflows of resources	42,788	218,367
<b>Fund Balances</b>		
Non-spendable		
Inventories	103,919	175,351
Prepaid items	61,884	37,240
Restricted for:		
Grants	2,280	-
Public safety	330,490	-
Police purposes	-	10,000
Unassigned	1,028,628	46,290
Total fund balances	1,527,201	268,881
Total liabilities, deferred inflows, and fund balances	\$ 10,162,782	\$ 8,196,730

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Departmental and Miscellaneous Revenues**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Licenses				
Business and occupational	\$ 113,000	\$ 116,126	\$ 112,394	\$ (3,732)
Rental housing	303,000	303,000	308,799	5,799
Total licenses	<u>416,000</u>	<u>419,126</u>	<u>421,193</u>	<u>2,067</u>
Construction and other permits	<u>308,800</u>	<u>356,212</u>	<u>251,290</u>	<u>(104,922)</u>
Fees				
Property tax administration	282,476	282,476	224,281	(58,195)
Gun registration	1,850	1,850	2,680	830
Zoning code	6,000	6,000	2,895	(3,105)
Witness	5,000	5,000	2,613	(2,387)
Hazmat clean up	15,000	41,223	43,626	2,403
Fire department	700	700	(15,642)	(16,342)
Parking system	170,000	170,000	103,761	(66,239)
Cable television	576,331	576,331	638,563	62,232
Total fees	<u>1,057,357</u>	<u>1,083,580</u>	<u>1,002,777</u>	<u>(80,803)</u>
Fines, penalties and forfeitures				
Traffic violations (non-parking)	180,000	180,000	147,193	(32,807)
Traffic violations - parking	283,100	251,946	216,474	(35,472)
Penalties on property taxes	135,000	135,000	75,423	(59,577)
Other	2,000	2,000	(5,037)	(7,037)
Transfer affidavit fines	33,000	33,000	25,256	(7,744)
Total fines, penalties and forfeitures	<u>633,100</u>	<u>601,946</u>	<u>459,309</u>	<u>(142,637)</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Departmental and Miscellaneous Revenues**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Grants, donations and contributions				
City/county/school liaison	\$ 50,000	\$ 80,000	\$ 80,000	\$ -
Indirect costs	2,984,489	2,984,489	2,984,480	(9)
Reimbursement for police overtime	40,000	25,000	6,532	(18,468)
Other grants	500,000	613,715	425,141	(188,574)
Total grants, donations and contributions	<u>3,574,489</u>	<u>3,703,204</u>	<u>3,496,153</u>	<u>(207,051)</u>
Interest				
Investments	-	(10,000)	11,068	21,068
Deferred special assessments	3,000	31,027	29,396	(1,631)
City income taxes	380,000	380,000	305,874	(74,126)
Total interest	<u>383,000</u>	<u>401,027</u>	<u>346,338</u>	<u>(54,689)</u>
Rents and privileges				
Land and buildings	32,000	32,000	30,479	(1,521)
Sale of materials and services				
Cemetery services and markers	444,760	444,760	363,680	(81,080)
Cemetery grave spaces	102,480	102,480	106,911	4,431
Police department services	57,100	84,814	98,384	13,570
Fire department services	10,000	10,000	12,901	2,901
Election services	90	90	468	378
Sale of asset	26,000	68,775	49,532	(19,243)
Insurance proceeds	14,500	48,514	42,556	(5,958)
Other	736,710	892,432	598,018	(294,414)
Total sale of materials and services	<u>1,391,640</u>	<u>1,651,865</u>	<u>1,272,450</u>	<u>(379,415)</u>
Total departmental and miscellaneous revenues and transfers in	<u>\$ 7,796,386</u>	<u>\$ 8,248,960</u>	<u>\$ 7,279,989</u>	<u>\$ (968,971)</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Appropriations and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Expenditures</b>				
General government				
City council	\$ 66,767	\$ 71,767	\$ 56,742	\$ (15,025)
City Manager	425,809	428,209	371,843	(56,366)
Cable television operations	50,511	50,511	39,811	(10,700)
Employee services	566,699	568,082	503,642	(64,440)
City clerk	322,798	322,798	282,988	(39,810)
Elections	208,762	208,762	180,341	(28,421)
City attorney	201,300	201,300	158,109	(43,191)
Unemployment compensation	45,872	45,872	41,556	(4,316)
Retiree health insurance and contributions	2,269,547	2,320,314	2,339,364	19,050
Geographical information system charges	25,351	26,670	42,953	16,283
Total general government	<u>4,183,416</u>	<u>4,244,285</u>	<u>4,017,349</u>	<u>(226,936)</u>
Fiscal services				
Administration	729,619	734,382	652,799	(81,583)
Controller	302,627	302,627	272,906	(29,721)
Treasurer/income tax	1,148,278	1,148,495	1,048,087	(100,408)
Assessor	646,880	646,880	611,773	(35,107)
Purchasing	210,877	210,877	206,366	(4,511)
Total fiscal services	<u>3,038,281</u>	<u>3,043,261</u>	<u>2,791,931</u>	<u>(251,330)</u>
Administration	<u>683,507</u>	<u>651,509</u>	<u>550,702</u>	<u>(100,807)</u>



**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Appropriations and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Police department				
Administration	\$ 622,875	\$ 669,360	\$ 831,013	\$ 161,653
Patrol	6,249,674	6,053,914	5,855,452	(198,462)
Investigation	1,388,466	1,399,066	1,268,258	(130,808)
Building and property management	661,110	825,375	657,779	(167,596)
Technical services	980,730	980,730	895,170	(85,560)
Total police department	<u>9,902,855</u>	<u>9,928,445</u>	<u>9,507,672</u>	<u>(420,773)</u>
Fire department				
Administration	7,386,272	7,406,014	7,067,126	(338,888)
Fire technical	187,397	236,921	184,548	(52,373)
Prevention	232,488	232,488	213,875	(18,613)
Apparatus operation and maintenance	329,711	691,914	301,324	(390,590)
Total fire department	<u>8,135,868</u>	<u>8,567,337</u>	<u>7,766,873</u>	<u>(800,464)</u>
Total public safety	<u>18,722,230</u>	<u>19,147,291</u>	<u>17,825,247</u>	<u>(1,322,044)</u>
General services				
Public works and engineering	36,402	39,210	36,755	(2,455)
Street lighting	726,705	726,705	785,250	58,545
Public improvements	309,907	387,971	314,723	(73,248)
Traffic engineering	45,505	47,023	26,980	(20,043)
Abatement of nuisances	255,438	263,604	242,006	(21,598)
Cemeteries operation and maintenance	629,408	670,442	640,029	(30,413)
Japanese tea house and cultural center	46,463	46,832	46,826	(6)
Building and grounds maintenance	1,063,705	1,135,232	953,477	(181,755)
Total general services	<u>3,113,533</u>	<u>3,317,019</u>	<u>3,046,046</u>	<u>(270,973)</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Appropriations and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Community services				
Inspections and zoning	\$ 972,360	\$ 978,992	\$ 917,636	\$ (61,356)
Demolitions	240,000	215,613	122,892	(92,721)
Planning and economic development	310,180	394,560	418,393	23,833
Contributions to other organizations	3,659	2,340	1,017	(1,323)
Total community services	<u>1,526,199</u>	<u>1,591,505</u>	<u>1,459,938</u>	<u>(131,567)</u>
Transfers out				
Clean energy coalition	40,000	40,000	42,503	2,503
Public safety	-	23,000	120,815	97,815
Celebrations park	87,415	87,415	80,132	(7,283)
Community development	-	-	24,885	24,885
Police grants	272,956	290,754	292,917	2,163
Total transfers out	<u>400,371</u>	<u>441,169</u>	<u>561,252</u>	<u>120,083</u>
Total appropriations, expenditures, and transfers out	<u>\$ 30,984,030</u>	<u>\$ 31,784,530</u>	<u>\$ 29,701,763</u>	<u>\$ (2,082,767)</u>

# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

### ***MAJOR AND LOCAL STREETS FUNDS***

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

### ***PUBLIC SAFETY MILLAGE FUND***

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

### ***SAFER GRANT FUND***

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

### ***RUBBISH COLLECTION FUND***

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

### ***CLEAN ENERGY COALITION FUND***

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

### ***COMMUNITY POLICING FUND***

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

# **NONMAJOR GOVERNMENTAL FUNDS**

## ***(continued)***

### **SPECIAL REVENUE FUNDS**

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

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

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

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

#### ***POLICE TRAINING FUND***

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

#### ***YOUTH INITIATIVE GRANT FUND***

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

#### ***DRUG FORFEITURE FUND***

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

#### ***ANDERSEN CENTER OPERATION FUND***

This fund accounts for the operation and maintenance expenditures 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.

## **NONMAJOR GOVERNMENTAL FUNDS** *(continued)*

### **SPECIAL REVENUE FUNDS**

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

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

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

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

#### ***CELEBRATION PARK FUND***

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

### **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**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

Special Revenue Funds

							Police Grants Funds	
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Community Policing	Local Law Enforcement
<b>Assets</b>								
Cash and cash equivalents	\$ 565,435	\$ 703,227	\$ 133,931	\$ -	\$ 372,116	\$ -	\$ 65,879	\$ 10
Receivables								
Customers	-	-	-	529,394	1,745,678	-	-	-
Special assessments	-	-	-	-	31,986	-	-	-
Accrued interest and other	-	-	-	-	-	-	-	-
Due from other units of government	575,278	158,666	-	-	-	-	-	19,868
Due from other funds	930,892	-	-	-	-	-	-	-
Inventories	356,095	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	174,865	-	-	-
Restricted assets								
Investments	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 2,427,700</u></b>	<b><u>\$ 861,893</u></b>	<b><u>\$ 133,931</u></b>	<b><u>\$ 529,394</u></b>	<b><u>\$ 2,324,645</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 65,879</u></b>	<b><u>\$ 19,878</u></b>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue Funds				
	Police Grants Funds			Drug Forfeiture	Anderson Center Operation
	Auto Theft Prevention Grants	Police Training	Youth Initiative Grant		
<b>Assets</b>					
Cash and cash equivalents	\$ 7,602	\$ 2,764	\$ 2,159	\$ 535,514	\$ 114,635
Receivables					
Customers	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest and other	-	-	-	-	480
Due from other units of government	-	-	4,240	-	-
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted assets					
Investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 7,602</b>	<b>\$ 2,764</b>	<b>\$ 6,399</b>	<b>\$ 535,514</b>	<b>\$ 115,115</b>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Boat Launch	Economic Development	Celebration Park	Permanent Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 44,683	\$ 64,115	\$ 142,679	\$ 191,564	\$ 2,946,313
Receivables					
Customers	-	-	-	-	2,275,072
Special assessments	-	-	-	-	31,986
Accrued interest and other	-	-	-	-	480
Due from other units of government	-	-	-	-	758,052
Due from other funds	-	-	-	-	930,892
Inventories	-	-	-	-	356,095
Prepaid items	-	-	-	-	174,865
Restricted assets					
Investments	-	-	-	2,449,935	2,449,935
 Total assets	 \$ 44,683	 \$ 64,115	 \$ 142,679	 \$ 2,641,499	 \$ 9,923,690



**City of Saginaw**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

Special Revenue Funds

							Police Grants Funds	
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Community Policing	Local Law Enforcement
<b>Liabilities</b>								
Accounts payable	\$ 217,710	\$ 38,403	\$ -	\$ -	\$ 388,094	\$ -	\$ 192	\$ -
Accrued and other liabilities	41,728	18,146	133,931	54,048	29,291	-	13,049	-
Due to other funds	-	-	-	475,346	792,448	-	52,638	19,868
Total liabilities	<u>259,438</u>	<u>56,549</u>	<u>133,931</u>	<u>529,394</u>	<u>1,209,833</u>	<u>-</u>	<u>65,879</u>	<u>19,868</u>
<b>Deferred inflows of resources</b>								
Grants	-	-	-	-	-	-	-	19,868
Total liabilities and deferred inflows of resources	<u>259,438</u>	<u>56,549</u>	<u>133,931</u>	<u>529,394</u>	<u>1,209,833</u>	<u>-</u>	<u>65,879</u>	<u>39,736</u>
<b>Fund balances</b>								
Non-spendable								
Inventory	356,095	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	174,865	-	-	-
Endowments	-	-	-	-	-	-	-	-
Restricted	1,812,167	805,344	-	-	939,947	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	(19,858)
Total fund balances	<u>2,168,262</u>	<u>805,344</u>	<u>-</u>	<u>-</u>	<u>1,114,812</u>	<u>-</u>	<u>-</u>	<u>(19,858)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,427,700</u>	<u>\$ 861,893</u>	<u>\$ 133,931</u>	<u>\$ 529,394</u>	<u>\$ 2,324,645</u>	<u>\$ -</u>	<u>\$ 65,879</u>	<u>\$ 19,878</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

Special Revenue Funds

Police Grants Funds

	Auto Theft Prevention Grants	Police Training	Youth Initiative Grant	Drug Forfeiture	Anderson Center Operation
<b>Liabilities</b>					
Accounts payable	\$ 3,149	\$ -	\$ -	\$ 459	\$ 3,225
Accrued and other liabilities	4,453	-	2,159	338,292	4,389
Due to other funds	-	-	-	6,370	-
Total liabilities	<u>7,602</u>	<u>-</u>	<u>2,159</u>	<u>345,121</u>	<u>7,614</u>
<b>Deferred inflows of resources</b>					
Grants	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>7,602</u>	<u>-</u>	<u>2,159</u>	<u>345,121</u>	<u>7,614</u>
<b>Fund balances</b>					
Non-spendable					
Inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
Endowments	-	-	-	-	-
Restricted	-	2,764	4,240	190,393	-
Assigned	-	-	-	-	107,501
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>-</u>	<u>2,764</u>	<u>4,240</u>	<u>190,393</u>	<u>107,501</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,602</u>	<u>\$ 2,764</u>	<u>\$ 6,399</u>	<u>\$ 535,514</u>	<u>\$ 115,115</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Boat Launch	Economic Development	Celebration Park	Permanent Fund	
<b>Liabilities</b>					
Accounts payable	\$ 1,177	\$ -	\$ 15,386	\$ -	\$ 667,795
Accrued and other liabilities	-	-	3,924	-	643,410
Due to other funds	-	-	123,288	-	1,469,958
Total liabilities	1,177	-	142,598	-	2,781,163
<b>Deferred inflows of resources</b>					
Grants	-	-	-	-	19,868
Total liabilities and deferred inflows of resources	1,177	-	142,598	-	2,801,031
<b>Fund balances</b>					
Non-spendable					
Inventory	-	-	-	-	356,095
Prepaid items	-	-	-	-	174,865
Endowments	-	-	-	2,449,935	2,449,935
Restricted	-	64,115	81	191,564	4,010,615
Assigned	43,506	-	-	-	151,007
Unassigned (deficit)	-	-	-	-	(19,858)
Total fund balances	43,506	64,115	81	2,641,499	7,122,659
Total liabilities, deferred inflows of resources and fund balances	\$ 44,683	\$ 64,115	\$ 142,679	\$ 2,641,499	\$ 9,923,690

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

Special Revenue Funds

							Police Grants Funds	
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Community Policing	Local Law Enforcement
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ 3,150,638	\$ -	\$ 7,898	\$ -	\$ -	\$ -
Licenses and permits	36,050	-	-	-	-	-	-	-
Federal grants	305,002	-	-	1,040,319	-	-	-	183,047
State revenue sharing	3,634,015	1,100,810	-	-	-	-	-	-
Other state grants	689,762	-	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-	-	-
Charges for services	26,214	66	-	-	3,781,221	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	68,978	-	-	10
Rental income	-	-	-	-	-	-	-	-
Other revenue	34,114	389	-	-	4,927	-	-	-
<b>Total revenues</b>	<b>4,725,157</b>	<b>1,101,265</b>	<b>3,150,638</b>	<b>1,040,319</b>	<b>3,863,024</b>	<b>-</b>	<b>-</b>	<b>183,057</b>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

Special Revenue Funds

Police Grants Funds

	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant	Drug Forfeiture	Anderson Center Operation
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	-
State revenue sharing	-	-	-	-	-
Other state grants	42,590	14,230	-	-	-
Local contributions	-	-	-	-	31,750
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	90,562	-
Interest income	-	-	1	1,317	682
Rental income	-	-	-	-	43,604
Other revenue	258	-	32,960	34	190,062
<b>Total revenues</b>	<b>42,848</b>	<b>14,230</b>	<b>32,961</b>	<b>91,913</b>	<b>266,098</b>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Boat Launch	Economic Development	Celebration Park	Permanent Fund	
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,158,536
Licenses and permits	-	-	-	-	36,050
Federal grants	-	-	-	-	1,528,368
State revenue sharing	-	-	-	-	4,734,825
Other state grants	-	-	30,000	-	776,582
Local contributions	-	-	-	-	31,750
Charges for services	20,491	-	6,826	38,316	3,873,134
Fines and forfeitures	-	-	-	-	90,562
Interest income	5	-	19	10	71,022
Rental income	-	-	-	-	43,604
Other revenue	-	-	-	-	262,744
	<u>20,496</u>	<u>-</u>	<u>36,845</u>	<u>38,326</u>	<u>14,607,177</u>
Total revenues					

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds							Police Grants Funds	
	Major Street	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition	Community Policing	Local Law Enforcement	
<b>Expenditures</b>									
Current									
Public safety	\$ -	\$ -	\$ 3,271,453	\$ 1,040,319	\$ -	\$ -	\$ 396,100	\$ 75,320	
Public works									
Highways and streets	3,607,757	1,075,737	-	-	-	-	-	-	
Garbage and rubbish	-	-	-	-	3,577,147	34,489	-	-	
Economic development	-	-	-	-	-	-	-	-	
Recreation and culture	-	-	-	-	-	-	-	-	
Debt service									
Principal retirement	-	-	-	-	-	5,706	-	-	
Interest and fiscal charges	-	-	-	-	-	2,308	-	-	
<b>Total expenditures</b>	<u>3,607,757</u>	<u>1,075,737</u>	<u>3,271,453</u>	<u>1,040,319</u>	<u>3,577,147</u>	<u>42,503</u>	<u>396,100</u>	<u>75,320</u>	
Excess (deficiency) of revenues over expenditures	<u>1,117,400</u>	<u>25,528</u>	<u>(120,815)</u>	<u>-</u>	<u>285,877</u>	<u>(42,503)</u>	<u>(396,100)</u>	<u>107,737</u>	
<b>Other financing sources (uses)</b>									
Transfers in	-	333,760	120,815	-	-	42,503	396,100	-	
Transfers out	(333,760)	-	-	-	-	-	-	-	
Bond/note proceeds	182,191	-	-	-	182,191	-	-	-	
<b>Total other financing sources and uses</b>	<u>(151,569)</u>	<u>333,760</u>	<u>120,815</u>	<u>-</u>	<u>182,191</u>	<u>42,503</u>	<u>396,100</u>	<u>-</u>	
Net change in fund balance	965,831	359,288	-	-	468,068	-	-	107,737	
Fund balance - beginning of year (deficit)	<u>1,202,431</u>	<u>446,056</u>	<u>-</u>	<u>-</u>	<u>646,744</u>	<u>-</u>	<u>-</u>	<u>(127,595)</u>	
Fund balance - end of year	<u>\$ 2,168,262</u>	<u>\$ 805,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,858)</u>	

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds				
	Police Grants Funds				
	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant	Drug Forfeiture	Anderson Center Operation
<b>Expenditures</b>					
Current					
Public safety	\$ 135,197	\$ 11,466	\$ 29,278	\$ 103,702	\$ -
Public works					
Highways and streets	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-
Economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	276,991
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	<u>135,197</u>	<u>11,466</u>	<u>29,278</u>	<u>103,702</u>	<u>276,991</u>
Excess (deficiency) of revenues over expenditures	<u>(92,349)</u>	<u>2,764</u>	<u>3,683</u>	<u>(11,789)</u>	<u>(10,893)</u>
<b>Other financing sources (uses)</b>					
Transfers in	92,349	-	557	-	-
Transfers out	-	-	-	-	-
Bond/note proceeds	-	-	-	-	-
	<u>92,349</u>	<u>-</u>	<u>557</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	2,764	4,240	(11,789)	(10,893)
Fund balance - beginning of year (deficit)	-	-	-	202,182	118,394
Fund balance - end of year	<u>\$ -</u>	<u>\$ 2,764</u>	<u>\$ 4,240</u>	<u>\$ 190,393</u>	<u>\$ 107,501</u>



**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Boat Launch	Economic Development	Celebration Park	Permanent Fund	
<b>Expenditures</b>					
Current					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 5,062,835
Public works					
Highways and streets	-	-	-	-	4,683,494
Garbage and rubbish	-	-	-	-	3,611,636
Economic development	-	28	54,093	-	54,121
Recreation and culture	16,004	-	-	-	292,995
Debt service					
Principal retirement	-	-	-	-	5,706
Interest and fiscal charges	-	-	-	-	2,308
	16,004	28	54,093	-	13,713,095
Excess (deficiency) of revenues over expenditures	4,492	(28)	(17,248)	38,326	894,082
<b>Other financing sources (uses)</b>					
Transfers in	-	-	145,691	-	1,131,775
Transfers out	-	-	-	-	(333,760)
Bond/note proceeds	-	-	-	-	364,382
	-	-	145,691	-	1,162,397
Net change in fund balance	4,492	(28)	128,443	38,326	2,056,479
Fund balance - beginning of year (deficit)	39,014	64,143	(128,362)	2,603,173	5,066,180
Fund balance - end of year	\$ 43,506	\$ 64,115	\$ 81	\$ 2,641,499	\$ 7,122,659

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Major Streets Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Licenses and permits	\$ 2,900	\$ 36,050	\$ 33,150
Federal grants	305,000	305,002	2
State revenue sharing	3,585,632	3,634,015	48,383
Other state grants	828,798	689,762	(139,036)
Charges for services	11,000	26,214	15,214
Other revenue	34,238	34,114	(124)
Bond/note proceeds	182,190	182,191	1
Total revenues	<u>4,949,758</u>	<u>4,907,348</u>	<u>(42,410)</u>
<b>Expenditures</b>			
Public works			
Routine maintenance of roads and streets	1,516,427	1,049,246	(467,181)
Routine maintenance of bridges	101,416	98,432	(2,984)
Winter maintenance of roads and streets	285,635	209,243	(76,392)
Traffic services maintenance	581,957	477,212	(104,745)
State trunkline maintenance	423,384	389,567	(33,817)
Administration	773,448	723,847	(49,601)
Total public works expenditures	<u>3,682,267</u>	<u>2,947,547</u>	<u>(734,720)</u>
Capital outlay	<u>1,158,849</u>	<u>660,210</u>	<u>(498,639)</u>
Transfers out	<u>333,760</u>	<u>333,760</u>	<u>-</u>
Total expenditures	<u>5,174,876</u>	<u>3,941,517</u>	<u>(1,233,359)</u>
Excess (deficiency) of revenues over expenditures	(225,118)	965,831	1,190,949
Fund balance - beginning of year	<u>1,202,431</u>	<u>1,202,431</u>	<u>-</u>
Fund balance - end of year	<u>\$ 977,313</u>	<u>\$ 2,168,262</u>	<u>\$ 1,190,949</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Local Streets Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
State revenue sharing	\$ 986,492	\$ 1,100,810	\$ 114,318
Charges for services	-	66	66
Interest income	1,400	-	(1,400)
Other revenue	3,000	389	(2,611)
Transfers in	333,760	333,760	-
 Total revenues	 <u>1,324,652</u>	 <u>1,435,025</u>	 <u>110,373</u>
<b>Expenditures</b>			
Public works			
Routine maintenance of roads and streets	435,380	291,192	(144,188)
Winter maintenance of roads and streets	140,108	123,563	(16,545)
Traffic services maintenance	257,100	203,502	(53,598)
Administration	492,064	457,480	(34,584)
 Total public works expenditures	 <u>1,324,652</u>	 <u>1,075,737</u>	 <u>(248,915)</u>
 Excess of revenues over expenditures	 -	 359,288	 359,288
 Fund balance - beginning of year	 <u>446,056</u>	 <u>446,056</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 446,056</u>	 <u>\$ 805,344</u>	 <u>\$ 359,288</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Clean Energy Coalition Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Other revenue	\$ 6,150	\$ -	\$ (6,150)
Transfers in	40,000	42,503	2,503
Total revenues	<u>46,150</u>	<u>42,503</u>	<u>(3,647)</u>
<b>Expenditures</b>			
Public works			
Contractual services	38,815	34,489	(4,326)
Debt service			
Principal retirement	3,386	5,706	2,320
Interest and fiscal charges	2,308	2,308	-
Total debt service	<u>5,694</u>	<u>8,014</u>	<u>2,320</u>
Total expenditures	<u>44,509</u>	<u>42,503</u>	<u>(2,006)</u>
Excess of revenues over expenditures	1,641	-	(1,641)
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u>\$ 1,641</u>	<u>\$ -</u>	<u>\$ (1,641)</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Public Safety Millage Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 3,189,761	\$ 3,150,638	\$ (39,123)
Transfers in	<u>23,000</u>	<u>120,815</u>	<u>97,815</u>
Total revenues	<u>3,212,761</u>	<u>3,271,453</u>	<u>58,692</u>
<b>Expenditures</b>			
Public safety			
Police patrol	2,415,161	2,568,442	153,281
Fire suppression	<u>797,600</u>	<u>703,011</u>	<u>(94,589)</u>
Total public safety expenditures	<u>3,212,761</u>	<u>3,271,453</u>	<u>58,692</u>
Excess of revenues over expenditures	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**SAFER Grant Special Revenue Fund**  
**For the Year Ended June 30, 2014**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>			
Federal grants	\$ 1,158,794	\$ 1,040,319	\$ (118,475)
<b>Expenditures</b>			
Public safety			
Fire suppression	<u>1,158,794</u>	<u>1,040,319</u>	<u>(118,475)</u>
Excess of revenues over expenditures	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Rubbish Collection Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ 7,898	\$ 7,898
Charges for services	3,753,190	3,781,221	28,031
Interest income	3,000	68,978	65,978
Other revenue	4,927	4,927	-
Bond/note proceeds	182,190	182,191	1
Total revenues	<u>3,943,307</u>	<u>4,045,215</u>	<u>101,908</u>
<b>Expenditures</b>			
Public works			
Administration	579,450	507,886	(71,564)
Rubbish collection and disposal	2,220,358	1,953,018	(267,340)
Brush collection and disposal	354,231	215,233	(138,998)
Recycling and composting	1,034,341	826,329	(208,012)
Other functions	1,950	74,681	72,731
Debt service			
Principal retirement	2,977	-	(2,977)
Total public works expenditures	<u>4,193,307</u>	<u>3,577,147</u>	<u>(616,160)</u>
Excess (deficiency) of revenues over expenditures	(250,000)	468,068	718,068
Fund balance - beginning of year	<u>646,744</u>	<u>646,744</u>	<u>-</u>
Fund balance - end of year	<u>\$ 396,744</u>	<u>\$ 1,114,812</u>	<u>\$ 718,068</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Police Grants Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Federal grants	\$ 105,394	\$ 183,047	\$ 77,653
Other state grants	73,514	56,820	(16,694)
Interest income	-	7	7
Other revenue	113,000	33,218	(79,782)
Transfers in	<u>477,039</u>	<u>489,006</u>	<u>11,967</u>
Total revenues	<u>768,947</u>	<u>762,098</u>	<u>(6,849)</u>
<b>Expenditures</b>			
Public safety	<u>768,947</u>	<u>647,357</u>	<u>(121,590)</u>
Excess of revenues over expenditures	-	114,741	114,741
Fund balance - beginning of year (deficit)	<u>(127,595)</u>	<u>(127,595)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (127,595)</u>	<u>\$ (12,854)</u>	<u>\$ 114,741</u>



**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Drug Forfeiture Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Local contributions	\$ 5,000	\$ -	\$ (5,000)
Fines and forfeitures	32,360	90,562	58,202
Interest income	2,500	1,317	(1,183)
Other revenue	-	34	34
	<u>39,860</u>	<u>91,913</u>	<u>52,053</u>
<b>Expenditures</b>			
Public safety	<u>142,975</u>	<u>103,702</u>	<u>(39,273)</u>
Excess (deficiency) of revenues over expenditures	(103,115)	(11,789)	91,326
Fund balance - beginning of year	<u>202,182</u>	<u>202,182</u>	<u>-</u>
Fund balance - end of year	<u>\$ 99,067</u>	<u>\$ 190,393</u>	<u>\$ 91,326</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Andersen Center Operation Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Local contributions	\$ 49,439	\$ 31,750	\$ (17,689)
Interest income	145	682	537
Rental income	49,589	43,604	(5,985)
Other revenue	210,614	190,062	(20,552)
Total revenues	309,787	266,098	(43,689)
<b>Expenditures</b>			
Recreation and culture	323,090	276,991	(46,099)
Excess (deficiency) of revenues over expenditures	(13,303)	(10,893)	2,410
Fund balance - beginning of year	118,394	118,394	-
Fund balance - end of year	\$ 105,091	\$ 107,501	\$ 2,410

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Boat Launch Operation Special Revenue Fund**  
**For the Year Ended June 30, 2014**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>			
Charges for services	\$ 23,000	\$ 20,496	\$ (2,504)
<b>Expenditures</b>			
Recreation and culture	37,067	16,004	(21,063)
Excess (deficiency) of revenues over expenditures	(14,067)	4,492	18,559
Fund balance - beginning of year	39,014	39,014	-
Fund balance - end of year	<u>\$ 24,947</u>	<u>\$ 43,506</u>	<u>\$ 18,559</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Economic Development Special Revenue Fund**  
**For the Year Ended June 30, 2014**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>			
Other state grants	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Economic development	<u>64,143</u>	<u>28</u>	<u>(64,115)</u>
Deficiency of revenues over expenditures	(64,143)	(28)	64,115
Fund balance - beginning of year	<u>64,143</u>	<u>64,143</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ 64,115</u></u>	<u><u>\$ 64,115</u></u>

**City of Saginaw**  
**Other Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget to Actual**  
**Celebration Park Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Other state grants	80,837	30,000	(50,837)
Local contributions	10,473	-	(10,473)
Charges for services	3,500	6,826	3,326
Interest income	-	19	19
Transfers in	145,691	145,691	-
 Total revenues	<u>240,501</u>	<u>182,536</u>	<u>(57,965)</u>
 <b>Expenditures</b>			
Economic development	<u>94,810</u>	<u>54,093</u>	<u>(40,717)</u>
 Excess of revenues over expenditures	145,691	128,443	(17,248)
 Fund balance - beginning of year (deficit)	<u>(128,362)</u>	<u>(128,362)</u>	<u>-</u>
 Fund balance - end of year	<u>\$ 17,329</u>	<u>\$ 81</u>	<u>\$ (17,248)</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 and to pay deductibles. This fund accounts for the payment of insurance premiums, the distribution of insurance costs to other City funds and records the insurance claims liability.

### ***WORKERS' COMPENSATION FUND***

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

### ***PUBLIC WORKS BUILDING FUND***

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

**City of Saginaw**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2014**

	<u>Information Services</u>	<u>GIS</u>	<u>Motor Pool</u>	<u>Radio</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 216,262	\$ 47,073	\$ -	\$ 451,733
Accounts receivable	-	1,914	-	-
Due from other funds	-	-	-	-
Inventories	-	-	296,227	-
Prepaid items	-	-	-	-
	<u>216,262</u>	<u>48,987</u>	<u>296,227</u>	<u>451,733</u>
Total current assets				
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>98,322</u>	<u>5,467</u>	<u>404,928</u>	<u>439,410</u>
	<u>314,584</u>	<u>54,454</u>	<u>701,155</u>	<u>891,143</u>
Total assets				

**City of Saginaw**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2014**

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 479,313	\$ 1,841,907	\$ 110,288	\$ 3,146,576
Accounts receivable	-	245,905	-	247,819
Due from other funds	930,892	792,448	-	1,723,340
Inventories	-	-	-	296,227
Prepaid items	204,500	-	-	204,500
	<u>1,614,705</u>	<u>2,880,260</u>	<u>110,288</u>	<u>5,618,462</u>
Total current assets				
Noncurrent assets				
Capital assets, net of accumulated depreciation	-	-	-	948,127
	<u>1,614,705</u>	<u>2,880,260</u>	<u>110,288</u>	<u>6,566,589</u>
Total assets				



**City of Saginaw**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2014**

	Information Services	GIS	Motor Pool	Radio
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 5,627	\$ 1,017	\$ 14,161	\$ 8
Accrued and other liabilities	17,179	16,291	19,330	1,199
Due to other funds	9	-	33,625	-
Total current liabilities	<u>22,815</u>	<u>17,308</u>	<u>67,116</u>	<u>1,207</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	-
Insurance claims payable	-	-	-	-
Compensated absences	<u>63,378</u>	<u>37,146</u>	<u>61,334</u>	<u>4,853</u>
Total noncurrent liabilities	<u>63,378</u>	<u>37,146</u>	<u>61,334</u>	<u>4,853</u>
Total liabilities	<u>86,193</u>	<u>54,454</u>	<u>128,450</u>	<u>6,060</u>
<b>Net position</b>				
Net investment in capital assets	98,322	5,467	404,928	439,410
Unrestricted (deficit)	<u>130,069</u>	<u>(5,467)</u>	<u>167,777</u>	<u>445,673</u>
Total net position (deficit)	<u>\$ 228,391</u>	<u>\$ -</u>	<u>\$ 572,705</u>	<u>\$ 885,083</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2014**

	Self Insurance	Workers' Compensation	Public Works Building	Total
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 24,444	\$ 8,338	\$ 3,722	\$ 57,317
Accrued and other liabilities	1,269	1,897	6,452	63,617
Due to other funds	-	-	-	33,634
	<u>25,713</u>	<u>10,235</u>	<u>10,174</u>	<u>154,568</u>
Total current liabilities				
Noncurrent liabilities				
Workers' compensation claims payable	-	2,816,227	-	2,816,227
Insurance claims payable	1,581,345	-	-	1,581,345
Compensated absences	7,647	14,714	13,466	202,538
	<u>1,588,992</u>	<u>2,830,941</u>	<u>13,466</u>	<u>4,600,110</u>
Total noncurrent liabilities				
	<u>1,614,705</u>	<u>2,841,176</u>	<u>23,640</u>	<u>4,754,678</u>
Total liabilities				
<b>Net position</b>				
Net investment in capital assets	-	-	-	948,127
Unrestricted (deficit)	-	39,084	86,648	863,784
	<u>-</u>	<u>39,084</u>	<u>86,648</u>	<u>863,784</u>
Total net position (deficit)	<u>\$ -</u>	<u>\$ 39,084</u>	<u>\$ 86,648</u>	<u>\$ 1,811,911</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balance**  
**For the Year Ended June 30, 2014**

	Information Services	GIS	Motor Pool	Radio	Self Insurance
<b>Operating revenue</b>					
User charges	\$ 1,339,580	\$ 525,350	\$ 1,452,372	\$ 114,144	\$ 1,550,440
Other revenue	8,728	3,435	3,922	150	641,226
Total operating revenue	<u>1,348,308</u>	<u>528,785</u>	<u>1,456,294</u>	<u>114,294</u>	<u>2,191,666</u>
<b>Operating expenses</b>					
Salaries and benefits	557,336	421,575	813,031	31,114	35,300
Supplies	64,484	5,711	271,251	3,080	-
Contractual services	557,275	77,077	419,804	9,229	1,093,517
Claims	-	-	-	-	1,062,718
Utilities	-	-	3,350	-	-
Repairs and maintenance	9,746	-	-	-	-
Other expenses	5	767	37	6,443	131
Depreciation	11,259	2,093	69,410	89,416	-
Total operating expenses	<u>1,200,105</u>	<u>507,223</u>	<u>1,576,883</u>	<u>139,282</u>	<u>2,191,666</u>
Operating income (loss)	<u>148,203</u>	<u>21,562</u>	<u>(120,589)</u>	<u>(24,988)</u>	<u>-</u>
<b>Nonoperating revenue (expenses)</b>					
Interest income	-	-	-	-	-
Gain on sale of assets	-	-	4,050	-	-
Loss on disposal of assets	-	-	(11,892)	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(7,842)</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers out	148,203	21,562	(128,431)	(24,988)	-
Transfers out	<u>(21,853)</u>	<u>(21,853)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	126,350	(291)	(128,431)	(24,988)	-
Net position - beginning of year	<u>102,041</u>	<u>291</u>	<u>701,136</u>	<u>910,071</u>	<u>-</u>
Net position - end of year	<u>\$ 228,391</u>	<u>\$ -</u>	<u>\$ 572,705</u>	<u>\$ 885,083</u>	<u>\$ -</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balance**  
**For the Year Ended June 30, 2014**

	Workers' Compensation	Public Works Building	Total
<b>Operating revenue</b>			
User charges	\$ 1,009,156	\$ 469,013	\$ 6,460,055
Other revenue	251,589	671	909,721
Total operating revenue	<u>1,260,745</u>	<u>469,684</u>	<u>7,369,776</u>
<b>Operating expenses</b>			
Salaries and benefits	69,497	181,356	2,109,209
Supplies	-	12,185	356,711
Contractual services	246,695	64,069	2,467,666
Claims	926,476	-	1,989,194
Utilities	-	93,198	96,548
Repairs and maintenance	-	32,206	41,952
Other expenses	-	22	7,405
Depreciation	-	-	172,178
Total operating expenses	<u>1,242,668</u>	<u>383,036</u>	<u>7,240,863</u>
Operating income (loss)	<u>18,077</u>	<u>86,648</u>	<u>128,913</u>
<b>Nonoperating revenue (expenses)</b>			
Interest income	2,111	-	2,111
Gain on sale of assets	-	-	4,050
Loss on disposal of assets	-	-	(11,892)
Total nonoperating revenues (expenses)	<u>2,111</u>	<u>-</u>	<u>(5,731)</u>
Income (loss) before transfers out	20,188	86,648	123,182
Transfers out	-	-	(43,706)
Change in net position	20,188	86,648	79,476
Net position - beginning of year	<u>18,896</u>	<u>-</u>	<u>1,732,435</u>
Net position - end of year	<u>\$ 39,084</u>	<u>\$ 86,648</u>	<u>\$ 1,811,911</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

	Information Services	GIS	Motor Pool	Radio	Self Insurance	Workers' Compensation	Public Works Building	Total
<b>Cash flows from operating activities</b>								
Receipts from customers	\$ 1,348,308	\$ 529,285	\$ 1,489,919	\$ 114,294	\$ 2,191,666	\$ 1,014,840	\$ 469,684	\$ 7,157,996
Payments to suppliers	(634,897)	(86,504)	(782,920)	(110,181)	(2,213,413)	(1,322,847)	(210,698)	(5,361,460)
Payments to employees	(548,985)	(410,680)	(805,633)	(30,960)	(34,223)	(59,702)	(177,267)	(2,067,450)
Net cash provided (used) by operating activities	<u>164,426</u>	<u>32,101</u>	<u>(98,634)</u>	<u>(26,847)</u>	<u>(55,970)</u>	<u>(367,709)</u>	<u>81,719</u>	<u>(270,914)</u>
<b>Cash flows from noncapital financing activities</b>								
Transfers to other funds	(21,853)	(21,853)	-	-	-	-	-	(43,706)
<b>Cash flows from capital and related financing activities</b>								
Purchases/construction of capital assets	(7,531)	-	-	-	-	-	-	(7,531)
Proceeds from sale of capital assets	-	-	4,050	-	-	-	-	4,050
Net cash provided (used) by capital and related financing activities	<u>(7,531)</u>	<u>-</u>	<u>4,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,481)</u>
<b>Cash flows from investing activities</b>								
Interest received	-	-	-	-	-	2,111	-	2,111
Net change in cash and cash equivalents	135,042	10,248	(94,584)	(26,847)	(55,970)	(365,598)	81,719	(315,990)
Cash and cash equivalents - beginning of year	<u>81,220</u>	<u>36,825</u>	<u>94,584</u>	<u>478,580</u>	<u>535,283</u>	<u>2,207,505</u>	<u>28,569</u>	<u>3,462,566</u>
Cash and cash equivalents - end of year	<u>\$ 216,262</u>	<u>\$ 47,073</u>	<u>\$ -</u>	<u>\$ 451,733</u>	<u>\$ 479,313</u>	<u>\$ 1,841,907</u>	<u>\$ 110,288</u>	<u>\$ 3,146,576</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>								
Operating income (loss)	\$ 148,203	\$ 21,562	\$ (120,589)	\$ (24,988)	\$ -	\$ 18,077	\$ 86,648	\$ 128,913
Adjustments to reconcile operating income to net cash from operating activities								
Depreciation and amortization expense	11,259	2,093	69,410	89,416	-	-	-	172,178
Changes in assets and liabilities								
Receivables (net)	-	500	-	-	-	(245,905)	-	(245,405)
Inventories	-	-	(81,482)	-	-	-	-	(81,482)
Prepaid items	-	-	-	-	(161,494)	-	-	(161,494)
Accounts payable	(4,439)	(4,551)	4,076	(91,970)	11,257	(14,512)	(9,027)	(109,166)
Accrued and other liabilities	1,052	1,602	(11,072)	541	1,031	106	9	(6,731)
Due to other funds	-	-	33,625	-	-	-	-	33,625
Claims payable	-	-	-	-	92,159	(135,270)	-	(43,111)
Compensated absences	8,351	10,895	7,398	154	1,077	9,795	4,089	41,759
Net cash provided (used) by operating activities	<u>\$ 164,426</u>	<u>\$ 32,101</u>	<u>\$ (98,634)</u>	<u>\$ (26,847)</u>	<u>\$ (55,970)</u>	<u>\$ (367,709)</u>	<u>\$ 81,719</u>	<u>\$ (270,914)</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 \$220 million.

### ***POLICEMEN AND FIREMEN PENSION FUND***

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

### ***AGENCY FUNDS***

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

**City of Saginaw**  
**Other Supplemental Information**  
**Employee Pension and Other Employee Benefits Trust Funds**  
**Combining Statement of Plan Net Position**  
**June 30, 2014**

	Police and Firemen Pension	Public Employee Healthcare	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,091,254	\$ 1,968,900	\$ 4,060,154
Investments			
Government securities	9,469,120	-	9,469,120
Corporate and foreign bonds	19,552,301	-	19,552,301
Common equity securities	45,940,192	-	45,940,192
Equity mutual funds	24,758,337	-	24,758,337
Other investments	18,704,515	1,742,306	20,446,821
Accrued interest and other	137,083	-	137,083
	<u>120,652,802</u>	<u>3,711,206</u>	<u>124,364,008</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	3,116,554	-	3,116,554
Accrued and other liabilities	764,587	-	764,587
	<u>3,881,141</u>	<u>-</u>	<u>3,881,141</u>
Total liabilities			
<b>Net position</b>			
Held in trust for pension benefits and other employee benefits	<u>\$ 116,771,661</u>	<u>\$ 3,711,206</u>	<u>\$ 120,482,867</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Employee Pension and Other Employee Benefits Trust Funds**  
**Combining Statement of Changes in Plan Net Position**  
**For the Year Ended June 30, 2014**

	Police and Firemen Pension	Public Employee Healthcare	Total
<b>Additions</b>			
Contributions			
Employer	\$ 6,046,358	\$ -	\$ 6,046,358
Current premium contributions	-	9,966,235	9,966,235
Plan members	539,021	-	539,021
Total contributions	<u>6,585,379</u>	<u>9,966,235</u>	<u>16,551,614</u>
Investment earnings (losses)			
Interest	1,731,856	27,526	1,759,382
Dividends	1,253,678	-	1,253,678
Mutual fund rebates	19,299	-	19,299
Change in fair value	10,308,300	87,216	10,395,516
Investment expenses	<u>(121,139)</u>	<u>-</u>	<u>(121,139)</u>
Total investment earnings	<u>13,191,994</u>	<u>114,742</u>	<u>13,306,736</u>
Total additions	<u>19,777,373</u>	<u>10,080,977</u>	<u>29,858,350</u>
<b>Deductions</b>			
Benefits - police	8,399,788	-	8,399,788
Benefits - fire	6,945,977	-	6,945,977
Retiree healthcare premium payments	-	9,966,235	9,966,235
Administrative expenses	<u>488,296</u>	<u>-</u>	<u>488,296</u>
Total deductions	<u>15,834,061</u>	<u>9,966,235</u>	<u>25,800,296</u>
Change in net assets	3,943,312	114,742	4,058,054
Net position - beginning of year	<u>112,828,349</u>	<u>3,596,464</u>	<u>116,424,813</u>
Net position - end of year	<u>\$ 116,771,661</u>	<u>\$ 3,711,206</u>	<u>\$ 120,482,867</u>



**City of Saginaw**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Agency Funds**  
**June 30, 2014**

	<u>Intermediate School Tax Collection</u>	<u>Saginaw County Tax Collection</u>	<u>School District Tax Collection</u>	<u>State Education Tax Collection</u>	<u>Delta College Tax Collection</u>	<u>Public Libraries Tax Collection</u>	<u>Saginaw Transit Tax Collection</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 103,953	\$ -	\$ -	\$ -	\$ 112,241	\$ -	\$ -
Receivables							
Customers	35,071	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 139,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,241</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-	-
Due to other units of government	139,024	-	-	-	112,241	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 139,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,241</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Agency Funds**  
**June 30, 2014**

	Undistributed Tax Collection	Employee Benefits	Housing Commission	Saginaw County Land Bank	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ 147,854	\$ 472,945	\$ -	\$ -	\$ 836,993
Receivables					
Customers	3,010	7,045	-	-	45,126
Prepaid items	-	1,081,076	-	-	1,081,076
	<u>-</u>	<u>1,081,076</u>	<u>-</u>	<u>-</u>	<u>1,081,076</u>
Total assets	<u>\$ 150,864</u>	<u>\$ 1,561,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,963,195</u>
<b>Liabilities</b>					
Accounts payable	\$ 150,864	\$ 41,123	\$ -	\$ -	\$ 191,987
Accrued and other liabilities	-	833,813	-	-	833,813
Claims payable	-	686,130	-	-	686,130
Due to other units of government	-	-	-	-	251,265
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,265</u>
Total liabilities	<u>\$ 150,864</u>	<u>\$ 1,561,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,963,195</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Changes in Assets**  
**and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<b>Intermediate School Tax Collection</b>				
Assets				
Cash and cash equivalents	\$ -	\$ 103,953	\$ -	\$ 103,953
Taxes receivable	-	139,024	103,953	35,071
	<u>-</u>	<u>139,024</u>	<u>103,953</u>	<u>35,071</u>
Total assets	<u>\$ -</u>	<u>\$ 242,977</u>	<u>\$ 103,953</u>	<u>\$ 139,024</u>
Liabilities				
Due to other governmental units	<u>\$ -</u>	<u>\$ 139,024</u>	<u>\$ -</u>	<u>\$ 139,024</u>
 <b>Delta College Tax Collection</b>				
Assets				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 113,642</u>	<u>\$ 1,401</u>	<u>\$ 112,241</u>
Liabilities				
Due to other governmental units	<u>\$ -</u>	<u>\$ 113,644</u>	<u>\$ 1,403</u>	<u>\$ 112,241</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Changes in Assets**  
**and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<b>Undistributed Tax Collection</b>				
Assets				
Cash and cash equivalents	\$ 278,340	\$ 45,987,389	\$ 46,117,875	\$ 147,854
Accounts receivable	35,940	101,438	134,368	3,010
Total assets	<u>\$ 314,280</u>	<u>\$ 46,088,827</u>	<u>\$ 46,252,243</u>	<u>\$ 150,864</u>
Liabilities				
Accounts payable	\$ 278,340	\$ 525,594	\$ 653,070	\$ 150,864
Due to other governmental units	35,940	-	35,940	-
Total liabilities	<u>\$ 314,280</u>	<u>\$ 525,594</u>	<u>\$ 689,010</u>	<u>\$ 150,864</u>
 <b>Employee Benefits</b>				
Assets				
Cash and cash equivalents	\$ 110,235	\$ 34,561,035	\$ 34,198,325	\$ 472,945
Accounts receivable	47,874	29,299	70,128	7,045
Prepays	1,360,559	1,081,076	1,360,559	1,081,076
Total assets	<u>\$ 1,518,668</u>	<u>\$ 35,671,410</u>	<u>\$ 35,629,012</u>	<u>\$ 1,561,066</u>
Liabilities				
Accounts payable	\$ 111,686	\$ 2,238,720	\$ 2,309,283	\$ 41,123
Claims payable	754,553	-	68,423	686,130
Other current liabilities	652,429	11,011,015	10,829,631	833,813
Total liabilities	<u>\$ 1,518,668</u>	<u>\$ 13,249,735</u>	<u>\$ 13,207,337</u>	<u>\$ 1,561,066</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Combining Statement of Changes in Assets**  
**and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<b>Saginaw County Land Bank</b>				
Assets				
Cash and cash equivalents	\$ 18,162	\$ 50,342	\$ 68,504	\$ -
Liabilities				
Due to other units of government	\$ 18,162	\$ -	\$ 18,162	\$ -
 <b>Total Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 406,737	\$ 80,816,361	\$ 80,386,105	\$ 836,993
Accounts receivable	83,814	130,737	204,496	10,055
Prepaid insurance	1,360,559	1,081,076	1,360,559	1,081,076
Taxes receivable	-	139,024	103,953	35,071
 Total assets	 \$ 1,851,110	 \$ 82,167,198	 \$ 82,055,113	 \$ 1,963,195
Liabilities				
Accounts payable	\$ 390,026	\$ 2,764,314	\$ 2,962,353	\$ 191,987
Due to other governmental units	54,102	252,668	55,505	251,265
Claims payable	754,553	-	68,423	686,130
Other current liabilities	652,429	11,011,015	10,829,631	833,813
 Total liabilities	 \$ 1,851,110	 \$ 14,027,997	 \$ 13,915,912	 \$ 1,963,195

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**TIFA Component Units**  
**June 30, 2014**

---

	<u>Saginaw Division TIFA</u>	<u>Morley TIFA</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 5,185	\$ 26,105	\$ 31,290	\$ -	\$ 31,290
<b>Fund balances</b>					
Restricted for TIFA/LDFA projects	\$ 5,185	\$ 26,105	\$ 31,290	\$ (31,290)	-
Net position - unrestricted				\$ 31,290	\$ 31,290

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Activities and Governmental Fund Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**TIFA Component Units**  
**For the Year Ended June 30, 2014**

---

	<u>Saginaw Division TIFA</u>	<u>Morley TIFA</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures</b>					
Current					
Community and economic development	\$ -	\$ 15	\$ 15	\$ -	\$ 15
Excess (deficiency) of revenues over expenditures	-	(15)	(15)	-	(15)
Fund balance/net position - beginning of year	<u>\$ 5,185</u>	<u>\$ 26,120</u>	<u>\$ 31,305</u>	<u>\$ -</u>	<u>\$ 31,305</u>
Fund balance/net position - end of year	<u>\$ 5,185</u>	<u>\$ 26,105</u>	<u>\$ 31,290</u>	<u>\$ -</u>	<u>\$ 31,290</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**DDA Component Units**  
**June 30, 2014**

	<u>Commerce Center DDA</u>	<u>Downtown Development Authority</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 64,408	\$ 132,888	\$ 197,296	\$ -	\$ 197,296
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 12,216	\$ 12,216	\$ -	\$ 12,216
<b>Fund Balances</b>					
Restricted for DDA projects	64,408	120,672	185,080	(185,080)	-
Total liabilities and fund balances	\$ 64,408	\$ 132,888	\$ 197,296		
Net position - unrestricted				\$ 185,080	\$ 185,080



**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Activities and Governmental Fund Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**DDA Component Units**  
**For the Year Ended June 30, 2014**

	Commerce Center DDA	Downtown Development Authority	Total	Adjustments	Statement of Activities
<b>Revenues</b>					
Taxes	\$ 23,704	\$ 3,782	\$ 27,486	\$ -	\$ 27,486
Local contribution	-	61,758	61,758	-	61,758
 Total revenues	<u>23,704</u>	<u>65,540</u>	<u>89,244</u>	<u>-</u>	<u>89,244</u>
 <b>Expenditures</b>					
Current					
Community and economic development	<u>23,502</u>	<u>80,964</u>	<u>104,466</u>	<u>-</u>	<u>104,466</u>
 Excess (deficiency) of revenues over expenditures	202	(15,424)	(15,222)	-	(15,222)
 Fund balance/net position - beginning of year	<u>64,206</u>	<u>136,096</u>	<u>200,302</u>	<u>-</u>	<u>200,302</u>
 Fund balance/net position - end of year	<u>\$ 64,408</u>	<u>\$ 120,672</u>	<u>\$ 185,080</u>	<u>\$ -</u>	<u>\$ 185,080</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**L DFA Component Units**  
**June 30, 2014**

	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA	Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Net Position
<b>Assets</b>									
Cash and cash equivalents	\$ 3,197,072	\$ 465,929	\$ 98,104	\$ 80,058	\$ 4,366	\$ 99,960	\$ 3,945,489	\$ -	\$ 3,945,489
Receivables									
Accrued interest and other	1,670	-	-	-	-	-	1,670	-	1,670
Total assets	<u>\$ 3,198,742</u>	<u>\$ 465,929</u>	<u>\$ 98,104</u>	<u>\$ 80,058</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,947,159</u>	<u>\$ -</u>	<u>3,947,159</u>
<b>Fund Balances</b>									
Restricted for TIFA/LDFA projects	<u>\$ 3,198,742</u>	<u>\$ 465,929</u>	<u>\$ 98,104</u>	<u>\$ 80,058</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,947,159</u>	<u>\$ (3,947,159)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,198,742</u>	<u>\$ 465,929</u>	<u>\$ 98,104</u>	<u>\$ 80,058</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,947,159</u>		
Net position - unrestricted								<u>\$ 3,947,159</u>	<u>\$ 3,947,159</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Activities and Governmental Fund Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**LDFA Component Units**  
**For the Year Ended June 30, 2014**

	Thompson LDFA	Sexton LDFA	Baker Perkins LDFA	Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Activities
<b>Revenues</b>									
Interest income	\$ 3,724	\$ 330	\$ -	\$ -	\$ -	\$ -	\$ 4,054	\$ -	\$ 4,054
<b>Expenditures</b>									
Current									
Community and economic development	-	591	55	45	3	-	694	-	694
Excess (deficiency) of revenues over expenditures	3,724	(261)	(55)	(45)	(3)	-	3,360	-	3,360
Fund balance/net position - beginning of year	3,195,018	466,190	98,159	80,103	4,369	99,960	3,943,799	-	3,943,799
Fund balance/net position - end of year	\$ 3,198,742	\$ 465,929	\$ 98,104	\$ 80,058	\$ 4,366	\$ 99,960	\$ 3,947,159	\$ -	\$ 3,947,159

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**Saginaw Economic Development Corporation**  
**June 30, 2014**

---

	<u>Saginaw Economic Development Corporation</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 672,772	\$ -	\$ 672,772
Notes and contracts receivable	<u>2,095,472</u>	<u>(172,603)</u>	<u>1,922,869</u>
Total assets	<u>\$ 2,768,244</u>	<u>\$ (172,603)</u>	<u>2,595,641</u>
<b>Liabilities</b>			
Accounts payable	\$ 35,490	\$ -	35,490
Unearned revenue	<u>2,109,093</u>	<u>(2,109,093)</u>	<u>-</u>
Total liabilities	2,144,583	(2,109,093)	35,490
<b>Fund balances/net position</b>			
Restricted for specific projects	<u>623,661</u>	<u>(623,661)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,768,244</u>		
Net position - unrestricted		<u>\$ 2,732,754</u>	<u>\$ 2,560,151</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Activities and Governmental Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Saginaw Economic Development Corporation**  
**For the Year Ended June 30, 2014**

---

	<u>Saginaw Economic Development Corporation</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Interest income	\$ 57,448	\$ -	\$ 57,448
Fees and loan repayments	<u>297,946</u>	<u>(292,171)</u>	<u>5,775</u>
Total revenues	<u>355,394</u>	<u>(292,171)</u>	<u>63,223</u>
<b>Expenditures</b>			
Current			
Community and economic development	<u>370,123</u>	<u>(346,501)</u>	<u>23,622</u>
Excess (deficiency) of revenues over expenditures	(14,729)	54,330	39,601
Fund balance/net position - beginning of year	<u>638,390</u>	<u>1,882,160</u>	<u>2,520,550</u>
Fund balance/net position - end of year	<u>\$ 623,661</u>	<u>\$ 1,936,490</u>	<u>\$ 2,560,151</u>

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**Brownfield Component Unit**  
**June 30, 2014**

---

	Brownfield Authority SRRF	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 228,618	\$ -	\$ 228,618
<b>Liabilities</b>			
Accounts payable	\$ 12,317	\$ -	12,317
<b>Fund balances/net position</b>			
Restricted for specific projects	216,301	(216,301)	-
Total fund balance	\$ 228,618		
Net position - unrestricted		\$ 216,301	\$ 216,301

**City of Saginaw**  
**Other Supplemental Information**  
**Statement of Activities and Governmental Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Brownfield Component Unit**  
**For the Year Ended June 30, 2014**

---

	<u>Brownfield Authority SRRF</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 33,392	\$ -	\$ 33,392
<b>Expenditures</b>			
Current			
Community and economic development	<u>22,930</u>	<u>-</u>	<u>22,930</u>
Excess (deficiency) of revenues over expenditures	10,462	-	10,462
Fund balance/net position - beginning of year	<u>205,839</u>	<u>-</u>	<u>205,839</u>
Fund balance/net position - end of year	<u>\$ 216,301</u>	<u>\$ -</u>	<u>\$ 216,301</u>

## STATISTICAL SECTION

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

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

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

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

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



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

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

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

Source: City's Comprehensive Annual Financial Report

**City of Saginaw, Michigan**  
**Changes in Governmental Net Position**  
**Last Eight Years**  
**(Accrual basis of accounting)**  
**(Amounts expressed in thousands)**

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

**City of Saginaw, Michigan**  
**Changes in Governmental Net Position**  
**Last Eight Years**  
**(Accrual basis of accounting)**  
**(Amounts expressed in thousands)**

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

**General revenues and Other Changes in Net Position**

**City of Saginaw, Michigan**  
**Changes in Governmental Net Position**  
**Last Eight Years**  
**(Accrual basis of accounting)**  
**(Amounts expressed in thousands)**

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

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

Source: City's Comprehensive Annual Financial Report

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 81	\$ 58	\$ 45	\$ 137	\$ 46	\$ 59	\$ -	\$ -	\$ -	\$ -
Unreserved	4,897	5,126	7,626	1,574	1,498	1,513	-	-	-	-
Non-spendable	-	-	-	-	-	-	143	240	212	166
Restricted	-	-	-	-	-	-	1	10	10	332
Assigned	-	-	-	-	-	-	1,036	-	-	-
Unassigned	-	-	-	-	-	-	2,685	998	46	1,029
Total general fund	<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>	<u>1,248</u>	<u>268</u>	<u>1,527</u>
All other governmental funds:										
Reserved	3,787	3,301	3,459	6,642	6,284	5,666	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,322	1,681	990	(719)	1,215	1,934	-	-	-	-
Capital projects funds	26	101	101	101	101	101	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	105	187	217	92	85	79	-	-	-	-
Non-spendable	-	-	-	-	-	-	2,974	2,870	2,853	2,981
Restricted	-	-	-	-	-	-	1,338	2,213	2,312	4,011
Assigned	-	-	-	-	-	-	379	286	157	151
Unassigned	-	-	-	-	-	-	(790)	(2,904)	(1,863)	(1,017)
Total all other governmental funds	<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>	<u>\$ 2,465</u>	<u>\$ 3,459</u>	<u>\$ 6,126</u>

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

Source: City's Comprehensive Annual Financial Report

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenue</b>										
General operating property taxes	\$ 5,669	\$ 5,824	\$ 9,305	\$ 9,218	\$ 8,695	\$ 8,401	\$ 7,303	\$ 7,088	\$ 6,122	\$ 6,442
Special assessments	93	67	45	83	296	160	119	(25)	158	36
City income tax	13,229	13,550	13,526	12,776	12,359	11,803	12,236	12,533	12,257	12,309
State shared revenues	15,718	15,199	14,797	14,809	14,863	13,661	13,682	11,422	11,747	12,456
Licenses, permits, and fees	3,008	3,072	3,450	2,649	3,550	2,975	3,114	5,777	5,498	5,584
Fines, penalties, and forfeitures	442	334	356	293	788	582	518	741	600	550
Grants, donations, and contributions	6,165	7,741	7,596	7,713	8,600	11,758	16,058	11,799	14,871	8,912
Interest on loans and investments	361	583	682	597	431	439	497	475	401	420
Rents and privileges	-	52	1	104	31	37	27	79	93	78
Sale of materials and services	1,175	995	1,540	1,281	1,493	1,548	1,676	2,635	2,089	1,554
Sale of land	-	-	-	-	115	-	-	78	-	-
Loan repayments	69	131	159	104	35	123	90	282	55	53
Miscellaneous	-	-	-	-	-	13	126	-	385	267
Total revenue	<u>45,929</u>	<u>47,548</u>	<u>51,457</u>	<u>49,627</u>	<u>51,256</u>	<u>51,500</u>	<u>55,446</u>	<u>52,884</u>	<u>54,276</u>	<u>48,661</u>
<b>Expenditures</b>										
General government	3,702	3,597	3,901	3,882	4,266	4,647	4,646	4,589	4,207	4,017
Administration	2,761	3,002	3,199	3,280	3,308	3,151	3,492	2,657	2,699	2,792
Public safety	22,745	23,714	24,834	24,862	26,279	25,360	28,195	28,075	25,593	22,888
Highway and streets	5,281	6,158	5,930	5,984	5,067	4,600	5,931	4,651	4,657	4,683
General services	6,053	6,067	6,590	6,752	6,361	6,022	6,653	6,833	7,112	6,658
Community services	1,288	1,217	1,512	2,143	1,986	1,767	1,763	1,598	1,589	1,753
Economic development	1,450	2,258	2,029	1,835	1,785	4,696	7,213	9,566	10,014	2,698
Capital outlay	866	825	843	542	557	657	510	-	-	-
Debt service										
Principal	765	780	576	430	450	470	-	-	5	6
Interest and other fees	128	90	59	40	26	9	-	-	2	2
Total expenditures	<u>45,039</u>	<u>47,708</u>	<u>49,473</u>	<u>49,750</u>	<u>50,085</u>	<u>51,379</u>	<u>58,403</u>	<u>57,969</u>	<u>55,878</u>	<u>45,497</u>
Excess of revenues over (under) expenditures	890	(160)	1,984	(123)	1,171	121	(2,957)	(5,085)	(1,602)	3,164

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Other financing sources (uses)</b>										
Note proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 695
Section 109 loan proceeds	65	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	40	-
Insurance recoveries	-	-	-	-	-	-	-	-	2	-
Transfers in	1,457	1,811	1,686	1,388	2,121	1,145	4,239	2,023	2,946	1,156
Transfers from component units	-	-	-	-	-	-	-	-	-	-
Transfers (out)	<u>(1,445)</u>	<u>(1,415)</u>	<u>(1,686)</u>	<u>(5,133)</u>	<u>(1,632)</u>	<u>(1,145)</u>	<u>(1,809)</u>	<u>(1,196)</u>	<u>(1,371)</u>	<u>(1,091)</u>
Total other financing sources (uses)	<u>77</u>	<u>396</u>	<u>-</u>	<u>(3,745)</u>	<u>489</u>	<u>-</u>	<u>2,430</u>	<u>927</u>	<u>1,617</u>	<u>760</u>
Net change in fund balances	<u>\$ 967</u>	<u>\$ 236</u>	<u>\$ 1,984</u>	<u>\$ (3,868)</u>	<u>\$ 1,660</u>	<u>\$ 121</u>	<u>\$ (527)</u>	<u>\$ (4,158)</u>	<u>\$ 15</u>	<u>\$ 3,924</u>
Debt service as a percentage of noncapital expenditures	2.02%	1.86%	1.31%	0.96%	0.96%	0.94%	- %	- %	- %	- %

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

Source: City's Comprehensive Annual Financial Report

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

---

Fiscal Year	Property Taxes
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
2012	7,087,879
2013	6,121,874
2014	6,664,472



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

Fiscal Year Ended June 30,	Real Property			Personal Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Assessed Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Industrial					
2005	\$ 479,561	\$ 95,550	\$ 45,119	\$ 124,302	\$ 744,532	\$ 8	\$ 1,489,064	50.00%
2006	506,316	98,166	49,014	120,159	773,655	8	1,547,310	50.00%
2007	523,100	97,118	48,985	122,749	791,952	14	1,583,904	50.00%
2008	531,883	97,356	48,942	117,554	795,735	14	1,591,470	50.00%
2009	497,613	97,173	47,740	105,909	748,435	14	1,496,870	50.00%
2010	452,724	95,695	47,162	98,106	693,687	15	1,387,374	50.00%
2011	389,861	94,607	32,054	93,643	610,165	15	1,220,330	50.00%
2012	352,600	93,167	30,490	97,508	573,765	14	1,147,530	50.00%
2013	334,664	85,274	29,259	93,911	543,108	15	1,086,216	50.00%
2014	318,230	79,682	27,781	88,335	514,028	15	1,028,056	50.00%

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

Source: City of Saginaw Assessor

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

Fiscal Year (1) (2)	City of Saginaw				Overlapping Rates						Total Direct & Overlapping Rates
	Operating Millage	Rubbish Millage	Police & Fire Millage	Total City Millage	School District	Public Libraries	Delta College	Intermediate School	Saginaw Transit	County	
2005	5.5412	2.9532	0.0000	8.4944	25.9500	3.9947	2.0427	2.0876	3.0000	7.6343	53.2037
2006	5.4185	2.9532	0.0000	8.3717	27.9000	3.9947	2.0427	2.0872	3.0000	7.5362	54.9325
2007	5.2598	2.9532	6.0000	14.2130	27.9000	3.9947	2.0427	2.0872	3.0000	7.5265	60.7641
2008	5.1701	2.9532	6.0000	14.1233	27.9000	3.9947	2.0427	2.0695	3.0000	7.5349	60.6651
2009	5.3056	2.9532	6.0000	14.2588	27.9000	3.9947	2.0427	2.1046	3.0000	7.5508	60.8516
2010	5.5849	2.9532	6.0000	14.5381	27.9000	3.9947	2.0427	2.0872	3.0000	7.6048	61.1675
2011	6.2976	2.9532	6.0000	15.2508	27.9000	3.9947	2.0427	2.0872	3.0000	7.7284	62.0038
2012	6.7290	0.0000	7.5000	14.2290	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.1728
2013	7.0637	0.0000	7.5000	14.5637	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.5075
2014	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.3007	63.6083

Source: City of Saginaw Assessor's Office

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

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

**City of Saginaw, Michigan**  
**Principal Property Tax Payers**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 26,182,795	1	4.82%	\$ 15,131,112	3	2.03%
General Motors	9,832,054	2	1.81%	79,491,766	1	10.68%
Linear Motion Llc	5,986,697	3	1.10%	6,613,724	4	0.89%
Trw Integrated Chassis Systems Llc	4,560,700	4	0.84%			- %
Fullerton Tool Co Inc	4,311,298	5	0.79%			
Charter Communications I I Lp	4,046,600	6	0.75%	3,475,800	9	
Hausbeck Pickle Co Inc	3,631,505	7	0.67%			
Rifkin Scrap Iron & Metal Co	3,278,686	8	0.60%			- %
Corvus Nodular Interests Ii Llc	3,058,697	9	0.56%	3,564,841	8	0.48%
Means Industries Inc	3,031,043	10	0.56%			
Delphi Automotive Systems				42,806,535	2	5.75%
Eaton Corporation				5,135,160	5	0.69%
Machining Enterprises Inc				5,131,500	6	0.69%
SSP Associates Inc.				3,957,869	7	0.53%
B & W Heat Treating				3,300,800	10	
<b>Totals</b>	<b>\$ 67,920,075</b>		<b>12.51%</b>	<b>\$ 168,609,107</b>		<b>21.74%</b>

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
2005	\$ 5,761,018	\$ 5,295,856	91.93%	\$ 27,416	\$ 5,323,272	92.40%
2006	5,734,227	5,187,414	90.46%	548,658	5,736,072	100.03%
2007	9,272,645	8,787,931	94.77%	2,986	8,790,917	94.80%
2008	9,329,357	9,329,357	100.00%	1,124	9,330,481	100.01%
2009	9,145,982	8,519,765	93.15%	74,585	8,594,350	93.97%
2010	8,944,519	8,869,275	99.16%	69,758	8,939,033	99.94%
2011	8,283,083	8,219,048	99.23%	39,981	8,259,029	99.71%
2012	7,022,671	7,010,636	99.83%	11,683	7,022,319	99.99%
2013	6,901,651	6,861,236	99.41%	12,725	6,873,961	99.60%
2014	9,499,530	9,331,494	98.23%	-	9,331,494	98.23%

Source: City Treasurer's Office

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

Fiscal Year	Governmental Activities				Business Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Purchase Contracts	Section 108 Loans	Energy Efficiency Loan	Revenue Bonds	General Obligation Bonds			
2005	\$ 285,000	\$ 543,269	\$ 2,245,000	\$ -	\$ 4,100,000	\$ 51,567,656	\$ 58,740,925	3.74%	\$ 1,021
2006	220,000	327,482	1,770,000	-	2,680,000	49,450,766	54,448,248	6.85%	968
2007	150,000	197,769	1,350,000	-	1,165,000	46,329,795	49,192,564	6.33%	955
2008	75,000	137,495	920,000	-	11,100,000	43,983,341	56,215,836	7.73%	1,098
2009	-	65,635	470,000	-	11,100,000	41,895,580	53,531,215	7.36%	1,039
2010	-	30,028	-	-	10,850,000	36,858,387	47,738,415	6.59%	932
2011	-	-	-	-	10,600,000	31,864,706	42,464,706	5.71%	836
2012	-	-	-	100,000	20,870,000	28,170,711	49,140,711	6.66%	977
2013	-	-	-	94,435	19,410,000	24,217,673	43,722,108	6.01%	869
2014	-	-	-	89,210	17,950,000	20,758,277	38,797,487	N/A	N/A

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

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

N/A - Personal income and per capita for 2014 not yet available

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Less: Self Supporting	Total	Percentage of Estimate Actual Taxable Value of Property	Per Capita (1)
2005	\$ 51,852,656	\$ 39,241	\$ -	\$ 51,813,415	6.96%	\$ 875
2006	49,670,766	-	-	49,670,766	6.42%	863
2007	46,479,795	-	-	46,479,795	5.87%	826
2008	44,058,341	-	-	44,058,341	5.54%	855
2009	41,895,580	-	-	41,895,580	5.60%	818
2010	36,858,387	-	-	36,858,387	5.31%	716
2011	31,864,706	-	-	31,864,706	5.22%	622
2012	28,170,711	-	-	28,170,711	4.91%	555
2013	24,217,673	-	-	24,217,673	4.46%	481
2014	20,758,277	-	-	20,758,277	4.04%	N/A

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Taxable value provided by the City of Saginaw Assessor's Office.

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

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

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Direct debt - City of Saginaw	\$ 36,755,757.00	100.00%	<u>\$ 36,755,757.00</u>
Indirect debt:			
Saginaw County	398,809	100.00%	398,809
Multi-Authority	6,790,348	100.00%	<u>6,790,348</u>
Total indirect debt			<u>7,189,157</u>
Overlapping debt:			
Saginaw School District	56,560,000	69.56%	39,343,136
Saginaw County	83,034,374	9.57%	7,946,390
Saginaw ISD	<u>1,925,000</u>	9.71%	<u>186,918</u>
Total overlapping debt			<u>47,476,443</u>
Total direct and overlapping debt			<u>\$ 91,421,357.09</u>

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

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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 74,453	\$ 77,366	\$ 79,195	\$ 79,574	\$ 74,844	\$ 69,369	\$ 61,017	\$ 57,377	\$ 54,311	\$ 51,403
Total net debt applicable to limit	<u>52,396</u>	<u>49,998</u>	<u>48,028</u>	<u>45,116</u>	<u>56,180</u>	<u>52,141</u>	<u>41,995</u>	<u>32,515</u>	<u>31,588</u>	<u>25,995</u>
Legal debt margin	<u>\$ 22,057</u>	<u>\$ 27,368</u>	<u>\$ 31,167</u>	<u>\$ 34,458</u>	<u>\$ 18,664</u>	<u>\$ 17,228</u>	<u>\$ 19,022</u>	<u>\$ 24,862</u>	<u>\$ 22,723</u>	<u>\$ 25,408</u>
Total net debt applicable to the limit as a percentage of debt limit	70.37%	64.63%	60.65%	56.70%	75.06%	75.16%	68.83%	56.67%	58.16%	50.57%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed valuation, December 31, 2013	\$ 514,028
Debt limit (10% of assessed valuation)	51,403
Debt applicable to limit:	\$ 43,945
Less:	
Water revenue supported debt	<u>17,950</u>
	<u>17,950</u>
Total amount of debt applicable to debt limit:	<u>25,995</u>
Legal Debt Margin	<u>\$ 25,408</u>

**Limitations on Borrowing**

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

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

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



**City of Saginaw, Michigan**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Water System Revenue Bonds

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
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
2012	16,683,411	11,190,078	5,493,333	300,000	439,130	739,130	7.43
2013	15,564,405	11,119,751	4,444,654	1,460,000	1,311,305	2,771,305	1.60
2014	15,505,741	12,125,132	3,380,609	1,460,000	1,333,963	2,793,963	1.21

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**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)		Personal Income		Per Capita (1) Personal Income		School Enrollment (3)	Unemployment Rate (2)	
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		51,518		727,500,472		14,121		10,080	14.80%
2009		51,218		727,500,472		14,204		9,970	22.40%
2010		51,508		724,614,544		14,068		9,302	20.50%
2011		51,230		743,859,600		14,520		8,022	17.10%
2012		50,790		737,470,800		14,520		7,691	15.30%
2013		50,303		727,079,562		14,454		7,355	16.10%
2014		(4)		(4)		(4)		7,737	13.90%

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**  
**2014 and 2005**

2014				2005			
Employer	Employees (1)	Rank	Percentage of Total Employment	Employer	Employees (1)	Rank	Percentage of Total Employment
Covenant Medical Center	4,469	1	5.13%	Motors Liquidation	3,630	1	3.99%
St. Mary's of Michigan	2,455	2	2.82%	Delphi Automotive Systems Corp	2,601	2	2.86%
GM, LLC	1,086	3	1.25%	Covenant Medical Center	4,272	3	4.70%
US Govt Def Fin & Acct Serv	985	4	1.13%	School District City of Saginaw	2,635	4	2.90%
Steering Solutions Services Corp	753	5	0.86%	St. Mary's of Michigan	2,590	5	2.85%
School District City of Saginaw	937	6	1.07%	City of Saginaw	672	6	0.74%
TRW Integrated Chassis Systems	638	4	0.73%	Department of Veterans Affairs	756	4	0.83%
State of Michigan	599	8	0.69%	US MN Postal Data	681	8	0.75%
Saginaw County Court House	962	9	1.10%	State of Michigan	732	9	0.81%
City of Saginaw	534	10	0.61%	Saginaw County Court House	968	10	1.06%
US MN Postal Data	398	11	0.46%	Delphi Automotive Systems HR	366	11	0.40%
<b>Totals</b>	<b>13,816</b>		<b>15.84%</b>		<b>19,903</b>		<b>21.90%</b>
Total Employment (2)	87,200			Total Employment (2)	90,900		

Data Sources:

(1) City of Saginaw Income Tax Department

(2) Michigan Labor Market Information, Data Explorer

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	29	26	25	25	26	25	26	26	26	23
Fiscal services	28	29	30	32	27	26	27	27	28	30
Public safety										
Police	157	143	155	155	140	142	140	139	136	93
Fire	77	77	69	69	70	72	70	67	58	36
Highways and streets	31	34	33	28	20	21	27	26	19	19
General services	57	54	73	64	52	52	46	46	49	56
Community services	12	13	16	19	18	18	18	18	20	20
Economic development	9	12	11	11	11	10	7	7	11	7
Parking system	2	2	2	2	2	2	1	1	-	-
Water	55	56	65	65	71	68	61	61	61	61
Sewer	79	74	76	80	99	94	83	84	88	88
Total	<u>536</u>	<u>520</u>	<u>555</u>	<u>550</u>	<u>536</u>	<u>530</u>	<u>506</u>	<u>503</u>	<u>497</u>	<u>433</u>

Source: City of Saginaw Annual Budget

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

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

Source: Various city departments.

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

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Public Safety</b>										
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles					69	72	74	74	72	70
<b>Fire</b>										
Stations	4	4	4	4	4	4	4	4	4	4
Vehicles							21	21	19	18
<b>Public Works</b>										
<b>Streets (miles)</b>										
Major	99	99	99	99	99	99	96	96	96	96
Local	184	184	184	184	184	184	182	182	182	182
State highways	32	32	32	32	32	32	36	36	36	18
<b>Recreation and culture</b>										
Park Areas					45	45	45	45	45	45

Source: Various city departments.

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

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

**City of Saginaw**

**Saginaw, Michigan**

**Single Audit Report**

**June 30, 2014**

## Table of Contents

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report On Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Schedule of Prior Year Findings and Questioned Costs	11
Corrective Action Plan	12





3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

## **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***

### **Independent Auditors' Report**

Honorable Mayor and Members of City Council  
City of Saginaw

We have audited, in accordance with the 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, 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 City of Saginaw as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Saginaw's basic financial statements, and have issued our report thereon dated December 17, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Saginaw's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Saginaw's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Saginaw's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control 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 deficiencies described at 2014-001 and 2014-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Saginaw's financial statements are free from 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*.

### **The City of Saginaw's Response to Findings**

The City of Saginaw's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Saginaw's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Yeo & Yeo, P.C.*

December 17, 2014  
Saginaw, Michigan



3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

**Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

**Independent Auditors' Report**

Honorable Mayor and Members of City Council  
City of Saginaw

**Report on Compliance for Each Major Federal Program**

We have audited City of Saginaw's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Saginaw's major federal programs for the year ended June 30, 2014. City of Saginaw's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Saginaw's major federal programs based on our audit of the types of compliance requirements referred to above. 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 City of Saginaw'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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Saginaw's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, City of Saginaw complied, in all material respects, with the types of 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, 2014.

### **Report on Internal Control Over Compliance**

Management of City of Saginaw is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Saginaw's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of Saginaw'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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 City of Saginaw as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Saginaw's basic financial statements. We issued our report thereon December 17, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Yeo & Yeo, P.C.*

December 17, 2014  
Saginaw, Michigan

**City of Saginaw**  
**Schedule of Expenditures of Federal Awards**  
**For The Year Ended June 30, 2014**

	<u>Federal CFDA Number</u>	<u>Federal or Pass-Through Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant Entitlement 2012	14.218	B-11-MC-260028	\$ 2,274,866	\$ 1,622,615
Community Development Block Grant Entitlement 2013	14.218	B-12-MC-260028	2,131,785	306,041
Total CDBG Entitlement Grants			<u>4,406,651</u>	<u>1,928,656</u>
Emergency Shelter Grants Program				
Stewart McKinney Homeless Assistance 2013	14.231	E-12-MC-260028	196,997	183,098
Home Investment Partnerships Program				
City of Saginaw HOME programs 2013	14.239	M-12-MC-260212	413,202	413,202
EDI Special Projects	14.251	B-080-SP-MI-0560	656,600	49,808
Neighborhood Stabilization Program				
NSP II	14.256	NS2-2009-0387	13,617,179	89,504
NSP III	14.256	B-11-MN-26-0017	1,242,318	181,608
Total Neighborhood Stabilization Program			<u>14,859,497</u>	<u>271,112</u>
Total U.S. Department of Housing and Urban Development			<u>20,532,947</u>	<u>2,845,876</u>
U.S. Department of Justice				
Passed-Through Saginaw County				
Bullet Proof Vest Program 2012	16.607	110622	8,750	4,413
Byrne Justice Assistance Grant - JAG Program 2012	16.738	2012-DJ-BX-0221	58,717	36,030
Byrne Justice Assistance Grant - JAG Program 2013	16.738	2013-DJ-BX-0391	49,496	19,422
Total Justice Assistance Grant Program			<u>108,213</u>	<u>55,452</u>
Total U.S. Department of Justice			<u>116,963</u>	<u>59,865</u>
U.S. Department of Homeland Security				
FEMA - AFG - Fire Prevention and Safety	97.044	EMW-2012-FP-01052	96,000	95,683
FEMA SAFER Grant	97.083	EMW-2012-FH-00813	2,317,587	1,040,320
Total Department of Homeland Security			<u>2,413,587</u>	<u>1,136,003</u>
Total Expenditures of Federal Awards			<u>\$ 23,063,497</u>	<u>\$ 4,041,744</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**City of Saginaw**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2014**

---

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") include the federal grant activity of the City of Saginaw, Michigan (the "City") under programs of the federal government for the year ended June 30, 2014. 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.

**City of Saginaw**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2014**

---

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Type of auditors' report issued on the financial statements: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes      No
  
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?      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 that are not considered to be material weakness(es)?      Yes   X   None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

     Yes   X   No



**City of Saginaw**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2014**

---

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218 97.083	Community Development Block Grant Entitlements Staffing for Adequate Fire and Emergency Response (SAFER)

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

Auditee qualified as low-risk auditee?       Yes     No

**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

**Finding 2014-001 – Reconciliations and Adjusting Journal Entries (Material Weakness)**

**Criteria:** Auditors are required by audit standards to evaluate entries posted subsequent to year end and assess whether the entries are period-end closing, cut-off entries, or entries that should have been recorded throughout the year.

**Condition:** A significant number of adjustments were made to the general ledger subsequent to year-end which resulted in a delay in providing a final trial balance. Timely review and reconciliation of certain accounts was not consistently performed during fiscal year 2014, which resulted in a combination of both client-provided and auditor-proposed journal entries. This also resulted in several drafts of the Schedule of Expenditures of Federal Awards due to the lack of timely review and reconciliation of federal grant revenue, deferred inflows of resources, and receivables.

**Cause:** The City did not identify the above described journal entries due to the lack of overall review of the trial balance.

**Effect:** A significant number of journal entries had to be posted subsequent to the trial balance being provided to the auditors. These entries resulted in material adjustments across the various funds of the City. Audit procedures had to be re-performed on several major account balances due to the quantity and size of these adjustments.

**Recommendation:** The City should implement procedures to ensure that all appropriate journal entries are made and independently reviewed prior to the start of the audit.

**Views of Responsible Officials and Corrective Action Plan:** See page 12

**City of Saginaw**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2014**

---

**Finding 2014-002 – Prior Period Adjustment (Material Weakness)**

**Criteria:** Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position and results of operations in accordance with U.S. generally accepted accounting principles (GAAP).

**Condition:** Misstatements were not detected by the City's internal controls over financial reporting. The prior period adjustment decreased the beginning net position on the government-wide statements.

**Effect:** Without the recording of the prior period adjustment, the government-wide financial statements would have been materially misstated by \$2,333,771.

**Cause:** In the prior year, amounts recorded as receivable for federal expenditure reimbursements were not actually owed to the City at year end and deferred inflows on the fund statements were set up as these funds were not received within 60 days. However, on the government wide financial statements these deferred inflows were recognized as revenue.

**Recommendation:** The City should implement procedures to ensure that all receivables are properly recorded at year-end, especially those driven by reimbursement grants.

**Views of Responsible Officials and Corrective Action Plan:** See page 12

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

There were no findings or questioned costs related to federal awards for the year ended June 30, 2014.

**City of Saginaw**  
**Schedule of Prior Year Findings and Questioned Costs**  
**June 30, 2014**

---

**GOVERNMENT AUDITING STANDARDS FINDINGS**

**Finding 2013-001 – Prior Period Adjustment (Material Weakness)**

**Criteria:** Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position and results of operations in accordance with U.S. generally accepted accounting principles (GAAP).

**Condition:** Misstatements were not detected by the City's internal controls over financial reporting. The prior period adjustment increased the beginning net position on the government-wide statements.

**Effect:** Without the recording of the prior period adjustment, the government-wide financial statements would have been materially misstated.

**Cause:** Misclassification of deferred revenue between unavailable and unearned.

**Current year status:** RESOLVED

**FEDERAL AWARD FINDINGS**

There were no findings or questioned costs related to federal awards for the year ended June 30, 2013.

**City of Saginaw**  
**Views of Responsible Officials and Corrective Action Plan**  
**June 30, 2014**

---



City of Saginaw  
Corrective Action Plan  
June 30, 2014

**Finding 2014-001 – Reconciliations and Adjusting Journal Entries:**

Year-end accrual adjustment entries were identified as part of the audit.

**Corrective Action Plan**

The City will take the measures necessary to perform a second review over all audit adjustments and work papers before it is given to the auditor's. The City will also perform an overall review of the balance sheet and income statement in each fund to ensure that all adjustments have been recorded prior to the start of the audit. The City will implement this during preparation for the June 30, 2015 audit.

**Finding 2014-002 – Prior Period Adjustment:**

Receivables and deferred inflows were recorded at the incorrect amounts.

**Corrective Action Plan**

The City Controllers and Budget offices will work closely with the various departments that administer grants to ensure that grant departments are agreeing the activity of their department to the general ledger on a monthly basis. They will also work to request drawdowns timely and track the monies that are coming in after year-end to ensure that they are recorded properly as a receivable. The Controllers or Budget office will also perform a second review before the audit starts of the receivable and deferred inflow balances to ensure that the general ledger matches the detailed from each department. The City will implement this in January or February of 2015 and also during preparation for the June 30, 2015 audit.

**Contact Person Responsible for Corrective Action**  
Tim Morales, City Manager



3023 Davenport Ave.  
Saginaw, MI 48602  
(989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

December 17, 2014

Honorable Mayor and Members of City Council  
City of Saginaw  
1315 S. Washington Ave.  
Saginaw, MI 48601

We have completed our audit of the financial statements of City of Saginaw as of and for the year ended June 30, 2014 and have issued our report dated December 17, 2014. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

- I. Auditors' Communication of Significant Matters with Those Charged with Governance
- II. Other Comments

We discussed these matters with various personnel in the City during the audit and we would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, City Council, and others within the City, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*  
Saginaw, Michigan

## Appendix I

### Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* and OMB Circular A-133 as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 1, 2014. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 of the financial statements. We noted no transactions entered into by the City during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period. As described in Note 1, the City implemented GASB Statement 67 this year. GASB Statement 67 affects the footnotes to the statements, particularly relating to the police and fire defined benefit pension plan.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the useful lives of fixed assets, which is based on the length of time management believes those assets will provide some economic benefit in the future.

Management's estimate of incurred but not reported health benefits, which is derived by using historical claims and information provided by the City's third party administrator.

Management's estimate of other post-employment benefits, which is derived from a calculation including factors such as: life expectancy, historical insurance costs, probability of retirement, and the applicable federal interest rates in effect at the time of the calculation.

Management's estimate of an allowance for doubtful accounts, which is based on management's judgment of collectability and aging of the accounts receivable balances.

Disclosures in the financial statements are neutral, consistent and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

Attachment 1 summarizes all material and immaterial misstatements that were detected as a result of the combined efforts of the audit procedures and management follow up. All adjustments were corrected by management. The total adjustments necessary to all funds were \$950,946.

There were no uncorrected misstatements that were more than trivial.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We had no disagreements with management during the audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

### *Management's Consultations with Other Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Reports*

Other information that is required to be reported to you is included in the: 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*; Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133; and the Schedule of Findings and Questioned Costs. Please read all information included those reports to ensure you are aware of relevant information.

### *Report on Supplementary Information*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### *Comprehensive Annual Financial Report*

The City's audited financial statements are included in their comprehensive annual financial report. Our responsibility for the other information contained in the comprehensive annual financial report does not extend beyond the financial information identified in our audit report. We do not have an obligation to perform any procedures to corroborate the other information contained in the introductory section and statistical section. However, we read the other information and considered whether such information, or manner of its presentation, was materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, was materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.



## Appendix II Other Comments

In planning and performing our audit of the financial statements of City of Saginaw as of and for the year ended June 30, 2014, we considered City of Saginaw's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls. This letter does not affect our report dated December 17, 2014, on the financial statements of City of Saginaw. Our comments and recommendations regarding those matters are:

### **ACCOUNTS PAYABLE OUTSTANDING CHECKS**

In our review of cash activity, we noted accounts payable outstanding checks that were over one year old. It is important to follow up on long outstanding checks timely so that they may be reissued, voided, or otherwise addressed. The State of Michigan requires entities to escheat unclaimed property, including uncashed checks, once a specified period of time has elapsed.

We suggest implementing a process to monitor old outstanding checks so that appropriate action can be taken timely. We also recommend the checks either be reissued or the checks be sent to escheats as required.

### **DEFICIT FUND BALANCES**

At the end of the year, the City had a deficit in the Community Development Fund and Local Law Enforcement Fund. The Community Development Fund reduced its deficit from \$1,606,899 to \$997,242 at year end. The Local Law Enforcement Fund reduced its deficit from \$127,595 to \$19,858 at year end. The Celebration Park Fund eliminated its deficit from the beginning of the year of \$128,362.

The City is in compliance with its deficit elimination plan, which has been filed with the State of Michigan for the funds noted above. We recommend that the City continue to monitor these funds to stay in compliance with the deficit elimination plans.

### **INTERNAL CONTROL OVER GRANT COMPLIANCE**

During our review of federal grant compliance, we noted several issues with the internal control processes in place to ensure that regulatory standards are being properly followed with the administration of grant programs. The first issue noted was the request for reimbursement of expenditures prior to obtaining appropriate supporting documentation that the subrecipient had incurred these amounts. This occurred outside the period of our audit, however it is essential that the City verify all disbursements prior to remittance of grant dollars to a subrecipient. In addition, a subrecipient has continued to be served by the City even after an amount was not paid back when a grant contract required the recapture of funds from several years prior.

The City is aware of these issues and is working to implement better policies and procedures to ensure compliance with grant agreements. We recommend that the City apply a more stringent level of oversight before allowing the disbursement of federal award money to subrecipients. In

addition, we would recommend the City end relationships with subrecipients that are not in full compliance with past or present grant contracts.

### **BUDGET AMENDMENTS**

While reviewing the City's budget for the General fund, it was noted that there were several expenditures that were significantly lower than the approved budget. State law requires the City to amend the budget as appropriate. The final budget for General fund showed expenditures exceeding revenues by \$4,187. However, with the completion of the audit as of June 30, 2014, revenues actually exceed expenditures by \$1,258,320.

We recommend that the City complete more frequent budget amendments through the year as necessary to align revenues and expenditures and to maintain a strong financial position.

ATTACHMENT 1

Fund Name	Governmental Funds					Component Unit	Enterprise Funds			Internal Service Funds			Pension Fund
	Major Funds		Non-Major Funds				Major Funds			Geographical Information Systems	Self-Insurance	Workers Comp	Police & Fire Retirement
	General	Community Development	Major Streets	Rubbish	SAFER	SEDC	Sewer	Water	Motor Pool				
Net change in fund balance per City's records at start of audit	\$ 1,210,663	\$ 669,049	\$ 1,020,477	\$ 473,844	\$ (43,496)	\$ 118,537	\$ (779,743)	\$ (92,758)	\$ (235,058)	\$ (16,574)	\$ (280,231)	\$ (80,541)	\$ 3,751,185
Subsequent adjustments	47,657	(59,392)	(54,646)	(5,776)	43,496	(133,266)	(60,912)	477,788	106,627	16,283	280,231	100,729	192,127
Net change in fund balance per audited financial statements	<u>\$ 1,258,320</u>	<u>\$ 609,657</u>	<u>\$ 965,831</u>	<u>\$ 468,068</u>	<u>\$ -</u>	<u>\$ (14,729)</u>	<u>\$ (840,655)</u>	<u>\$ 385,030</u>	<u>\$ (128,431)</u>	<u>\$ (291)</u>	<u>\$ -</u>	<u>\$ 20,188</u>	<u>\$ 3,943,312</u>