



S CITY OF
SAGINAW

Michigan

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended

June 30, 2012

City of Saginaw

Saginaw County

Comprehensive Annual Financial Report

June 30, 2012

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CITY OF SAGINAW

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December 21, 2012

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, 2012, 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 percent of total: City income tax (39.6%), State Shared Revenue (22.4%), and grants/donations/and contributions (12.3%); property tax is the fourth highest revenue. It is important to note that the City is limited in property tax collection due to a 1979 Charter amendment that placed a property tax cap on general operating collections. The City may only assess 7.5 mills or collect \$3.8 million, whichever is less, for general operations.

As the economy in Michigan and nationally has declined in recent years, so has the level of state shared revenue allocated to the City by the state government. As this trend continues, the City has had to direct additional efforts to collections of delinquent funds owed to the City, such as delinquent income taxes. The management team is determined to continue to improve processes and efficiencies to manage and collect all sources of revenue that are due to the City. Furthermore, the continuing development of a fee based service delivery system, where applicable, for the City will be a priority in the upcoming fiscal year as the City will depend more upon service fees as a means to provide the current level of services to the community. Additionally, in 2010 the citizens of Saginaw voted to renew the City's 6-mill levy for public safety services, and also voted for an additional 1.5 mills for public safety. The new levy (7.5-mills) will be in place until 2015.

The City of Saginaw has seen a transformation in its economic base. Until recently, manufacturing associated with the auto industry provided the primary source of employment for the

region. The City's economy relied heavily on General Motors and Delphi Automotive Systems, which accounted for approximately a quarter of the City's taxable valuation and City income tax revenue. In the past few years, the City has experienced a shift in the economy from automotive manufacturing to medical services and the health care industry. Three of the top five major employers, in terms of withholding, are now in the health care industry (Covenant Health Care, St. Mary's of Michigan, and the Department of Veterans Affairs - VA Medical Center).

The City's Department of Development and Saginaw Future Inc. are currently working on projects to bring new businesses to the City of Saginaw to further diversify the economic base. One project that is expected to be completed in the next two years is the Central Michigan University Medical School, portions of which will be located at St. Mary's Hospital and Covenant Hospital. 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 2013 will be another challenging year as state shared revenue and other City revenues have declined, but are anticipated to level off. At the same time, expenses continue to increase, particularly 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 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 one year ago. Additionally, a City Manager created Management and Efficiency team continues to review city operations and make recommendations to reduce expenses and improve efficiency. The Management and Efficiency 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.

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:

- ◇ 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, 2011. 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,



Darnell Earley
City Manager



Timothy Morales
Deputy City Manager/CFO

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, 2011

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



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

City of Saginaw

Citizens of Saginaw

City Council

City Manager

City Manager's Office

Asst. City Manager for Administrative Services

Asst. City Manager for Public Safety

City of Saginaw

Fiscal Services

Technical Services

Employee Services

City Attorney

City Clerk

Public Services

Water / Wastewater Services

Development

Fire

Police

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

Information Technology
Customer Service Call Center
SGTV

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

Water Treatment
Wastewater Treatment
Instrumentation & Controls

Administration
CDBG
Ordinance Enforcement
Planning & Zoning

City of Saginaw
List of Elected and Appointed Officials
June 30, 2012

Kingdom Council

Greg Branch – Mayor

Dennis Browning – Mayor Pro-Term

Annie Boensch – Council Member

Norman Braddock – Council Member

Larry Coulouris – Council Member

Dan Fitzpatrick – Council Member

Floyd Kloc – Council Member

Amos O’Neal – Council Member

Andrew Wendt – Council Member

Administrative Staff

Darnell Earley – City Manager

Tim Morales – Deputy City Manager / Chief Financial Officer



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Independent Auditors' Report

To the Honorable Mayor and City Council
City of Saginaw

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 City of Saginaw as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Saginaw's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Saginaw as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated, December 21, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Saginaw's financial statements as a whole. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The City of Saginaw's financial statements, as previously audited by other auditors, in accordance with auditing standards generally accepted in the United States, for the year ended June 30, 2011, which are not presented with the accompanying financial statements. In their report dated December 13, 2011, they expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented 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 2011 information in the comparative statements 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 2011 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 their opinion, the 2011 information in the comparative statements is fairly stated in all material respects in relation to the financial statements from which they have been derived.

Yeo & Yeo, P.C.

Saginaw, Michigan
December 21, 2012

CITY OF SAGINAW, MICHIGAN MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the **City of Saginaw, Michigan**, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this

statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments and accrued interest expense).

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

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

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

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

of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or

schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 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 - 51 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.

Government-wide Financial Analysis

The City of Saginaw has combined net assets of \$122,527,509. Business type activities comprise \$113,349,640 and governmental activities make up \$9,177,869 of the total net assets.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 22,250,939	\$ 26,458,971	\$ 49,595,959	\$ 34,029,173	\$ 71,846,898	\$ 60,488,144
Capital assets	<u>43,056,592</u>	<u>43,653,689</u>	<u>122,243,548</u>	<u>124,744,907</u>	<u>165,300,140</u>	<u>168,398,596</u>
Total assets	<u>65,307,531</u>	<u>70,112,660</u>	<u>171,839,507</u>	<u>158,774,080</u>	<u>237,147,038</u>	<u>228,886,740</u>
Current liabilities	10,060,080	8,264,434	9,776,813	9,846,539	19,836,893	18,110,973
Long-term liabilities	<u>46,069,582</u>	<u>38,463,685</u>	<u>48,713,054</u>	<u>41,947,271</u>	<u>94,782,636</u>	<u>80,410,956</u>
Total liabilities	<u>56,129,662</u>	<u>46,728,119</u>	<u>58,489,867</u>	<u>51,793,810</u>	<u>114,619,529</u>	<u>98,521,929</u>
Net assets:						
Invested in capital assets						
net of related debt	43,056,592	43,653,689	73,202,779	82,280,202	116,259,371	125,933,891
Restricted	4,552,729	3,794,989	-	-	4,552,729	3,794,989
Unrestricted (deficit)	<u>(38,431,452)</u>	<u>(24,064,137)</u>	<u>40,146,861</u>	<u>24,700,068</u>	<u>1,715,409</u>	<u>635,931</u>
Total net assets	<u>\$ 9,177,869</u>	<u>\$ 23,384,541</u>	<u>\$ 113,349,640</u>	<u>\$ 106,980,270</u>	<u>\$ 122,527,509</u>	<u>\$ 130,364,811</u>

Net assets decreased \$7,837,302 during the year, which includes an increase of \$6,369,370 in business-type activities and a decrease of \$14,206,672 in governmental activities. The primary cause of the increase in business-type activities net assets is due to the increase in water and sewer rates. The decrease in governmental activities net assets is primarily due to improvement in collection of receivables and a significant increase in the other postemployment benefits liability.

The following table shows the revenue and expense components of changes in net assets for the year ended June 30, 2012.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 10,501,804	\$ 8,014,418	\$ 39,084,914	\$ 36,870,068	\$ 49,586,718	\$ 44,884,486
Operating grants and contributions	13,018,168	15,943,217	-	-	13,018,168	15,943,217
Capital grants and contributions	-	-	-	995,059	-	995,059
General revenues:						
Property taxes	7,418,664	7,757,191	-	-	7,418,664	7,757,191
Income taxes	12,533,025	12,235,713	-	-	12,533,025	12,235,713
State shared revenue	7,039,181	8,920,027	-	-	7,039,181	8,920,027
Grants not restricted to specific programs	1,077,985	1,741,295	-	-	1,077,985	1,741,295
Unrestricted investments earnings	437,846	472,605	10,520	43,480	448,366	516,085
Miscellaneous	85,938	26,674	782,264	-	868,202	26,674
Gain on sale of capital assets	1,059	256,188	-	-	1,059	256,188
Total revenues	<u>52,113,670</u>	<u>55,367,328</u>	<u>39,877,698</u>	<u>37,908,607</u>	<u>91,991,368</u>	<u>93,275,935</u>
Expenses:						
General government	5,320,994	3,440,546	-	-	5,320,994	3,440,546
Administration	3,835,495	2,589,726	-	-	3,835,495	2,589,726
Public safety	31,454,037	32,191,995	-	-	31,454,037	32,191,995
Highway/streets	5,030,597	7,470,325	-	-	5,030,597	7,470,325
Other general services	7,975,113	8,615,858	-	-	7,975,113	8,615,858
Community services	1,846,903	1,862,057	-	-	1,846,903	1,862,057
Economic development	10,791,028	9,061,105	-	-	10,791,028	9,061,105
Interest on long-term debt	-	230	-	-	-	230
Water	-	-	14,566,097	13,669,763	14,566,097	13,669,763
Sewer	-	-	19,008,406	19,279,432	19,008,406	19,279,432
Parking	-	-	-	407,011	-	407,011
Total expenses	<u>66,254,167</u>	<u>65,231,842</u>	<u>33,574,503</u>	<u>33,356,206</u>	<u>99,828,670</u>	<u>98,588,048</u>
Transfers	-	(27,682)	-	27,682	-	-
Increase (decrease) in net assets	(14,140,497)	(9,892,196)	6,303,195	4,580,083	(7,837,302)	(5,312,113)
Net assets, as restated	<u>23,318,366</u>	<u>33,276,737</u>	<u>107,046,445</u>	<u>102,400,187</u>	<u>130,364,811</u>	<u>135,676,924</u>
Total net assets	<u>\$ 9,177,869</u>	<u>\$ 23,384,541</u>	<u>\$ 113,349,640</u>	<u>\$ 106,980,270</u>	<u>\$ 122,527,509</u>	<u>\$ 130,364,811</u>

Governmental Activities

General revenues for governmental activities totaled approximately \$28.6 million for the year ended June 30, 2012. A total of approximately \$7.4 million was in the form of property tax collections and related revenues that reflected an increase in the tax rate for general operations from 6.2976 (\$6.2976 per \$1,000 of taxable value) to 6.729 mills, an increase in police and fire mills from 6.0 to 7.5 mills and a decrease of 2.9532 mills for rubbish. Property taxes revenue is shown net of applicable chargebacks. Income tax generated approximately \$12.5 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 \$11.4 million, it is uncertain what will happen in the next several years, given the State of Michigan's financial difficulties.

The decrease in governmental activities operating grants and contributions is due less activity in the neighborhood stabilization program grant program. The increase in general government expenses are primarily due to increases in postemployment expenses. Cuts in state revenue sharing by the State of Michigan are the primary reason for the reduction in state shared revenue. The increase in charges for services revenue is due to the City removing the tax levy for rubbish and replacing it with an annual service fee.

Business-type Activities

Business-type activities operated by the City include the water and sewer system. Program revenues from business-type activities were approximately \$38.3 million. Significant items include sewer service - \$21.9 million and water supply - \$16.4 million.

The decrease in capital grants and contributions for business type activities is due to State Revolving Fund Loan Program in 2011, part of the loan was recognized as a grant. The increase in water and sewer charges for service is due to rate increases.

Raw water from Lake Huron is provided via the Saginaw-Midland Municipal Water Supply Corporation (SMMWSC), a joint venture between the City of Saginaw and the City of Midland. The SMMWSC pipeline supplies the City's water treatment plant as well as Midland's large industrial customers. The City owns and operates its own sanitary sewer collection and treatment system. In accordance with regulations promulgated by the Michigan Department of Environmental Quality, the sewer treatment system is operated by the City of Saginaw. The City also owns and operates several parking surface lots and a parking ramp.

Current economic events

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

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

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

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

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

Local income tax: The City of Saginaw receives approximately 39% of its general fund revenue from local income tax. Economic conditions continue to have a negative impact on this revenue source. For the 2012-2013 budget, the revenue from income taxes is expected to decrease approximately \$510,000 from the 2011-2012 budget amount.

State shared revenues: The City of Saginaw receives approximately 22% 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 2011-2012 with a fund balance of approximately \$1.2 million, of which \$240,019 is nonspendable for prepaid and inventory, and \$10,00 is restricted for police.

The unassigned fund balance is \$998,039 as of June 30, 2012. The unassigned amount represented 2% of the June 30, 2012 general fund expenditures and other financing uses. That same number represents 3.1% of the fiscal year 2012-2013 budget (prior to 2012-2013 budget amendments).

Several factors affected general fund operating results:

- State shared revenue decreased \$1,845,658
- Property tax revenue increased \$726,747
- Grants, donations and contributions decreased by \$1,235,922

The general fund budget is amended throughout the year, and resulted in \$3,519,735 in expenditures over revenues. Revenues were \$4,415,563 under budget while expenditures were \$895,828 under budget.

The rubbish fund has a June 30, 2012, restricted fund balance of \$520,590.

The City's June 30, 2012, \$201 million in unfunded health care liability impacts all funds per the December 31, 2009, actuary valuation. Prior to the 2003-2004 fiscal year, the general fund was the single contributing fund to this liability. After receiving the June 30, 2001 actuary report, other funds were budgeted to contribute. A plan to fund 50% of the \$201 million liability is being developed and requires a \$470,000, annual contribution to the Public Employee Healthcare fund. The City is following the plan of contributing \$470,000 annually.

Capital asset and debt administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$165,300,140 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles.

The total decrease in the City's investment in capital assets for the current fiscal year was 1.8%.

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

- WTP security upgrade – approximately \$3,687,667
- WWTP secondary treatment – approximately \$3,186,570

Additional information on the City's capital assets can be found on pages 3 - 34 of this report.

Long-term debt

At the end of the current fiscal year, the City of Saginaw had total debt outstanding of \$49.1 million in principal and \$13 million in interest. Of this amount, \$1.0 million in principal comprises debt backed by the full faith and credit of the government. The remainder of the City of Saginaw's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
General obligation debt	\$ -	\$ -	\$ 900,000	\$ 274,900	\$ 900,000	\$ 274,900
Loans	100,000	20,023	-	-	100,000	20,023
Revenue bonds	-	-	48,140,770	12,722,801	48,140,770	12,722,801
Total	<u>\$ 100,000</u>	<u>\$ 20,023</u>	<u>\$ 49,040,770</u>	<u>\$ 12,997,701</u>	<u>\$ 49,140,770</u>	<u>\$ 13,017,724</u>

The City's total debt increased by \$6,676,064 (15.7%) during the fiscal year.

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

State statutes (Article 7, Section II, Michigan Constitution of 1963) limit the amount of general obligation debt a governmental entity may

issue to 10 percent of its total state equalized valuation. The current debt limitation for the City is \$57,377,000, which is significantly higher than the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found on pages 3 - 37 through 3 - 39 of this report.

Economic factors and next year's budget

The following factors were considered in preparing the City's budget for the 2013 fiscal year:

- Significant operating deficit from fiscal year 2012
- 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.

City of Saginaw
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 8,872,188	\$ 18,018,252	\$ 26,890,440	\$ 4,671,995
Investments	-	5,778,943	5,778,943	-
Receivables, net	8,321,627	6,651,662	14,973,289	1,574,130
Due from other units of government	5,788,370	127,719	5,916,089	-
Internal balances	(5,184,674)	5,184,674	-	-
Inventories	727,573	1,315,618	2,043,191	-
Prepaid items	213,258	-	213,258	-
Other assets	-	86,159	86,159	-
Restricted assets				
Cash and cash equivalents	1,062,662	559,839	1,622,501	-
Investments	2,449,935	11,873,093	14,323,028	-
Capital assets not being depreciated	16,854,352	16,707,712	33,562,064	-
Capital assets, net of accumulated depreciation	<u>26,202,240</u>	<u>105,535,836</u>	<u>131,738,076</u>	<u>-</u>
 Total assets	 <u>65,307,531</u>	 <u>171,839,507</u>	 <u>237,147,038</u>	 <u>6,246,125</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 2,948,271	\$ 1,632,145	\$ 4,580,416	\$ 13,023
Accrued and other liabilities	1,963,794	1,491,799	3,455,593	-
Due to other units of government	173,262	-	173,262	-
Unearned revenue	4,969,657	1,428	4,971,085	-
Noncurrent liabilities				
Due within one year	5,096	6,651,441	6,656,537	-
Due in more than one year	10,917,487	43,847,514	54,765,001	-
Other postemployment benefit obligations	35,152,095	4,865,540	40,017,635	-
 Total liabilities	 <u>56,129,662</u>	 <u>58,489,867</u>	 <u>114,619,529</u>	 <u>13,023</u>
Net Assets				
Invested in capital assets, net of related debt	43,056,592	73,202,779	116,259,371	-
Restricted for:				
Endowments	2,449,935	-	2,449,935	-
Special projects	2,102,794	-	2,102,794	-
Unrestricted (deficit)	<u>(38,431,452)</u>	<u>40,146,861</u>	<u>1,715,409</u>	<u>6,233,102</u>
 Total net assets	 <u>\$ 9,177,869</u>	 <u>\$ 113,349,640</u>	 <u>\$ 122,527,509</u>	 <u>\$ 6,233,102</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 5,320,994	\$ 1,878,098	\$ 368,927	\$ -	\$ (3,073,969)	\$ -	\$ (3,073,969)	\$ -
Administration	3,835,495	2,304,995	-	-	(1,530,500)	-	(1,530,500)	-
Public safety	31,454,037	775,414	910,056	-	(29,768,567)	-	(29,768,567)	-
Highways and streets	5,030,597	87,789	4,932,365	-	(10,443)	-	(10,443)	-
General services	7,975,113	3,732,581	4,253	-	(4,238,279)	-	(4,238,279)	-
Community services	1,846,903	782,243	161,771	-	(902,889)	-	(902,889)	-
Economic development	10,791,028	940,684	6,640,796	-	(3,209,548)	-	(3,209,548)	-
Total governmental activities	<u>66,254,167</u>	<u>10,501,804</u>	<u>13,018,168</u>	<u>-</u>	<u>(42,734,195)</u>	<u>-</u>	<u>(42,734,195)</u>	<u>-</u>
Business-type activities								
Sewer	19,008,406	22,473,996	-	-	-	3,465,590	3,465,590	-
Water	14,566,097	16,610,918	-	-	-	2,044,821	2,044,821	-
Total business-type activities	<u>33,574,503</u>	<u>39,084,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,510,411</u>	<u>5,510,411</u>	<u>-</u>
Total primary government	<u>\$ 99,828,670</u>	<u>\$ 49,586,718</u>	<u>\$ 13,018,168</u>	<u>\$ -</u>	<u>(42,734,195)</u>	<u>5,510,411</u>	<u>(37,223,784)</u>	<u>-</u>
Component units	<u>\$ 199,058</u>	<u>\$ -</u>	<u>\$ 6,800</u>	<u>\$ -</u>				<u>(192,258)</u>
General revenues								
Property taxes					7,418,664	-	7,418,664	9,489
Income taxes					12,533,025	-	12,533,025	-
State shared revenue					7,039,181	-	7,039,181	-
Grants not restricted to specific programs					1,077,985	-	1,077,985	-
Unrestricted investment earnings					437,846	10,520	448,366	72,119
Gain on sale of capital assets					1,059	-	1,059	1,318
Miscellaneous					85,938	782,264	868,202	-
Total general revenues					<u>28,593,698</u>	<u>792,784</u>	<u>29,386,482</u>	<u>82,926</u>
Change in net assets					(14,140,497)	6,303,195	(7,837,302)	(109,332)
Net assets - beginning of year					23,384,541	106,980,270	130,364,811	6,342,434
Prior period adjustment					(66,175)	66,175	-	-
Net assets - beginning of year (restated)					<u>23,318,366</u>	<u>107,046,445</u>	<u>130,364,811</u>	<u>6,342,434</u>
Net assets - end of year					<u>\$ 9,177,869</u>	<u>\$ 113,349,640</u>	<u>\$ 122,527,509</u>	<u>\$ 6,233,102</u>

See Accompanying Notes to Financial Statements

**City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2012**

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 940,084	\$ 514,106	\$ 1,614,252	\$ 3,068,442
Receivables, net	4,293,805	305,070	1,680,630	6,279,505
Due from other units of government	1,157,690	2,979,790	1,650,890	5,788,370
Due from other funds	3,753,090	-	-	3,753,090
Inventories	227,779	-	244,881	472,660
Prepaid items	12,240	-	174,865	187,105
Notes and contracts receivable	-	825,544	-	825,544
Restricted assets				
Cash and cash equivalents	-	85,747	976,915	1,062,662
Investments	-	-	2,449,935	2,449,935
Total assets	\$ 10,384,688	\$ 4,710,257	\$ 8,792,368	\$ 23,887,313

See Accompanying Notes to Financial Statements

**City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2012**

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities				
Accounts payable	\$ 335,118	\$ 320,247	\$ 474,389	\$ 1,129,754
Accrued and other liabilities	1,080,503	28,187	766,068	1,874,758
Due to other funds	5,874,886	2,478,671	1,958,030	10,311,587
Due to other units of government	87,514	85,748	-	173,262
Deferred revenue	1,758,609	4,102,396	824,258	6,685,263
Total liabilities	9,136,630	7,015,249	4,022,745	20,174,624
Fund Balances				
Non-spendable				
Inventories	227,779	-	244,881	472,660
Prepaid items	12,240	-	174,865	187,105
Endowments	-	-	2,449,935	2,449,935
Restricted for				
Police	10,000	-	-	10,000
Other special revenue funds	-	-	2,092,794	2,092,794
Permanent Fund	-	-	120,252	120,252
Assigned for special revenue funds	-	-	286,229	286,229
Unassigned (deficit)	998,039	(2,304,992)	(599,333)	(1,906,286)
Total fund balances	1,248,058	(2,304,992)	4,769,623	3,712,689
Total liabilities and fund balances	\$ 10,384,688	\$ 4,710,257	\$ 8,792,368	\$ 23,887,313

See Accompanying Notes to Financial Statements

City of Saginaw
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
June 30, 2012

Total fund balances for governmental funds	\$ 3,712,689
Total net assets for governmental activities in the statement of net assets 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.	25,326,736
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	16,854,352
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	1,715,606
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(5,825,125)
Claims and judgments	(555,000)
Net other post employment obligation	(35,152,095)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(100,000)
Internal service funds are included as part of governmental activities.	<u>3,200,706</u>
Net assets of governmental activities	<u><u>\$ 9,177,869</u></u>

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, 2012

	<u>General</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
General operating property taxes	\$ 3,553,219	\$ -	\$ 3,534,660	\$ 7,087,879
Special assessments	(25,416)	-	-	(25,416)
City income tax	12,533,025	-	-	12,533,025
State shared revenues	7,074,369	-	4,347,828	11,422,197
Licenses, permits and fees	1,913,003	-	3,864,358	5,777,361
Fines, penalties and forfeitures	696,889	-	43,869	740,758
Grants, donations and contributions	3,887,748	6,066,286	1,844,831	11,798,865
Interest on loans and investments	435,143	16,565	23,272	474,980
Rents and privileges	32,109	5,497	41,647	79,253
Sale of materials and services	1,481,809	1,153,678	-	2,635,487
Loan repayments	-	77,799	-	77,799
Miscellaneous	-	4,253	277,602	281,855
Total revenues	<u>31,581,898</u>	<u>7,324,078</u>	<u>13,978,067</u>	<u>52,884,043</u>

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, 2012

	General	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Expenditures				
Current				
General government	\$ 4,589,429	\$ -	\$ -	\$ 4,589,429
Administration	2,657,039	-	-	2,657,039
Public safety	22,329,515	-	5,745,476	28,074,991
Highways and streets	-	-	4,650,685	4,650,685
General services	3,403,877	-	3,429,008	6,832,885
Community services	1,353,732	-	243,991	1,597,723
Economic development	-	9,407,500	158,668	9,566,168
	<u>34,333,592</u>	<u>9,407,500</u>	<u>14,227,828</u>	<u>57,968,920</u>
Total expenditures				
Excess of revenues over expenditures	<u>(2,751,694)</u>	<u>(2,083,422)</u>	<u>(249,761)</u>	<u>(5,084,877)</u>
Other financing sources (uses)				
Transfers in	826,384	-	1,196,400	2,022,784
Transfers out	(796,984)	(221,570)	(177,846)	(1,196,400)
Issuance of debt	-	-	100,000	100,000
	<u>29,400</u>	<u>(221,570)</u>	<u>1,118,554</u>	<u>926,384</u>
Total other financing sources and uses				
Net change in fund balance	<u>(2,722,294)</u>	<u>(2,304,992)</u>	<u>868,793</u>	<u>(4,158,493)</u>
Fund balance - beginning of year	3,864,969	-	3,900,830	7,765,799
Prior period adjustment	105,383	-	-	105,383
Fund balance - beginning of year, restated	<u>3,970,352</u>	<u>-</u>	<u>3,900,830</u>	<u>7,871,182</u>
Fund balance (deficit) - end of year	<u>\$ 1,248,058</u>	<u>\$ (2,304,992)</u>	<u>\$ 4,769,623</u>	<u>\$ 3,712,689</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, 2012

Net change in fund balances - Total governmental funds	\$ (4,158,493)
Total change in net assets 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	(2,195,724)
Capital outlay	1,708,241
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(77,402)
Property taxes	(220,725)
Notes receivable	(422,165)
Other revenue	(50,081)
Expenses are recorded when incurred in the statement of activities	
Compensated absences	391,611
Claims and judgments	(555,000)
Net other post employment obligation	(7,230,038)
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 assets, 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 assets.	
Debt issued	(100,000)
Internal service funds are also included as governmental activities	(1,230,721)
Change in net assets of governmental activities	\$ (14,140,497)

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, 2012

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
General operating property taxes	\$ 3,498,236	\$ 3,238,236	\$ 3,553,219	\$ 314,983
Special assessments	150,000	150,000	(25,416)	(175,416)
City income tax	11,800,000	11,817,601	12,533,025	715,424
State shared revenues	8,007,951	12,070,394	7,074,369	(4,996,025)
Licenses, permits and forfeitures	1,902,322	1,942,881	1,913,003	(29,878)
Fines, penalties and forfeitures	390,730	578,610	696,889	118,279
Grants, donations and contributions	3,058,890	4,020,150	3,887,748	(132,402)
Interest	370,800	447,800	435,143	(12,657)
Rents and privileges	30,000	30,000	32,109	2,109
Sale of materials and services	1,612,076	1,701,789	1,481,809	(219,980)
Total revenues	<u>30,821,005</u>	<u>35,997,461</u>	<u>31,581,898</u>	<u>(4,415,563)</u>

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, 2012

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government	\$ 4,260,758	\$ 4,488,621	\$ 4,589,429	\$ 100,808
Administration	2,652,279	2,812,197	2,657,039	(155,158)
Public safety	21,505,300	22,910,204	22,329,515	(580,689)
General services	2,998,176	3,604,512	3,403,877	(200,635)
Community services	1,077,995	1,413,886	1,353,732	(60,154)
Total expenditures	<u>32,494,508</u>	<u>35,229,420</u>	<u>34,333,592</u>	<u>(895,828)</u>
Revenue over (under) expenditures	(1,673,503)	768,041	(2,751,694)	(3,519,735)
Other financing sources (uses)				
Transfers in	1,468,994	1,475,878	826,384	(649,494)
Transfers out	(831,478)	(855,708)	(796,984)	58,724
Total other financing sources (uses)	<u>637,516</u>	<u>620,170</u>	<u>29,400</u>	<u>(590,770)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,035,987)</u>	<u>\$ 1,388,211</u>	(2,722,294)	<u>\$ (4,110,505)</u>
Fund balance - beginning of year			3,864,969	
Prior period adjustment			<u>105,383</u>	*
Fund balance - beginning of year, restated			<u>3,970,352</u>	
Fund balance - end of year			<u>\$ 1,248,058</u>	

* In the current year, the general fund absorbed the parking fund.

City of Saginaw
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Community Development
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Federal grants	\$ 13,266,267	\$ 14,026,045	\$ 6,066,286	\$ (7,959,759)
Interest income	30,000	25,725	16,565	(9,160)
Loan repayments	115,000	115,000	77,799	(37,201)
Rental income	5,412	5,412	5,497	85
Sale of materials and services	2,000,000	2,000,000	1,153,678	(846,322)
Miscellaneous	78,579	78,579	4,253	(74,326)
	<u>15,495,258</u>	<u>16,250,761</u>	<u>7,324,078</u>	<u>(8,926,683)</u>
Total revenues				
Expenditures				
Current				
Economic development	15,273,688	16,033,466	9,407,500	(6,625,966)
Transfers out	230,120	234,395	221,570	(12,825)
	<u>15,503,808</u>	<u>16,267,861</u>	<u>9,629,070</u>	<u>(6,638,791)</u>
Total expenditures				
Deficiency of revenues over expenditures	(8,550)	(17,100)	(2,304,992)	(2,287,892)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year (deficit)	<u>\$ (8,550)</u>	<u>\$ (17,100)</u>	<u>\$ (2,304,992)</u>	<u>\$ (2,287,892)</u>

See Accompanying Notes to Financial Statements

**City of Saginaw
Proprietary Funds
Statement of Net Assets
June 30, 2012**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 2,847,176	\$ 15,171,076	\$ 18,018,252	\$ 5,803,746
Investments	1,136,997	4,641,946	5,778,943	-
Receivables				
Customers	4,532,409	2,104,449	6,636,858	1,137,595
Special assessments, current	11,543	1,214	12,757	-
Accrued interest and other	-	2,047	2,047	-
Due from other units of government	75,827	51,892	127,719	-
Due from other funds	4,354,886	-	4,354,886	2,282,594
Inventories	-	1,315,618	1,315,618	254,913
Prepaid items	-	-	-	26,153
Restricted cash - bond proceeds	-	559,839	559,839	-
Total current assets	<u>12,958,838</u>	<u>23,848,081</u>	<u>36,806,919</u>	<u>9,505,001</u>
Noncurrent assets				
Investment In SMWSC	-	11,873,093	11,873,093	-
Bond issuance cost	-	86,159	86,159	-
Capital assets not being depreciated	2,766,166	13,941,546	16,707,712	875,504
Capital assets, net of accumulated depreciated	<u>74,523,950</u>	<u>31,011,886</u>	<u>105,535,836</u>	<u>-</u>
Total noncurrent assets	<u>77,290,116</u>	<u>56,912,684</u>	<u>134,202,800</u>	<u>875,504</u>
Total assets	<u>90,248,954</u>	<u>80,760,765</u>	<u>171,009,719</u>	<u>10,380,505</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Proprietary Funds
Statement of Net Assets
June 30, 2012

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 383,768	\$ 1,248,377	\$ 1,632,145	\$ 1,263,517
Accrued and other liabilities	173,796	1,163,005	1,336,801	89,036
Deferred revenue	714	714	1,428	-
Current portion of compensated absences	279,684	234,842	514,526	-
Current portion of noncurrent liabilities	525,000	725,000	1,250,000	-
Payable from restricted assets				
Accrued interest	154,998	-	154,998	-
Current portion of noncurrent liabilities	4,886,915	-	4,886,915	-
Total current liabilities	<u>6,404,875</u>	<u>3,371,938</u>	<u>9,776,813</u>	<u>1,352,553</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	3,578,469
Insurance claims payable	-	-	-	1,201,194
Accrued compensated absences	512,950	430,710	943,660	217,795
Other postemployment benefit	2,655,784	2,209,756	4,865,540	-
Long-term debt net of current portion	22,758,854	20,145,000	42,903,854	-
Total noncurrent liabilities	<u>25,927,588</u>	<u>22,785,466</u>	<u>48,713,054</u>	<u>4,997,458</u>
Total liabilities	<u>32,332,463</u>	<u>26,157,404</u>	<u>58,489,867</u>	<u>6,350,011</u>
Net Assets				
Invested in capital assets, net of related debt	49,119,347	24,083,432	73,202,779	-
Unrestricted	8,797,144	30,519,929	39,317,073	4,030,494
Total net assets	<u>\$ 57,916,491</u>	<u>\$ 54,603,361</u>	112,519,852	<u>\$ 4,030,494</u>
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are reported with business-type activities			<u>829,788</u>	
Net assets of business-type activities			<u>\$ 113,349,640</u>	

See Accompanying Notes to Financial Statements

City of Saginaw
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Operating revenue				
User charges	\$ 22,473,996	\$ 16,610,918	\$ 39,084,914	\$ 5,846,141
Other revenue	71,300	67,409	138,709	1,193,175
Total operating revenue	<u>22,545,296</u>	<u>16,678,327</u>	<u>39,223,623</u>	<u>7,039,316</u>
Operating expenses				
Salaries and benefits	8,721,240	6,351,183	15,072,423	2,499,542
Supplies	1,118,945	1,193,256	2,312,201	257,994
Contractual services	3,131,860	3,609,095	6,740,955	2,466,943
Claims	-	-	-	2,066,674
Other expenses	237,590	89,013	326,603	4,785
Amortization	-	5,413	5,413	-
Depreciation	5,030,770	1,352,609	6,383,379	351,326
Total operating expenses	<u>18,240,405</u>	<u>12,600,569</u>	<u>30,840,974</u>	<u>7,647,264</u>
Operating income (loss)	<u>4,304,891</u>	<u>4,077,758</u>	<u>8,382,649</u>	<u>(607,948)</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Nonoperating revenue (expenses)				
Interest income	\$ 5,436	\$ 5,084	\$ 10,520	\$ 197
Contractual obligations to SMWSC	-	(1,260,090)	(1,260,090)	-
Increase in investment in SMWSC	-	643,555	643,555	-
Bond issuance costs	-	(177,090)	(177,090)	-
Interest expense	(653,805)	(439,130)	(1,092,935)	-
 Total nonoperating revenues (expenses)	 (648,369)	 (1,227,671)	 (1,876,040)	 197
 Income (loss) before transfers	 3,656,522	 2,850,087	 6,506,609	 (607,751)
Transfers out	-	-	-	(826,384)
 Change in net assets	 3,656,522	 2,850,087	 6,506,609	 (1,434,135)
Net assets - beginning of year	54,259,969	51,753,274		5,464,629
Net assets - end of year	\$ 57,916,491	\$ 54,603,361		\$ 4,030,494
 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			(203,414)	
 Change in net assets of business-type activities			\$ 6,303,195	

See Accompanying Notes to Financial Statements

City of Saginaw
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
Cash flows from operating activities				
Receipts from customers	\$ 22,338,220	\$ 16,277,591	\$ 38,615,811	\$ 6,904,088
Receipts from other funds	2,675,057	-	2,675,057	3,395,392
Payments to other funds	(4,354,886)	(2,675,057)	(7,029,943)	-
Payments to suppliers	(4,581,891)	(4,407,576)	(8,989,467)	(4,012,169)
Payments to employees	(8,191,248)	(5,746,943)	(13,938,191)	(2,495,183)
Net cash provided by operating activities	<u>7,885,252</u>	<u>3,448,015</u>	<u>11,333,267</u>	<u>3,792,128</u>
Cash flows from noncapital financing activities				
Transfers to other funds	-	-	-	(826,384)
Cash flows from capital and related financing activities				
Proceeds from capital debt	-	10,570,000	10,570,000	-
Proceeds from special assessments	-	148,630	148,630	-
Purchases/construction of capital assets	(1,586,283)	(2,537,449)	(4,123,732)	-
Principal and interest paid on long-term debt	(4,347,741)	(916,220)	(5,263,961)	-
Contractual obligations to Saginaw-Midland Water Supply Corporation	-	(1,260,090)	(1,260,090)	-
Net cash provided (used) by capital and related financing activities	<u>(5,934,024)</u>	<u>6,004,871</u>	<u>70,847</u>	<u>-</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
Cash flows from investing activities				
Gain (loss) from sales and maturities of investments	\$ (8,426)	\$ 1,339,968	\$ 1,331,542	\$ -
Purchases of investments	(1,348)	(1,348)	(2,696)	-
Interest received	5,436	3,037	8,473	197
Net cash provided (used) by investing activities	<u>(4,338)</u>	<u>1,341,657</u>	<u>1,337,319</u>	<u>197</u>
Net increase in cash and cash equivalents	1,946,890	10,794,543	12,741,433	2,965,941
Cash and cash equivalents - beginning of year	<u>900,286</u>	<u>4,936,372</u>	<u>5,836,658</u>	<u>2,837,805</u>
Cash and cash equivalents - end of year	<u>\$ 2,847,176</u>	<u>\$ 15,730,915</u>	<u>\$ 18,578,091</u>	<u>\$ 5,803,746</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 4,304,891	\$ 4,077,758	\$ 8,382,649	\$ (607,948)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	5,030,770	1,358,022	6,388,792	351,326
Changes in assets and liabilities				
Receivables (net)	(754,981)	(349,467)	(1,104,448)	(1,135,228)
Due from other units of government	547,282	(51,892)	495,390	-
Due from other funds	(1,679,829)	-	(1,679,829)	4,395,392
Inventories	-	(36,130)	(36,130)	(45,327)
Prepaid items	77,000	300,000	377,000	12,228
Accounts payable	(313,619)	185,643	(127,976)	1,136,671
Accrued and other liabilities	(23,141)	34,275	11,134	27,408
Due to other funds	-	(2,675,057)	(2,675,057)	-
Deferred revenue	623	623	1,246	-
Customer deposits payable	-	-	-	(346,753)
Other post employment benefit obligation	529,992	468,548	998,540	-
Compensated absences	166,264	135,692	301,956	4,359
Net cash provided (used) by operating activities	<u>\$ 7,885,252</u>	<u>\$ 3,448,015</u>	<u>\$ 11,333,267</u>	<u>\$ 3,792,128</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2012

	<u>Pension and Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 4,083,496	\$ 1,744,076
Investments	110,278,771	-
Accrued interest and other	180,067	100,924
Prepaid insurance	-	1,928,933
	<u>114,542,334</u>	<u>\$ 3,773,933</u>
Liabilities		
Accounts payable	742,407	212,669
Accrued and other liabilities	825,100	2,335,843
Due to other funds	-	78,983
Due to other units of government	-	289,740
Claims payable	-	839,924
Deferred revenue	-	16,774
	<u>1,567,507</u>	<u>\$ 3,773,933</u>
Net Assets		
Held in trust for pension benefits and other purposes	<u>\$ 112,974,827</u>	

See Accompanying Notes to Financial Statements

City of Saginaw
Fiduciary Funds
Statement of Changes in Net Assets
For the Year Ended June 30, 2012

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions	
Contributions	
Employer	\$ 5,778,701
Current premium contributions	9,698,287
Plan members	<u>827,212</u>
Total contributions	<u>16,304,200</u>
Investment earnings	
Interest	1,408,554
Dividends	1,716,423
Mutual fund rebates	191,785
Change in fair value	(5,720,403)
Investment expenses	<u>(80,471)</u>
Total investment earnings (losses)	<u>(2,484,112)</u>
Total additions	<u>13,820,088</u>
Deductions	
Benefits	7,374,551
Refunds of contributions	6,348,041
Retiree healthcare premium payments	9,698,287
Administrative expenses	<u>640,823</u>
Total deductions	<u>24,061,702</u>
Change in net assets	(10,241,614)
Net assets - beginning of year	<u>123,216,441</u>
Net assets - end of year	<u>\$ 112,974,827</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Combining Statement of Net Assets
Component Units
June 30, 2012

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
Assets						
Cash and cash equivalents	\$ 31,305	\$ 207,926	\$ 3,929,171	\$ 320,686	\$ 182,907	\$ 4,671,995
Receivables	-	-	8,078	500	-	8,578
Notes and contracts receivable	-	-	-	1,565,552	-	1,565,552
Total assets	31,305	207,926	3,937,249	1,886,738	182,907	6,246,125
Liabilities						
Accounts payable	-	2,277	-	630	10,116	13,023
Net Assets						
Unrestricted	\$ 31,305	\$ 205,649	\$ 3,937,249	\$ 1,886,108	\$ 172,791	\$ 6,233,102

See Accompanying Notes to Financial Statements

City of Saginaw
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue
DDA Activities	\$ 45,045	\$ -	\$ -	\$ (45,045)
LDFA Activities	60	-	-	(60)
Saginaw Economic Development Corporation	143,837	-	6,800	(137,037)
Brownfield Activities	<u>10,116</u>	<u>-</u>	<u>-</u>	<u>(10,116)</u>
Total component unit activities	<u>\$ 199,058</u>	<u>\$ -</u>	<u>\$ 6,800</u>	<u>\$ (192,258)</u>

Component Units

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
Changes in net assets						
Net expense	\$ -	\$ (45,045)	\$ (60)	\$ (137,037)	\$ (10,116)	\$ (192,258)
General revenues:						
Property taxes	-	508	-	-	8,981	9,489
Untresitriced investment earnings	-	-	5,973	66,146	-	72,119
Gain on sale of capital assets	-	1,318	-	-	-	1,318
Total general revenues	<u>-</u>	<u>1,826</u>	<u>5,973</u>	<u>66,146</u>	<u>8,981</u>	<u>82,926</u>
Change in net assets	-	(43,219)	5,913	(70,891)	(1,135)	(109,332)
Net assets, beginning of year	<u>31,305</u>	<u>248,868</u>	<u>3,931,336</u>	<u>1,956,999</u>	<u>173,926</u>	<u>6,342,434</u>
Net assets, end of year	<u>\$ 31,305</u>	<u>\$ 205,649</u>	<u>\$ 3,937,249</u>	<u>\$ 1,886,108</u>	<u>\$ 172,791</u>	<u>\$ 6,233,102</u>

See Accompanying Notes to Financial Statements

City of Saginaw
Notes to Financial Statements
June 30, 2012

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

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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.

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 \$643,555 as nonoperating revenues. At June 30, 2012, total outstanding bonded debt of the Saginaw-Midland Municipal Water Supply Corporation was \$12,790,000. The City was obligated for \$6,841,163 of this total. During fiscal year 2012, the City paid the Corporation \$1,260,090 to

finance its share of the contractual obligations. The City's equity of \$11,873,093 in the Saginaw-Midland Municipal Water Supply Corporation is recorded as an Investment within the Noncurrent Assets section on the statement of net assets of the Water Fund.

The financial information for the year ended June 30, 2012, for the Saginaw-Midland Municipal Water Supply Corporation follows:

Total assets	\$ 35,941,044
Total liabilities	<u>13,743,522</u>
Net assets:	
City of Saginaw	11,873,093
City of Midland	<u>10,324,429</u>
Total net assets	<u><u>\$ 22,197,522</u></u>
Total revenues	\$ 5,482,181
Total expenses	<u>4,279,013</u>
Net income	1,203,168
Net assets at beginning of year	<u>20,994,354</u>
Total net assets	<u><u>\$ 22,197,522</u></u>

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

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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

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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.

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.

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The government reports the following major proprietary funds:

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

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

Additionally, the 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.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer

function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water 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 assets 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,

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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”.

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.

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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 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds

payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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.

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

Non-spendable – assets 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, as determined by the finance committee. The City Commission has granted the finance committee the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

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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.

Comparative data

The financial information for the year ended June 30, 2011, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Upcoming Accounting and Reporting Changes

The Government Accounting Standards Board has issued *Statements 63 and 65, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and Items Previously Reported as Assets and Liabilities*. The new standards provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. These statements will be adopted for the fiscal year ending June 30, 2013.

The Government Accounting Standards Board has also issued *Statements 67, Financial Reporting for Pension Plans and 68 Accounting and Financial Reporting for Pensions*. Statement 67 changes how public employee pension plans calculate and report their total pension liability. 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 67 is effective for the year ending June 30, 2014 and Statement 68 is effective for the year ending June 30, 2015.

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.

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

Excess of expenditures over appropriations

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

	Appropriations	Actual	Budget Variance
General Fund			
General government	\$ 4,488,621	\$ 4,589,429	\$ 100,808
Clean Energy Coalition			
Public works	-	667	667
Public Safety Millage			
Public safety	4,000,710	4,031,323	30,613

Deficit fund equity

The community development, local law enforcement, and the celebration park fund reported an unassigned deficit fund balance at June 30, 2012. A deficit elimination plan will be prepared for City Council to approve and then filed with the Local Audit and Finance Division of the State of Michigan.

The City also budgeted for a deficit fund balance in the local street, celebration park, 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, 2011	\$ (2,615,269)
Current year building permit revenue	351,402
Related expenditures	<u>(802,197)</u>
Cumulative shortfall at June 30, 2012	<u><u>\$ (3,066,064)</u></u>

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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	\$ 8,872,188	\$ -	\$ 1,062,662	\$ 2,449,935
Business-type activities	<u>18,018,252</u>	<u>5,778,943</u>	<u>559,839</u>	<u>11,873,093</u>
Total primary government	26,890,440	5,778,943	1,622,501	14,323,028
Fiduciary funds	5,827,572	110,278,771	-	-
Component unit	<u>4,671,995</u>	-	-	-
Total	<u>\$ 37,390,007</u>	<u>\$ 116,057,714</u>	<u>\$ 1,622,501</u>	<u>\$ 14,323,028</u>

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)	\$ 28,504,791	\$ 5,827,572	\$ 4,671,995
Investments in securities, mutual funds and similar vehicles	20,101,971	110,278,771	-
Petty cash and cash on hand	<u>8,150</u>	-	-
	<u>\$ 48,614,912</u>	<u>\$ 116,106,343</u>	<u>\$ 4,671,995</u>

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

Investment	Fair Value	Rating	Rating Organization
Primary government			
Money market funds	\$ 5,572,034	-	N/A
MI class pooled funds	<u>206,909</u>	-	N/A
Total primary government	<u>\$ 5,778,943</u>		
Pension and other employee benefit funds			
Equity mutual funds	\$ 1,097,489	N/A	-
Nonrated governmental securities	3,892,660	N/A	-
Governmental securities	208,363	AAA	S&P
Nonrated municipal obligations	146,046	N/A	-
Municipal obligations	784,522	AA-AAA	S&P
Nonrated coporate bonds	131,255	N/A	-
Corporate bonds	8,868,522	A-BBB+	S&P
Common stocks	78,158,247	N/A	-
Money market and other	<u>16,991,667</u>	N/A	-
Total pension and benefit	<u>\$ 110,278,771</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

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.

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, \$ 45,070,053 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.

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NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

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

	Government Activities	Business Type Activities	Component Units
Primary government			
Income taxes	\$ 1,524,917	\$ -	\$ -
Accounts, net	5,599,553	6,636,858	-
Accrued interest and other	89,059	2,047	-
Assessments			
Due within one year	282,554	12,757	-
Notes			
Due within one year	180,000	-	-
Due after one year	<u>645,544</u>	<u>-</u>	<u>1,574,130</u>
Total receivables, net	<u>\$ 8,321,627</u>	<u>\$ 6,651,662</u>	<u>\$ 1,574,130</u>
Intergovernmental	<u>\$ 5,788,370</u>	<u>\$ 127,719</u>	<u>\$ -</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Primary government			
Special assessments	\$ 256,681	\$ -	\$ 256,681
Notes receivable	825,544	-	825,544
Grant drawdowns prior to meeting eligibility requirements	-	4,969,657	4,969,657
Other revenue	<u>633,381</u>	<u>1,428</u>	<u>634,809</u>
	<u>\$ 1,715,606</u>	<u>\$ 4,971,085</u>	<u>\$ 6,686,691</u>

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NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,940,477	\$ 289,132	\$ -	\$ 15,229,609
Construction in progress	<u>1,448,561</u>	<u>1,090,679</u>	<u>914,497</u>	<u>1,624,743</u>
Total capital assets not being depreciated	<u>16,389,038</u>	<u>1,379,811</u>	<u>914,497</u>	<u>16,854,352</u>
Capital assets being depreciated				
Land improvements	1,407,044	-	-	1,407,044
Infrastructure	42,079,526	581,994	-	42,661,520
Buildings, additions and improvements	24,021,913	-	-	24,021,913
Machinery and equipment	8,946,914	430,613	-	9,377,527
Vehicles	<u>10,806,351</u>	<u>230,320</u>	<u>-</u>	<u>11,036,671</u>
Total capital assets being depreciated	<u>87,261,748</u>	<u>1,242,927</u>	<u>-</u>	<u>88,504,675</u>
Less accumulated depreciation for				
Land improvements	-	27,859	-	27,859
Infrastructure	25,006,010	1,523,896	-	26,529,906
Buildings, additions and improvements	18,097,177	257,384	-	18,354,561
Machinery and equipment	8,039,483	263,514	-	8,302,997
Vehicles	<u>8,614,912</u>	<u>472,200</u>	<u>-</u>	<u>9,087,112</u>
Total accumulated depreciation	<u>59,757,582</u>	<u>2,544,853</u>	<u>-</u>	<u>62,302,435</u>
Net capital assets being depreciated	<u>27,504,166</u>	<u>(1,301,926)</u>	<u>-</u>	<u>26,202,240</u>
Governmental activities capital assets, net	<u>\$ 43,893,204</u>	<u>\$ 77,885</u>	<u>\$ 914,497</u>	<u>\$ 43,056,592</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,420,629	\$ -	\$ -	\$ 1,420,629
Construction in progress	<u>32,324,337</u>	<u>3,992,306</u>	<u>21,029,560</u>	<u>15,287,083</u>
Total capital assets not being depreciated	<u>33,744,966</u>	<u>3,992,306</u>	<u>21,029,560</u>	<u>16,707,712</u>
Capital assets being depreciated				
Land improvements	-	-	-	-
Infrastructure	-	-	-	-
Buildings, additions and improvements	135,588,913	21,046,178	-	156,635,091
Machinery and equipment	99,326,334	33,760	-	99,360,094
Vehicles	4,912,120	81,048	-	4,993,168
Water system	-	-	-	-
Sewer system	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>239,827,367</u>	<u>21,160,986</u>	<u>-</u>	<u>260,988,353</u>
Less accumulated depreciation for				
Land improvements	-	-	-	-
Infrastructure	-	-	-	-
Buildings, additions and improvements	85,717,387	2,171,544	-	87,888,931
Machinery and equipment	59,535,296	4,020,665	-	63,555,961
Vehicles	3,816,455	191,170	-	4,007,625
Water system	-	-	-	-
Sewer system	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>149,069,138</u>	<u>6,383,379</u>	<u>-</u>	<u>155,452,517</u>
Net capital assets being depreciated	<u>90,758,229</u>	<u>14,777,607</u>	<u>-</u>	<u>105,535,836</u>
Business-type capital assets, net	<u>\$ 124,503,195</u>	<u>\$ 18,769,913</u>	<u>\$ 21,029,560</u>	<u>\$ 122,243,548</u>

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

Governmental activities

General government	\$ 174,476
Administration	319,438
Public safety	840,823
Highways and streets	176,805
General services	259,765
Community services	60,741
Economic development	363,676
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of	<u>351,326</u>
Total governmental activities	<u>2,547,050</u>

Business-type activities

Sewer	5,030,770
Water	<u>6,383,379</u>
Total business-type activities	<u>11,414,149</u>
Total primary government	<u>\$ 13,961,199</u>

Construction Commitments

The City has active construction projects as of June 30, 2012, consisting of the following:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Commitment Remaining</u>
I-675 & M-13 Interchange	\$ 865,700	\$ 747,144	\$ 118,556
Court St: Bay to Court St Bridge	849,545	820,995	28,550
E. Genesee & Hess Safety Project	58,900	51,953	6,947
Woodbridge: Houghton to Davenport	955,186	925,186	30,000
E. Genesee: Franklin to Janes	2,217,625	2,117,625	100,000
Bay St Safety Project: Court to State	56,615	51,615	5,000
I-675 Entire Section	247,600	241,668	5,932
Gratiot Rd Pipe Repair	3,480,782	3,480,699	83
WTP Security Upgrades	2,330,721	2,313,699	17,022
Michigan Ave	3,711,300	400,000	3,311,300
Vets Memorial Deck Replacement	23,200	20,565	2,635
WTP Disinfection Improvements	3,480,782	3,480,699	83
Emergency Gen - Kochville	104,728	72,250	32,478
Survey Inspections	58,776	51,319	7,457
CEC Energy Study and Retrofit	15,000	11,135	3,865
Fordney Design	50,725	43,578	7,147
Ezra Rust Design	25,365	19,998	5,367
Construction Staking (Michigan Ave for 2012 Constr.)	<u>24,250</u>	<u>22,920</u>	<u>1,330</u>
Total	<u>\$ 18,556,800</u>	<u>\$ 14,873,048</u>	<u>\$ 3,683,752</u>

City of Saginaw
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NOTE 6 - INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due from/to other funds		
General Fund	Drug Forfeiture	\$ 165,722
General Fund	Community Development	2,478,671
General Fund	Community Policing	350,983
General Fund	Celebration Park	268,748
General Fund	Local Law Enforcement	488,966
Sewer	General Fund	4,354,886
Motor Pool	Housing Commission	78,983
Self Insurance	General Fund	1,520,000
Workers' Compensation	Rubbish Collection	683,611
		<u>\$ 10,390,570</u>

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.

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Community Policing	\$ 200,807
General Fund	Auto Theft Prevention	74,472
General Fund	Public Safety	510,163
General Fund	Anderson Center Operation	11,542
Major Street	Local Street	177,846
Community Development	Community Policing	221,570
Radio Operation	General Fund	124,684
Self Insurance	General Fund	701,700
		<u>\$ 2,022,784</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.

NOTE 7 - LEASES

Operating Leases

The City leases various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$104,724 for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30,</u>	
2013	\$ 130,000
2014	<u>130,000</u>
	<u>\$ 260,000</u>

City of Saginaw
Notes to Financial Statements
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NOTE 8 - LONG-TERM DEBT

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

Long-term obligation activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Energy reduction revolving loan fund	2.50%	\$665 - \$7,878	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 5,096
Workers' compensation claims payable			3,608,788	-	30,319	3,578,469	-
Insurance claims payable			1,517,628	1,160,522	1,476,956	1,201,194	-
Accrued sick and vacation payable			<u>6,430,172</u>	<u>-</u>	<u>387,252</u>	<u>6,042,920</u>	<u>-</u>
Total governmental activities			<u>\$ 11,556,588</u>	<u>\$ 1,260,522</u>	<u>\$ 1,894,527</u>	<u>\$ 10,922,583</u>	<u>\$ 5,096</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
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	Rate Ranges	Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities							
General obligation bonds							
State of Michigan sewage disposal system bonds	2.00%	\$3,434,205 - \$1,797,435	\$ 10,743,255	\$ -	\$ 3,396,214	\$ 7,347,041	\$ 3,434,205
2008 water revenue bonds	4.00-5.25%	\$350,000 - \$900,000	10,600,000	-	300,000	10,300,000	350,000
State of Michigan sewage disposal system bonds	2.50%	\$840,000 - \$976,777	8,109,648	-	820,000	7,289,648	840,000
State of Michigan wastewater treatment improvement bonds	1.625%	\$525,000 - \$637,813	7,697,725	1,714,019	592,000	8,819,744	525,000
State of Michigan sewage disposal system bonds	2.25%	\$412,138 - \$608,539	4,364,077	-	549,740	3,814,337	562,710
Drake/Douglas sewage general obligation bonds	3.60-5.50%	\$50,000 - \$100,000	950,000	-	50,000	900,000	50,000
2011 water revenue bonds	4.00-5.25%	\$375,000 - \$780,000	-	10,570,000	-	10,570,000	375,000
Less deferred amounts							
For issuance discounts			(91,572)	-	(5,413)	(86,159)	-
Total bonds payable			42,373,133	12,284,019	5,702,541	48,954,611	6,136,915
Accrued sick and vacation payable			752,388	705,797	-	1,458,185	514,526
Total business-type activities			<u>\$ 43,125,521</u>	<u>\$ 12,989,816</u>	<u>\$ 5,702,541</u>	<u>\$ 50,412,796</u>	<u>\$ 6,651,441</u>

City of Saginaw
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The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2012, 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
2013	\$ 5,096	\$ 2,239	\$ 6,136,915	\$ 1,454,628
2014	5,694	2,308	4,871,080	1,330,442
2015	5,838	2,164	4,671,085	1,221,533
2016	5,985	2,016	2,921,620	1,130,226
2017	6,137	1,865	3,078,539	1,052,752
2018 - 2022	33,092	6,914	12,181,786	4,044,057
2023 - 2027	37,493	2,515	9,542,726	2,224,744
2023 - 2032	665	2	5,637,019	539,319
	<u>\$ 100,000</u>	<u>\$ 20,023</u>	<u>\$ 49,040,770</u>	<u>\$ 12,997,701</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 - RISK MANAGEMENT

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

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

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

NOTE 10 - 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

City of Saginaw
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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, 2012 and 2011 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2011	\$ 1,372,921	\$ 316,861	\$ (172,154)	\$ 1,517,628
6/30/2012	\$ 1,517,628	\$ 616,350	\$ (932,784)	\$ 1,201,194

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, 2012 and 2011 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2011	\$ 825,502	\$ 12,006,440	\$ (12,011,496)	\$ 820,446
6/30/2012	\$ 820,446	\$ 13,063,540	\$ (13,044,062)	\$ 839,924

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.

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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, 2012 and 2011 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2011	\$ 2,147,374	\$ 3,585,498	\$ (2,124,084)	\$ 3,608,788
6/30/2012	\$ 3,608,788	\$ 1,103,571	\$ (1,133,890)	\$ 3,578,469

NOTE 11 - 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.

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, 2012, there were 140 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.

City of Saginaw
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Employer contributions to the Plan for the year ended June 30, 2012, amounted to \$1,024,298 and employee contributions were \$550,444.

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, 2012, the City’s annual pension cost of \$6,720,804 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at September 30, 2011, using the entry age normal cost method. Significant actuarial assumptions used include: 1) a 8.0% investment rate of return; 2) projected salary increases of 4.5% percent per year; and 3) xx

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.

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

Three Year Trend Information			
Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/2010	\$ 5,104,320	100%	-
6/30/2011	5,856,972	100%	-
6/30/2012	7,576,236	100%	-

Schedule of Funding Progress	
Actuarial valuation date	12/31/2011
Actuarial value of assets	\$ 69,139,071
Actuarial accrued liability (AAL) entry age	142,762,029
Unfunded AAL (UAAL)	73,622,958
Funded ratio	48%
Covered payroll	5,521,089
UAAL as a percentage of covered payroll	1333%

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.

City of Saginaw
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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, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	376
Active plan members	132
Total	508

Eligible members of the Plan are required to contribute eight percent (8%) for police, with an additional 3.5% for patrol and command members, and eight percent (8%) for fire of their annual compensation to the Plan with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The annual required employer contribution is based upon a flat rate as determined by the actuary and was \$5,685,858 for the year ended June 30, 2012.

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

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

contributions are approved by the Policemen and Firemen Pension Board.

Significant Accounting Policies

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

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

No single investment comprised more than five percent of the total investments for the Police and Fire Retirement System at June 30. However, amounts invested in a separate equity mutual fund (Harbor International Fund) represent 7% of the System's total investments at June 30, 2012.

Annual Pension Cost

The Plan's annual pension cost of \$5,685,858 was equal to the Plan's required and actual contributions for the current year.

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

City of Saginaw
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Three Year Trend Information

Fiscal year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/2010	\$ 4,453,364	100%	-
6/30/2011	4,469,001	100%	-
6/30/2012	5,685,858	100%	-

Actuarial Methods and Assumptions

The annual required contribution for the current year was determined as part of a June 30, 2009, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.75% to 17.75% per year. Both (a) and (b) included an inflation component of 4.75%. The assumptions did not include postretirement benefits. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009, was 22 years.

Funded Status and Funding Progress

The funded status of the Policemen and Firemen Pension Trust as of June 30, 2009, the most recent actuarial valuation date, is as follows:

Schedule of Funding Progress

Actuarial valuation date	6/30/2009
Actuarial value of assets	\$ 117,274,639
Actuarial accrued liability (AAL) entry age	174,401,895
Unfunded AAL (UAAL)	57,127,256
Funded ratio	67%
Covered payroll	8,619,331
UAAL as a percentage of covered payroll	663%

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.

City of Saginaw
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Following are the financial statements for the Policemen and Firemen Pension Trust Fund for the year ended June 30, 2012:

Statement of Plan Net Assets	
ASSETS	
Cash and cash equivalents	\$ 2,111,931
Investments, at market value	
Governmental securities	4,101,022
Municipal obligation	930,569
Corporate and foreign bonds	8,999,778
Common equity securities	50,753,835
Equity mutual funds	43,932,905
Total investments at fair value	108,718,109
Accrued interest receivable	180,067
Total assets	111,010,107
LIABILITIES	
Accounts payable	742,407
Accrued wages payable	825,100
Total liabilities	1,567,507
Net assets held in trust for pension benefits	\$ 109,442,600

Statement of Changes in Plan Net Assets	
ADDITIONS	
Contributions:	
Employer	\$ 5,685,858
Plan members	827,212
Total contributions	6,513,070
Investment income	
Interest	1,353,283
Dividends	1,716,423
Mutual fund rebates	191,785
Net appreciation in fair value of investments	(5,534,615)
Investment expenses	(80,471)
Total investment income	(2,353,595)
Total additions	4,159,475
DEDUCTIONS	
Benefits	7,374,551
Refund on contributions	6,348,041
Administrative expenses	640,823
Total deductions	14,363,415
Net increase for the year	(10,203,940)
Net assets held in trust for pension benefits	
Beginning of year	119,646,540
End of year	\$ 109,442,600

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

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Medicare and 3.75% to a deferred compensation account in lieu of Social Security. The City contributes a matching 3.75%.

The City paid or accrued premiums, claims and administrative fees to third party administrators for its full time employees totaling \$3,571,639, an decrease of 9.23% from the prior fiscal year, as follows:

	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>Change</u>
Health insurance	\$ 2,859,765	\$ 3,139,793	\$ (280,028)
Dental insurance	335,504	395,424	(59,920)
Life insurance	91,242	80,893	10,349
Short/long term disability	217,939	238,723	(20,784)
Vision care	<u>67,189</u>	<u>80,162</u>	<u>(12,973)</u>
Total payments	<u>\$ 3,571,639</u>	<u>\$ 3,934,995</u>	<u>\$ (363,356)</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 \$9,698,287 were recognized for postretirement health care benefits, an increase of 3.67%, from the prior fiscal year, as follows:

	<u>No. of Retirees</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Health insurance	760	\$ 9,650,296	\$ 9,301,559
Dental insurance	64	42,235	48,422
Life insurance	580	<u>5,756</u>	<u>4,829</u>
Total payments		<u>\$ 9,698,287</u>	<u>\$ 9,354,810</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.

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, 2012

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, 2012, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2009. Such valuation computes the annual required contribution (ARC) that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation - For fiscal year ended June 30, 2012, the components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the plan (including pay-as-you-go amounts), and changes in the City's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 18,085,642
Interest on net OPEB obligation	1,931,574
Adjustment to annual required contribution	<u>(2,401,350)</u>
Annual OPEB cost	17,615,866
Contribution made	<u>(9,791,130)</u>
Increase in net OPEB obligation	7,824,736
Net OPEB obligation, beginning of year	<u>32,192,899</u>
Net OPEB obligation, end of year	<u><u>\$ 40,017,635</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:

<u>Fiscal year ending</u>	<u>Annual OPEB cost</u>	<u>Actual contribution</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
6/03/2009	\$ 20,070,947	\$ 7,834,193	39.0%	\$ 12,236,754
6/30/2010	20,580,700	8,945,764	43.5%	23,871,690
6/30/2011	17,836,256	9,515,047	53.3%	32,192,899
6/30/2012	17,615,866	9,791,130	55.6%	40,017,635

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

Actuarial accrued liabilities (AAL)	\$ 204,084,283
Actuarial value of plan assets	2,651,169
Unfunded actuarial accrued liability (UAAL)	<u>\$ 201,433,114</u>
Funded ratio	1.3%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

City of Saginaw
Notes to Financial Statements
June 30, 2012

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	12/31/2009
Actuarial cost method	Individual entry date
Amortization method for contributions	Level dollar
Remaining amortization period	28 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	4.8% - 12.9%
Healthcare inflation rate	9% (2009, grading to 4.5% (2017))

Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended June 30, 2012:

Statement of Plan Net Assets

<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,971,565
Investments, at fair value	1,560,662
Total assets	<u>3,532,227</u>
 Net assets held in trust for pension benefits	 \$ <u>3,532,227</u>

City of Saginaw
Notes to Financial Statements
June 30, 2012

ADDITIONS

Contributions:	
Employer	\$ 92,843
Current premium contributions	9,698,287
Total contributions	9,791,130
Investment income	
Interest	55,271
Net appreciation in fair value of investments	(185,788)
Total investment income	(130,517)
Total additions	9,660,613
DEDUCTIONS	
Retiree premium payments	9,698,287
Net increase for the year	(37,674)
Net assets held in trust for pension benefits	
Beginning of year	3,569,901
End of year	\$ 3,532,227

NOTE 12 - 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 13 - PROPERTY TAXES

City property taxes are levied each July 1 on the taxable value of property located in the City as of the preceding December 31, tax day and the lien date. In accordance with the provisions of Proposal A (see below), taxable value is the lower of the following three computations: 1) assessed/state equalized value; 2) the prior year's taxable value multiplied by the increase in the consumer price index or five percent (5%), whichever is less; or 3) the multiplier value. Proposal A requires the City Assessor to annually establish the assessed values and the equalization of said assessed values by the State of Michigan at 50 percent of current market value, prior to the application of formulas to determine the taxable value. Real property taxable value for the July 1, 2010, levy was assessed at \$568,991,998 and personal property taxable value was assessed at \$97,505,220.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2012, was 6.7290 mills (limited to 7.50 mills). Additionally, the City levied 5.5000 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

City of Saginaw
Notes to Financial Statements
June 30, 2012

Saginaw subsequently approved an additional four mills for public libraries when Proposal A eliminated their millage from the school's millage and another three mills to operate a public transportation system.

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

Tax Limitation - By general law, property taxes for City purposes are limited to two percent (2%) of the assessed valuation of all real and personal property in the municipality, provided that no such restriction shall prevent the levy of taxes required for the payment of general debt obligations. The charter of the City of Saginaw provided that City taxes shall be subject to the overall limitation (City, School and County) imposed by Section 21, Article X, of the Michigan State Constitution, which is 1-1/2 percent of assessed value exclusive of debt incurred prior to December 8, 1932. Act No. 44, Public Acts of 1948, effective August 20, 1948, amended all Michigan city charters nullifying charter limitations and authorized that the levy for city 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 14 - 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

City of Saginaw
Notes to Financial Statements
June 30, 2012

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

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

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

Advances provided SPM does not default in any of its obligations. No payments were made by SPM during the fiscal year.

Brownfield Authority Site Remediation Revolving Fund (SRRF)

The City received funding from the U.S. Environmental Protection Agency for a 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 15 - RESTATEMENTS

Nonmajor enterprise funds – Parking Fund, which had previously been an enterprise fund, was determined to be a governmental fund as it does not charge fees to support services rendered. Due to the elimination of capital assets and long term debt from the fund, the restated fund balance decreased by \$105,383 and the governmental funds in the government-wide statements decreased by \$66,175.

NOTE 16 - SUBSEQUENT EVENT

Subsequent to year end, the City issued general obligation limited tax bonds in the amount of \$2,900,000 for capital improvements to the wastewater treatment plant.

Subsequent to year end, the City paid a total of \$555,000 for two litigation settlement claims.

City of Saginaw
Required Supplementary Information
Municipal Employees Retirement System of Michigan
June 30, 2012

Schedule of Employer Contributions

Fiscal year ending	Annual required contribution	Percentage of APC contributed
6/30/06	\$ 3,626,717	100%
6/30/07	4,273,124	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	7,576,236	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%

City of Saginaw
Required Supplementary Information
Policemen and Firemen Retirement System
June 30, 2012

Schedule of Employer Contributions

Fiscal year ending	Annual required contribution	Percentage of APC contributed
6/30/06	\$ 3,626,717	100%
6/30/07	4,842,384	100%
6/30/08	4,740,074	100%
6/30/09	4,931,700	100%
6/30/10	4,453,364	100%
6/30/11	4,469,001	100%
6/30/12	5,685,858	100%

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2003	\$ 128,401,451	\$ 148,979,436	\$ 20,587,985	86%	\$ 10,208,281	202%
6/30/2004	120,251,339	157,533,568	37,282,229	76%	9,903,748	376%
6/30/2005	122,782,274	160,541,137	37,758,863	76%	9,561,886	395%
6/30/2006	124,578,186	165,327,614	40,749,428	75%	9,502,885	429%
6/30/2007	129,273,674	168,019,730	38,746,056	77%	9,263,203	418%
6/30/2008	130,123,446	170,553,606	40,430,160	76%	8,890,222	455%
6/30/2009	117,274,639	174,401,895	57,127,256	67%	8,619,331	663%

City of Saginaw
Required Supplementary Information
Other Postemployment Benefits
June 30, 2012

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
6/30/2009	\$ 20,070,947	\$ 7,834,193	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%

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

Actuarial accrued liabilities (AAL)	\$ 204,084,283
Actuarial value of plan assets	<u>2,651,169</u>
Unfunded actuarial accrued liability (UAAL)	\$ 201,433,114
Funded ratio	1.3%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

City of Saginaw
Other Supplemental Information
General Fund
Balance Sheet
June 30, 2012

(With Comparative Actual Amounts for June 30, 2011)

	2012	2011
Assets		
Cash and cash equivalents	\$ 940,084	\$ 933,135
Receivables		
Income taxes receivable	1,524,917	1,509,454
Customers	2,514,804	4,308,441
Property taxes receivable	-	899,415
Special assessments	244,212	287,591
Accrued interest and other	9,872	9,758
Due from other units of government	1,157,690	2,782,597
Due from other funds	3,753,090	4,616,887
Inventories	227,779	130,921
Prepaid items	12,240	12,240
 Total assets	 \$ 10,384,688	 \$ 15,490,439

City of Saginaw
Other Supplemental Information
General Fund
Balance Sheet
June 30, 2012

(With Comparative Actual Amounts for June 30, 2011)

	2012	2011
Liabilities		
Accounts payable	\$ 335,118	\$ 2,296,057
Accrued and other liabilities	1,080,503	1,192,147
Due to other funds	5,874,886	6,520,020
Due to other units of government	87,514	114,191
Deferred revenue	1,758,609	1,503,055
Total liabilities	9,136,630	11,625,470
 Fund Balances		
Non-spendable		
Inventories	227,779	130,921
Prepaid items	12,240	12,240
Restricted for fire purposes	-	700
Restricted for police purposes	10,000	-
Assigned for subsequent year expenditures	-	1,035,987
Unassigned	998,039	2,685,121
Total fund balances	1,248,058	3,864,969
Total liabilities and fund balances	\$ 10,384,688	\$ 15,490,439

City of Saginaw
Other Supplemental Information
Schedule of Departmental and Miscellaneous Revenues
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Licenses				
Business and occupational	\$ 113,000	\$ 113,000	\$ 119,788	\$ 6,788
Rental housing	303,000	303,000	306,022	3,022
Total licenses	<u>416,000</u>	<u>416,000</u>	<u>425,810</u>	<u>9,810</u>
Construction and other permits	<u>259,150</u>	<u>299,509</u>	<u>357,817</u>	<u>58,308</u>
Fees				
Property tax administration	345,000	345,000	260,441	(84,559)
Gun registration	2,550	2,050	2,240	190
Zoning code	7,000	7,000	6,300	(700)
Witness	10,000	10,000	10,815	815
Hazmat clean up	15,000	15,000	16,297	1,297
Fire department	-	700	625	(75)
Parking system	297,622	297,622	252,370	(45,252)
Cable television	550,000	550,000	580,288	30,288
Total fees	<u>1,227,172</u>	<u>1,227,372</u>	<u>1,129,376</u>	<u>(97,996)</u>
Fines, penalties and forfeitures				
Traffic violations (except parking)	180,000	180,000	216,781	36,781
Traffic violations - parking	25,000	25,000	258	(24,742)
Penalties on property taxes	147,730	147,730	281,682	133,952
Police	-	187,880	187,881	1
Other	5,000	5,000	900	(4,100)
Transfer affidavit fines	33,000	33,000	9,387	(23,613)
Total fines, penalties and forfeitures	<u>390,730</u>	<u>578,610</u>	<u>696,889</u>	<u>118,279</u>

City of Saginaw
Other Supplemental Information
Schedule of Departmental and Miscellaneous Revenues
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Grants, donations and contributions				
City/county/school liaison	\$ 135,000	\$ 135,000	\$ 94,305	\$ (40,695)
Indirect costs	2,212,534	2,304,995	2,304,995	-
Reimbursement for police overtime	120,415	120,415	171,029	50,614
Other grants	590,941	1,459,740	1,317,419	(142,321)
Total grants, donations and contributions	<u>3,058,890</u>	<u>4,020,150</u>	<u>3,887,748</u>	<u>(132,402)</u>
Interest				
Investments	67,800	67,500	15,587	(51,913)
Deferred special assessments	3,000	3,300	(1,915)	(5,215)
City income taxes	300,000	377,000	421,471	44,471
Total interest	<u>370,800</u>	<u>447,800</u>	<u>435,143</u>	<u>(12,657)</u>
Rents and privileges				
Land and buildings	\$ 30,000	\$ 30,000	\$ 32,109	\$ 2,109
Sale of materials and services				
Cemetery services and markers	390,000	390,000	384,451	(5,549)
Cemetery grave spaces	97,500	97,500	93,869	(3,631)
Police department services	76,000	83,500	53,376	(30,124)
Fire department services	2,600	2,600	4,354	1,754
Election services	-	50	44	(6)
Engineering plans and specifications	-	750	20	(730)
Sale of asset	-	-	1,059	1,059
Insurance proceeds	31,500	34,463	13,158	(21,305)
Other	1,014,476	1,092,926	931,478	(161,448)
Total sale of materials and services	<u>1,612,076</u>	<u>1,701,789</u>	<u>1,481,809</u>	<u>(219,980)</u>
Transfers in				
Police grant funds	1,468,994	1,475,878	826,384	(649,494)
Total departmental and miscellaneous revenues and transfers in	<u>\$ 8,833,812</u>	<u>\$ 10,197,108</u>	<u>\$ 9,273,085</u>	<u>\$ (924,023)</u>

City of Saginaw
Other Supplemental Information
Schedule of Appropriations and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Expenditures				
General government				
City council	\$ 55,450	\$ 55,450	\$ 47,069	\$ (8,381)
City/county/school liaison	10,000	10,000	1,993	(8,007)
City Manager	402,937	425,036	412,200	(12,836)
Cable television operations	49,787	49,787	44,461	(5,326)
Employee services	482,706	497,388	461,253	(36,135)
City clerk	311,440	369,491	347,348	(22,143)
Elections	204,856	238,054	240,839	2,785
City attorney	468,511	489,034	471,838	(17,196)
Unemployment compensation	210,921	200,921	188,239	(12,682)
Retiree health insurance and contributions	2,006,863	2,096,173	2,326,450	230,277
Geographical information system charges	57,287	57,287	47,739	(9,548)
Total general government	<u>4,260,758</u>	<u>4,488,621</u>	<u>4,589,429</u>	<u>100,808</u>
Fiscal services				
Administration	559,916	626,710	579,235	(47,475)
Controller	331,044	331,044	325,658	(5,386)
Treasurer/income tax	999,597	1,057,245	1,015,559	(41,686)
Assessor	582,685	608,025	556,444	(51,581)
Purchasing	179,037	189,173	180,143	(9,030)
Total fiscal services	<u>2,652,279</u>	<u>2,812,197</u>	<u>2,657,039</u>	<u>(155,158)</u>
Public safety				
Parking system	297,622	304,506	281,250	(23,256)
Administration	791,582	826,748	776,141	(50,607)
Police department				
Administration	304,468	332,771	298,027	(34,744)
Patrol	8,506,004	8,706,198	8,555,178	(151,020)
Investigation	1,619,819	1,847,656	1,613,210	(234,446)
Building and property management	816,591	894,527	830,642	(63,885)
Technical services	611,780	672,815	655,632	(17,183)
Total police department	<u>11,858,662</u>	<u>12,453,967</u>	<u>11,952,689</u>	<u>(501,278)</u>

City of Saginaw
Other Supplemental Information
Schedule of Appropriations and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Fire department				
Administration	\$ 7,777,996	\$ 8,388,818	\$ 8,642,674	\$ 253,856
Fire technical	182,276	189,544	161,205	(28,339)
Prevention	231,929	383,358	283,645	(99,713)
Apparatus operation and maintenance	<u>365,233</u>	<u>363,263</u>	<u>231,911</u>	<u>(131,352)</u>
Total fire department	<u>8,557,434</u>	<u>9,324,983</u>	<u>9,319,435</u>	<u>(5,548)</u>
Total public safety	<u>21,505,300</u>	<u>22,910,204</u>	<u>22,329,515</u>	<u>(580,689)</u>
General services				
Public works and engineering	32,072	31,816	22,130	(9,686)
Street lighting	628,873	768,407	736,214	(32,193)
Public improvements	398,795	416,365	334,114	(82,251)
Traffic engineering	105,551	100,218	62,984	(37,234)
Abatement of nuisances	164,456	206,950	192,517	(14,433)
Cemeteries operation and maintenance	576,473	633,717	681,880	48,163
Japanese tea house and cultural center	46,468	46,474	46,149	(325)
Parks administration	25,000	25,000	39,494	14,494
Building and grounds maintenance	<u>1,020,488</u>	<u>1,375,565</u>	<u>1,288,395</u>	<u>(87,170)</u>
Total general services	<u>2,998,176</u>	<u>3,604,512</u>	<u>3,403,877</u>	<u>(200,635)</u>
Community services				
Inspections and zoning	582,722	650,136	588,952	(61,184)
Demolitions	250,000	215,000	210,906	(4,094)
Planning and economic development	244,273	545,091	550,215	5,124
Contributions to other organizations	<u>1,000</u>	<u>3,659</u>	<u>3,659</u>	<u>-</u>
Total community services	<u>1,077,995</u>	<u>1,413,886</u>	<u>1,353,732</u>	<u>(60,154)</u>

City of Saginaw
Other Supplemental Information
Schedule of Appropriations and Expenditures
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Transfers out				
Anderson Enrichment Center	\$ 11,542	\$ 11,542	\$ 11,542	\$ -
Public safety fund	513,559	464,559	510,163	45,604
Parking fund	-	6,884	-	(6,884)
Celebrations park	31,876	31,876	-	(31,876)
Police grant fund	274,501	340,847	275,279	(65,568)
Total transfers out	<u>831,478</u>	<u>855,708</u>	<u>796,984</u>	<u>(58,724)</u>
Total appropriations, expenditures, and transfers out	<u>\$ 33,325,986</u>	<u>\$ 36,085,128</u>	<u>\$ 35,130,576</u>	<u>\$ (954,552)</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. The Municipal Street Fund functions as an inventory account for street maintenance materials. These materials are reallocated to the Major and Local Streets Funds upon completion of construction.

PUBLIC SAFETY MILLAGE FUND

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

RUBBISH COLLECTION FUND

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

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.

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.

NONMAJOR GOVERNMENTAL FUNDS

(continued)

SPECIAL REVENUE FUNDS

AUTO THEFT PREVENTION GRANT FUND

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

POLICE TRAINING FUND

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

YOUTH INITIATIVE GRANT FUND

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

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, 2012

	Special Revenue Funds						
	Major Street	Local Street	Public Safety Millage	Rubbish Collection	Clean Energy Coalition	Police Grants Funds	
						Community Policing	Local Law Enforcement
Assets							
Cash and cash equivalents	\$ 646,092	\$ 197,799	\$ 167,323	\$ -	\$ 99,333	\$ -	\$ -
Receivables							
Customers	5,263	-	-	1,631,777	-	-	-
Special assessments	-	-	-	38,342	-	-	-
Accrued interest and other	-	-	-	-	-	-	-
Due from other units of government	632,077	152,878	-	-	-	376,969	488,966
Inventories	244,881	-	-	-	-	-	-
Prepaid items	-	-	-	174,865	-	-	-
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 1,528,313</u>	<u>\$ 350,677</u>	<u>\$ 167,323</u>	<u>\$ 1,844,984</u>	<u>\$ 99,333</u>	<u>\$ 376,969</u>	<u>\$ 488,966</u>

City of Saginaw
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds					
	Police Grants Funds			Drug Forfeiture	Anderson Center Operation	GM Tower
	Auto Theft Prevention Grants	Police Training	Youth Initiative Grant			
Assets						
Cash and cash equivalents	\$ 7,218	\$ 8,606	\$ 3,829	\$ -	\$ 123,307	\$ 41,987
Receivables						
Customers	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest and other	-	-	-	-	204	-
Due from other units of government	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted assets						
Cash and cash equivalents	-	-	-	976,915	-	-
Investments	-	-	-	-	-	-
Total assets	<u>\$ 7,218</u>	<u>\$ 8,606</u>	<u>\$ 3,829</u>	<u>\$ 976,915</u>	<u>\$ 123,511</u>	<u>\$ 41,987</u>

City of Saginaw
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Boat Launch	Economic Development	Celebration Park	Capital Projects	Permanent Fund	
Assets						
Cash and cash equivalents	\$ 32,070	\$ 64,187	\$ -	\$ 102,249	\$ 120,252	\$ 1,614,252
Receivables						
Customers	5,044	-	-	-	-	1,642,084
Special assessments	-	-	-	-	-	38,342
Accrued interest and other	-	-	-	-	-	204
Due from other units of government	-	-	-	-	-	1,650,890
Inventories	-	-	-	-	-	244,881
Prepaid items	-	-	-	-	-	174,865
Restricted assets						
Cash and cash equivalents	-	-	-	-	-	976,915
Investments	-	-	-	-	2,449,935	2,449,935
Total assets	\$ 37,114	\$ 64,187	\$ -	\$ 102,249	\$ 2,570,187	\$ 8,792,368

City of Saginaw
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds						
	Major Street	Local Street	Public Safety Millage	Rubbish Collection	Clean Energy Coalition	Police Grants Funds	
						Community Policing	Local Law Enforcement
Liabilities							
Accounts payable	\$ 36,555	\$ 6,974	\$ -	\$ 401,472	\$ -	\$ 132	\$ -
Accrued and other liabilities	23,910	14,094	167,323	15,959	-	25,854	-
Due to other funds	-	-	-	683,611	-	350,983	488,966
Deferred revenue	445,224	-	-	48,487	-	-	327,334
Total liabilities	<u>505,689</u>	<u>21,068</u>	<u>167,323</u>	<u>1,149,529</u>	<u>-</u>	<u>376,969</u>	<u>816,300</u>
Fund Balances							
Non-spendable							
Inventory	244,881	-	-	-	-	-	-
Prepaid items	-	-	-	174,865	-	-	-
Endowments	-	-	-	-	-	-	-
Restricted	777,743	329,609	-	520,590	99,333	-	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	(327,334)
Total fund balances	<u>1,022,624</u>	<u>329,609</u>	<u>-</u>	<u>695,455</u>	<u>99,333</u>	<u>-</u>	<u>(327,334)</u>
Total liabilities and fund balances	<u>\$ 1,528,313</u>	<u>\$ 350,677</u>	<u>\$ 167,323</u>	<u>\$ 1,844,984</u>	<u>\$ 99,333</u>	<u>\$ 376,969</u>	<u>\$ 488,966</u>

City of Saginaw
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds					
	Police Grants Funds					
	Auto Theft Prevention Grants	Police Training	Youth Initiative Grant	Drug Forfeiture	Anderson Center Operation	GM Tower
Liabilities						
Accounts payable	\$ 3,153	\$ 5,393	\$ -	\$ 4,214	\$ 3,756	\$ 9,167
Accrued and other liabilities	4,065	-	3,829	505,647	3,823	-
Due to other funds	-	-	-	165,722	-	-
Deferred revenue	-	3,213	-	-	-	-
Total liabilities	<u>7,218</u>	<u>8,606</u>	<u>3,829</u>	<u>675,583</u>	<u>7,579</u>	<u>9,167</u>
Fund Balances						
Non-spendable						
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Endowments	-	-	-	-	-	-
Restricted	-	-	-	301,332	-	-
Assigned	-	-	-	-	115,932	32,820
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,332</u>	<u>115,932</u>	<u>32,820</u>
Total liabilities and fund balances	<u>\$ 7,218</u>	<u>\$ 8,606</u>	<u>\$ 3,829</u>	<u>\$ 976,915</u>	<u>\$ 123,511</u>	<u>\$ 41,987</u>

City of Saginaw
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>					Total
	<u>Boat Launch</u>	<u>Economic Development</u>	<u>Celebration Park</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Nonmajor Governmental Funds</u>
Liabilities						
Accounts payable	\$ 1,886	\$ -	\$ 1,687	\$ -	\$ -	\$ 474,389
Accrued and other liabilities	-	-	1,564	-	-	766,068
Due to other funds	-	-	268,748	-	-	1,958,030
Deferred revenue	-	-	-	-	-	824,258
Total liabilities	<u>1,886</u>	<u>-</u>	<u>271,999</u>	<u>-</u>	<u>-</u>	<u>4,022,745</u>
Fund Balances						
Non-spendable						
Inventory	-	-	-	-	-	244,881
Prepaid items	-	-	-	-	-	174,865
Endowments	-	-	-	-	2,449,935	2,449,935
Restricted	-	64,187	-	-	120,252	2,213,046
Assigned	35,228	-	-	102,249	-	286,229
Unassigned (deficit)	-	-	(271,999)	-	-	(599,333)
Total fund balances	<u>35,228</u>	<u>64,187</u>	<u>(271,999)</u>	<u>102,249</u>	<u>2,570,187</u>	<u>4,769,623</u>
Total liabilities and fund balances	<u>\$ 37,114</u>	<u>\$ 64,187</u>	<u>\$ -</u>	<u>\$ 102,249</u>	<u>\$ 2,570,187</u>	<u>\$ 8,792,368</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, 2012

	Special Revenue Funds						
	Major Street	Local Street	Public Safety Millage	Rubbish Collection	Clean Energy Coalition	Police Grants Funds	
						Community Policing	Local Law Enforcement
Revenues							
Taxes	\$ -	\$ -	\$ 3,521,160	\$ 13,500	\$ -	\$ -	\$ -
Licenses and permits	29,998	-	-	-	-	-	-
Federal grants	55,697	-	-	-	-	601,781	(9,109)
State revenue sharing	3,407,631	940,197	-	-	-	-	-
Other state grants	528,840	-	-	-	4,253	-	-
Local contributions	-	-	-	-	-	-	-
Charges for services	27,501	1,604	-	3,744,004	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest income	630	103	-	20,078	-	-	-
Rental income	-	-	-	-	-	-	-
Other revenue	55,408	2,016	-	14,660	-	-	-
Total revenues	4,105,705	943,920	3,521,160	3,792,242	4,253	601,781	(9,109)

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, 2012

	Special Revenue Funds					
	Police Grants Funds			Drug Forfeiture	Anderson Center Operation	GM Tower
	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant			
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
State revenue sharing	-	-	-	-	-	-
Other state grants	39,312	29,297	-	-	-	-
Local contributions	-	-	-	-	20,250	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	43,869	-	-
Interest income	-	-	-	2,077	375	9
Rental income	-	-	-	-	41,647	-
Other revenue	1,471	-	59,736	1,224	143,087	-
Total revenues	40,783	29,297	59,736	47,170	205,359	9

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, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Boat Launch	Economic Development	Celebration Park	Capital Projects	Permanent Fund	
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,534,660
Licenses and permits	-	-	-	-	-	29,998
Federal grants	-	-	-	-	-	648,369
State revenue sharing	-	-	-	-	-	4,347,828
Other state grants	-	-	47,510	-	-	649,212
Local contributions	-	-	527,000	-	-	547,250
Charges for services	30,902	-	94	-	30,255	3,834,360
Fines and forfeitures	-	-	-	-	-	43,869
Interest income	-	-	-	-	-	23,272
Rental income	-	-	-	-	-	41,647
Other revenue	-	-	-	-	-	277,602
	<u>30,902</u>	<u>-</u>	<u>574,604</u>	<u>-</u>	<u>30,255</u>	<u>13,978,067</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, 2012

	Special Revenue Funds						
	Major Street	Local Street	Public Safety Millage	Rubbish Collection	Clean Energy Coalition	Police Grants Funds	
						Community Policing	Local Law Enforcement
Expenditures							
Current							
Public safety	\$ -	\$ -	\$ 4,031,323	\$ -	\$ -	\$ 1,024,174	\$ 318,225
Public works							
Highways and streets	3,496,658	1,154,027	-	-	-	-	-
Garbage and rubbish	-	-	-	3,424,088	4,253	-	-
Economic development	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	-
Debt service							
Principal retirement	-	-	-	-	667	-	-
Total expenditures	<u>3,496,658</u>	<u>1,154,027</u>	<u>4,031,323</u>	<u>3,424,088</u>	<u>4,920</u>	<u>1,024,174</u>	<u>318,225</u>
Excess (deficiency) of revenues over expenditures	<u>609,047</u>	<u>(210,107)</u>	<u>(510,163)</u>	<u>368,154</u>	<u>(667)</u>	<u>(422,393)</u>	<u>(327,334)</u>
Other financing sources (uses)							
Transfers in	-	177,846	510,163	-	-	422,377	-
Transfers out	(177,846)	-	-	-	-	-	-
Bond/note proceeds	-	-	-	-	100,000	-	-
Total other financing sources and uses	<u>(177,846)</u>	<u>177,846</u>	<u>510,163</u>	<u>-</u>	<u>100,000</u>	<u>422,377</u>	<u>-</u>
Net change in fund balance	431,201	(32,261)	-	368,154	99,333	(16)	(327,334)
Fund balance - beginning of year (deficit)	<u>591,423</u>	<u>361,870</u>	<u>-</u>	<u>327,301</u>	<u>-</u>	<u>16</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ 1,022,624</u>	<u>\$ 329,609</u>	<u>\$ -</u>	<u>\$ 695,455</u>	<u>\$ 99,333</u>	<u>\$ -</u>	<u>\$ (327,334)</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, 2012

	Special Revenue Funds					
	Police Grants Funds			Drug Forfeiture	Anderson Center Operation	GM Tower
	Auto Theft Prevention Grant	Police Training	Youth Initiative Grant			
Expenditures						
Current						
Public safety	\$ 115,255	\$ 29,297	\$ 59,736	\$ 167,466	\$ -	\$ -
Public works						
Highways and streets	-	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-	-
Economic development	-	-	-	-	-	102,500
Recreation and culture	-	-	-	-	216,483	-
Debt service						
Principal retirement	-	-	-	-	-	-
Total expenditures	<u>115,255</u>	<u>29,297</u>	<u>59,736</u>	<u>167,466</u>	<u>216,483</u>	<u>102,500</u>
Excess (deficiency) of revenues over expenditures	<u>(74,472)</u>	<u>-</u>	<u>-</u>	<u>(120,296)</u>	<u>(11,124)</u>	<u>(102,491)</u>
Other financing sources (uses)						
Transfers in	74,472	-	-	-	11,542	-
Transfers out	-	-	-	-	-	-
Bond/note proceeds	-	-	-	-	-	-
Total other financing sources and uses	<u>74,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,542</u>	<u>-</u>
Net change in fund balance	-	-	-	(120,296)	418	(102,491)
Fund balance - beginning of year (deficit)	-	-	-	421,628	115,514	135,311
Fund balance - end of year (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,332</u>	<u>\$ 115,932</u>	<u>\$ 32,820</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, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Boat Launch	Economic Development	Celebration Park	Capital Projects	Permanent Fund	
Expenditures						
Current						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,745,476
Public works						
Highways and streets	-	-	-	-	-	4,650,685
Garbage and rubbish	-	-	-	-	-	3,428,341
Economic development	-	51	56,117	-	-	158,668
Recreation and culture	21,708	-	-	-	5,800	243,991
Debt service						
Principal retirement	-	-	-	-	-	667
Total expenditures	21,708	51	56,117	-	5,800	14,227,828
Excess (deficiency) of revenues over expenditures	9,194	(51)	518,487	-	24,455	(249,761)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	1,196,400
Transfers out	-	-	-	-	-	(177,846)
Bond/note proceeds	-	-	-	-	-	100,000
Total other financing sources and uses	-	-	-	-	-	1,118,554
Net change in fund balance	9,194	(51)	518,487	-	24,455	868,793
Fund balance - beginning of year (deficit)	26,034	64,238	(790,486)	102,249	2,545,732	3,900,830
Fund balance - end of year (deficit)	\$ 35,228	\$ 64,187	\$ (271,999)	\$ 102,249	\$ 2,570,187	\$ 4,769,623

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Major Streets Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Licenses and permits	\$ 25,560	\$ 29,998	\$ 4,438
Federal grants	56,000	55,697	(303)
State revenue sharing	3,444,778	3,407,631	(37,147)
Other state grants	604,045	528,840	(75,205)
Charges for services	38,001	27,501	(10,500)
Other revenue	<u>105,954</u>	<u>56,038</u>	<u>(49,916)</u>
Total revenues	<u>4,274,338</u>	<u>4,105,705</u>	<u>(168,633)</u>
Expenditures			
Public works			
Routine maintenance of roads and streets	\$ 1,224,448	\$ 924,688	\$ (299,760)
Routine maintenance of bridges	136,337	98,345	(37,992)
Winter maintenance of roads and streets	187,156	162,282	(24,874)
Traffic services maintenance	703,851	717,478	13,627
State trunkline maintenance	468,754	262,710	(206,044)
Administration	<u>1,043,124</u>	<u>937,440</u>	<u>(105,684)</u>
Total public works expenditures	<u>3,763,670</u>	<u>3,102,943</u>	<u>(660,727)</u>
Capital outlay	510,667	393,715	(116,952)
Transfers out	<u>177,846</u>	<u>177,846</u>	<u>-</u>
Total expenditures	<u>4,452,183</u>	<u>3,674,504</u>	<u>(777,679)</u>
Excess of revenues (deficiency) over expenditures	(177,845)	431,201	609,046
Fund balance - beginning of year	<u>591,423</u>	<u>591,423</u>	<u>-</u>
Fund balance - end of year	<u>\$ 413,578</u>	<u>\$ 1,022,624</u>	<u>\$ 609,046</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Local Streets Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
State revenue sharing	\$ 877,829	\$ 940,197	\$ 62,368
Charges for services	-	1,604	1,604
Interest income	1,400	103	(1,297)
Other revenue	3,000	2,016	(984)
Transfers in	177,846	177,846	-
	<u>1,060,075</u>	<u>1,121,766</u>	<u>61,691</u>
Expenditures			
Public works			
Routine maintenance of roads and streets	459,631	312,268	(147,363)
Winter maintenance of roads and streets	125,847	74,040	(51,807)
Traffic services maintenance	200,110	215,062	14,952
Administration	646,002	552,657	(93,345)
	<u>1,431,590</u>	<u>1,154,027</u>	<u>(277,563)</u>
Excess of revenues (deficiency) over expenditures	(371,515)	(32,261)	339,254
Fund balance - beginning of year	<u>361,870</u>	<u>361,870</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (9,645)</u>	<u>\$ 329,609</u>	<u>\$ 339,254</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Clean Energy Coalition Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Other state grants	\$ 262,549	\$ 4,253	\$ (258,296)
Bond/note proceeds	-	100,000	100,000
Total revenues	<u>262,549</u>	<u>104,253</u>	<u>(158,296)</u>
Expenditures			
Public works			
Contractual services	262,549	4,253	(258,296)
Debt service			
Principal retirement	-	667	667
Total public works expenditures	<u>262,549</u>	<u>4,920</u>	<u>(257,629)</u>
Excess of revenues over expenditures	-	99,333	99,333
Fund balance - beginning of year	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ 99,333</u>	<u>\$ 99,333</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Public Safety Millage Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ 3,536,151	\$ 3,521,160	\$ (14,991)
Transfers in	464,559	510,163	45,604
Total revenues	<u>4,000,710</u>	<u>4,031,323</u>	<u>30,613</u>
Expenditures			
Public safety			
Police patrol	1,662,650	1,814,371	151,721
Police investigation	694,709	694,707	(2)
Fire suppression	1,579,168	1,465,824	(113,344)
Fire prevention	64,183	56,421	(7,762)
Total public safety expenditures	<u>4,000,710</u>	<u>4,031,323</u>	<u>30,613</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
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Rubbish Collection Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ -	\$ 13,500	\$ 13,500
Charges for services	3,748,380	3,744,004	(4,376)
Interest income	18,500	20,078	1,578
Other revenue	25,000	14,660	(10,340)
	<u>3,791,880</u>	<u>3,792,242</u>	<u>362</u>
Total revenues			
Expenditures			
Public works			
Administration	544,073	509,589	(34,484)
Rubbish collection and disposal	2,505,933	2,252,422	(253,511)
Brush collection and disposal	109,400	107,347	(2,053)
Recycling and composting	662,230	554,730	(107,500)
	<u>3,821,636</u>	<u>3,424,088</u>	<u>(397,548)</u>
Total public works expenditures			
Excess (deficiency) of revenues over expenditures	(29,756)	368,154	397,910
Fund balance - beginning of year	<u>327,301</u>	<u>327,301</u>	<u>-</u>
Fund balance - end of year	<u>\$ 297,545</u>	<u>\$ 695,455</u>	<u>\$ 397,910</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Federal grants	\$ 986,178	\$ 592,672	\$ (393,506)
Other state grants	77,100	68,609	(8,491)
Other revenue	84,360	61,207	(23,153)
Transfers in	<u>538,286</u>	<u>496,849</u>	<u>(41,437)</u>
Total revenues	<u>1,685,924</u>	<u>1,219,337</u>	<u>(466,587)</u>
Expenditures			
Public safety	<u>1,685,924</u>	<u>1,546,687</u>	<u>(139,237)</u>
Deficiency of revenues over expenditures	-	(327,350)	(327,350)
Fund balance - beginning of year	<u>16</u>	<u>16</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ 16</u>	<u>\$ (327,334)</u>	<u>\$ (327,350)</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Drug Forfeiture Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fines and forfeitures	\$ 35,906	\$ 43,869	\$ 7,963
Interest income	2,500	2,077	(423)
Other revenue	-	1,224	1,224
Total revenues	<u>38,406</u>	<u>47,170</u>	<u>8,764</u>
Expenditures			
Public safety	<u>246,074</u>	<u>167,466</u>	<u>(78,608)</u>
Excess (deficiency) of revenues over expenditures	(207,668)	(120,296)	87,372
Fund balance - beginning of year	<u>421,628</u>	<u>421,628</u>	<u>-</u>
Fund balance - end of year	<u>\$ 213,960</u>	<u>\$ 301,332</u>	<u>\$ 87,372</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Andersen Center Operation Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Local contributions	\$ 36,939	\$ 20,250	\$ (16,689)
Interest income	-	375	375
Rental income	49,589	41,647	(7,942)
Other revenue	130,190	143,087	12,897
Transfers in	11,542	11,542	-
	<u>228,260</u>	<u>216,901</u>	<u>(11,359)</u>
Expenditures			
Recreation and culture	<u>228,260</u>	<u>216,483</u>	<u>(11,777)</u>
Excess of revenues over expenditures	-	418	418
Fund balance - beginning of year	<u>115,514</u>	<u>115,514</u>	<u>-</u>
Fund balance - end of year	<u>\$ 115,514</u>	<u>\$ 115,932</u>	<u>\$ 418</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
GM Tower Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Interest income	\$ -	\$ 9	\$ 9
Expenditures			
Economic development	102,500	102,500	-
Deficiency of revenues over expenditures	(102,500)	(102,491)	9
Fund balance - beginning of year	135,311	135,311	-
Fund balance - end of year	\$ 32,811	\$ 32,820	\$ 9

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Boat Launch Operation Special Revenue Fund
For the Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Charges for services	\$ 23,000	\$ 30,902	\$ 7,902
Expenditures			
Recreation and culture	36,939	21,708	(15,231)
Excess (deficiency) of revenues over expenditures	(13,939)	9,194	23,133
Fund balance - beginning of year	26,034	26,034	-
Fund balance - end of year	<u>\$ 12,095</u>	<u>\$ 35,228</u>	<u>\$ 23,133</u>

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Economic Development Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Other state grants	\$ 14,000	\$ -	\$ (14,000)
Interest income	-	51	51
Total revenues	14,000	51	(13,949)
Expenditures			
Economic development	14,000	102	(13,898)
Deficiency of revenues over expenditures	-	(51)	(51)
Fund balance - beginning of year	64,238	64,238	-
Fund balance - end of year	\$ 64,238	\$ 64,187	\$ (51)

City of Saginaw
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Celebration Park Special Revenue Fund
For the Year Ended June 30, 2012

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Other state grants	\$ -	\$ 47,510	\$ 47,510
Local contributions	160,000	527,000	367,000
Charges for services	18,000	94	(17,906)
Transfers in	53,127	-	(53,127)
	<u>231,127</u>	<u>574,604</u>	<u>343,477</u>
Expenditures			
Economic development	<u>231,127</u>	<u>56,117</u>	<u>(175,010)</u>
Excess of revenues over expenditures	-	518,487	518,487
Fund balance - beginning of year (deficit)	<u>(790,486)</u>	<u>(790,486)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (790,486)</u>	<u>\$ (271,999)</u>	<u>\$ 518,487</u>

INTERNAL SERVICE FUNDS

INFORMATION SERVICES FUND

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

GIS FUND

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

MOTOR POOL FUND

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

RADIO FUND

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

SELF INSURANCE FUND

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

WORKERS' COMPENSATION FUND

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

PUBLIC WORKS BUILDING FUND

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

City of Saginaw
Internal Service Funds
Combining Statement of Net Assets
June 30, 2012

	<u>Information Services</u>	<u>GIS</u>	<u>Motor Pool</u>	<u>Radio</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 159,062	\$ 85,247	\$ 538,007	\$ 775,855
Accounts receivable	-	32,641	-	-
Due from other funds	-	-	78,983	-
Inventories	-	-	254,913	-
Prepaid items	-	1,637	-	-
	<u>159,062</u>	<u>119,525</u>	<u>871,903</u>	<u>775,855</u>
Total current assets				
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>26,827</u>	<u>7,698</u>	<u>729,550</u>	<u>111,429</u>
	<u>185,889</u>	<u>127,223</u>	<u>1,601,453</u>	<u>887,284</u>
Total assets				

City of Saginaw
Internal Service Funds
Combining Statement of Net Assets
June 30, 2012

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 1,408,742	\$ 2,815,183	\$ 21,650	\$ 5,803,746
Accounts receivable	1,000,000	104,954	-	1,137,595
Due from other funds	1,520,000	683,611	-	2,282,594
Inventories	-	-	-	254,913
Prepaid items	24,516	-	-	26,153
Total current assets	<u>3,953,258</u>	<u>3,603,748</u>	<u>21,650</u>	<u>9,505,001</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	-	-	-	875,504
Total assets	<u>3,953,258</u>	<u>3,603,748</u>	<u>21,650</u>	<u>10,380,505</u>

City of Saginaw
Internal Service Funds
Combining Statement of Net Assets
June 30, 2012

	<u>Information Services</u>	<u>GIS</u>	<u>Motor Pool</u>	<u>Radio</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 13,044	\$ 2,678	\$ 27,619	\$ 10
Accrued and other liabilities	<u>49,666</u>	<u>13,512</u>	<u>20,094</u>	<u>224</u>
Total current liabilities	<u>62,710</u>	<u>16,190</u>	<u>47,713</u>	<u>234</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	-
Insurance claims payable	-	-	-	-
Compensated absences	<u>68,997</u>	<u>24,162</u>	<u>106,167</u>	<u>-</u>
Total noncurrent liabilities	<u>68,997</u>	<u>24,162</u>	<u>106,167</u>	<u>-</u>
Total liabilities	<u>131,707</u>	<u>40,352</u>	<u>153,880</u>	<u>234</u>
Net Assets				
Unrestricted	<u>54,182</u>	<u>86,871</u>	<u>1,447,573</u>	<u>887,050</u>
Total net assets	<u>\$ 54,182</u>	<u>\$ 86,871</u>	<u>\$ 1,447,573</u>	<u>\$ 887,050</u>

City of Saginaw
Internal Service Funds
Combining Statement of Net Assets
June 30, 2012

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 1,207,758	\$ 8,286	\$ 4,122	\$ 1,263,517
Accrued and other liabilities	<u>-</u>	<u>1,562</u>	<u>3,978</u>	<u>89,036</u>
Total current liabilities	<u>1,207,758</u>	<u>9,848</u>	<u>8,100</u>	<u>1,352,553</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	3,578,469	-	3,578,469
Insurance claims payable	1,201,194	-	-	1,201,194
Compensated absences	<u>-</u>	<u>4,919</u>	<u>13,550</u>	<u>217,795</u>
Total noncurrent liabilities	<u>1,201,194</u>	<u>3,583,388</u>	<u>13,550</u>	<u>4,997,458</u>
Total liabilities	<u>2,408,952</u>	<u>3,593,236</u>	<u>21,650</u>	<u>6,350,011</u>
Net Assets				
Unrestricted	<u>1,544,306</u>	<u>10,512</u>	<u>-</u>	<u>4,030,494</u>
Total net assets	<u>\$ 1,544,306</u>	<u>\$ 10,512</u>	<u>\$ -</u>	<u>\$ 4,030,494</u>

City of Saginaw
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
For the Year Ended June 30, 2012

	Information Services	GIS	Motor Pool	Radio	Self Insurance
Operating revenue					
User charges	\$ 1,210,357	\$ 411,290	\$ 1,546,399	\$ 37,236	\$ 983,027
Other revenue	-	40,203	6,281	-	1,000,945
Total operating revenue	<u>1,210,357</u>	<u>451,493</u>	<u>1,552,680</u>	<u>37,236</u>	<u>1,983,972</u>
Operating expenses					
Salaries and benefits	677,654	376,355	1,189,516	3,603	-
Supplies	36,429	16,023	193,734	3,229	-
Contractual services	468,607	74,771	487,275	12,795	1,024,746
Claims	-	-	-	-	932,784
Other expenses	313	148	422	1,621	2,136
Depreciation	9,049	5,070	312,260	24,947	-
Total operating expenses	<u>1,192,052</u>	<u>472,367</u>	<u>2,183,207</u>	<u>46,195</u>	<u>1,959,666</u>
Operating income (loss)	<u>18,305</u>	<u>(20,874)</u>	<u>(630,527)</u>	<u>(8,959)</u>	<u>24,306</u>
Nonoperating revenue					
Interest income	-	-	-	-	-
Income (loss) before contributions and transfers out	18,305	(20,874)	(630,527)	(8,959)	24,306
Transfers out	-	-	-	(124,684)	(701,700)
Change in net assets	18,305	(20,874)	(630,527)	(133,643)	(677,394)
Net assets - beginning of year	<u>35,877</u>	<u>107,745</u>	<u>2,078,100</u>	<u>1,020,693</u>	<u>2,221,700</u>
Net assets - end of year	<u>\$ 54,182</u>	<u>\$ 86,871</u>	<u>\$ 1,447,573</u>	<u>\$ 887,050</u>	<u>\$ 1,544,306</u>

City of Saginaw
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
For the Year Ended June 30, 2012

	Workers' Compensation	Public Works Building	Total
Operating revenue			
User charges	\$ 1,256,938	\$ 400,894	\$ 5,846,141
Other revenue	145,740	6	1,193,175
Total operating revenue	<u>1,402,678</u>	<u>400,900</u>	<u>7,039,316</u>
Operating expenses			
Salaries and benefits	50,036	202,378	2,499,542
Supplies	-	8,579	257,994
Contractual services	208,951	189,798	2,466,943
Claims	1,133,890	-	2,066,674
Other expenses	-	145	4,785
Depreciation	-	-	351,326
Total operating expenses	<u>1,392,877</u>	<u>400,900</u>	<u>7,647,264</u>
Operating income (loss)	<u>9,801</u>	<u>-</u>	<u>(607,948)</u>
Nonoperating revenue			
Interest income	<u>197</u>	<u>-</u>	<u>197</u>
Income (loss) before contributions and transfers out	9,998	-	(607,751)
Transfers out	<u>-</u>	<u>-</u>	<u>(826,384)</u>
Change in net assets	9,998	-	(1,434,135)
Net assets - beginning of year	<u>514</u>	<u>-</u>	<u>5,464,629</u>
Net assets - end of year	<u>\$ 10,512</u>	<u>\$ -</u>	<u>\$ 4,030,494</u>

City of Saginaw
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2012

	Information Services	GIS	Motor Pool	Radio	Self Insurance	Workers' Compensation	Public Works Building	Total
Cash flows from operating activities								
Receipts from customers	\$ 1,210,357	\$ 421,219	\$ 1,552,680	\$ 37,236	\$ 1,983,972	\$ 1,297,724	\$ 400,900	\$ 6,904,088
Receipts from other funds	-	-	78,983	810,324	1,242,220	1,263,865	-	3,395,392
Payments to suppliers	(482,576)	(92,158)	(725,090)	(17,619)	(1,115,750)	(1,366,902)	(212,074)	(4,012,169)
Payments to employees	(688,634)	(376,721)	(1,156,140)	(3,603)	-	(49,857)	(220,228)	(2,495,183)
Net cash provided (used) by operating activities	39,147	(47,660)	(249,567)	826,338	2,110,442	1,144,830	(31,402)	3,792,128
Cash flows from noncapital financing activities								
Transfers to other funds	-	-	-	(124,684)	(701,700)	-	-	(826,384)
Cash flows from investing activities								
Interest received	-	-	-	-	-	197	-	197
Net increase (decrease) in cash and cash equivalents	39,147	(47,660)	(249,567)	701,654	1,408,742	1,145,027	(31,402)	2,965,941
Cash and cash equivalents - beginning of year	119,915	132,907	787,574	74,201	-	1,670,156	53,052	2,837,805
Cash and cash equivalents - end of year	\$ 159,062	\$ 85,247	\$ 538,007	\$ 775,855	\$ 1,408,742	\$ 2,815,183	\$ 21,650	\$ 5,803,746
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 18,305	\$ (20,874)	\$ (630,527)	\$ (8,959)	\$ 24,306	\$ 9,801	\$ -	\$ (607,948)
Adjustments to reconcile operating income to net cash from operating activities								
Depreciation and amortization expense	9,049	5,070	312,260	24,947	-	-	-	351,326
Changes in assets and liabilities								
Receivables (net)	-	(30,274)	-	-	(1,000,000)	(104,954)	-	(1,135,228)
Due from other funds	-	-	78,983	810,324	2,242,220	1,263,865	-	4,395,392
Inventories	-	-	(45,327)	-	-	-	-	(45,327)
Prepaid items	-	(1,637)	-	-	13,865	-	-	12,228
Accounts payable	(9,918)	(2,026)	8,170	10	1,146,485	6,017	(12,067)	1,136,671
Accrued and other liabilities	32,691	2,447	(6,502)	16	-	241	(1,485)	27,408
Claims payable	-	-	-	-	(316,434)	(30,319)	-	(346,753)
Compensated absences	(10,980)	(366)	33,376	-	-	179	(17,850)	4,359
Net cash provided (used) by operating activities	\$ 39,147	\$ (47,660)	\$ (249,567)	\$ 826,338	\$ 2,110,442	\$ 1,144,830	\$ (31,402)	\$ 3,792,128

FIDUCIARY FUNDS

PUBLIC EMPLOYEE HEALTHCARE FUND

This fund was established to start funding the unfunded health insurance premiums that are fully paid for all City retirees. The unfunded liability is estimated at \$215 million.

POLICEMEN AND FIREMEN PENSION FUND

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

AGENCY FUNDS

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

City of Saginaw
Employee Pension and Other Employee Benefits Trust Funds
Combining Statement of Plan Net Assets
June 30, 2012

	Police and Firemen Pension	Public Employee Healthcare	Total
Assets			
Cash and cash equivalents	\$ 2,111,931	\$ 1,971,565	\$ 4,083,496
Investments			
Government securities	4,101,022	-	4,101,022
Municipal obligations	930,569	-	930,569
Corporate and foreign bonds	8,999,778	-	8,999,778
Common equity securities	50,753,835	-	50,753,835
Equity mutual funds	43,932,905	-	43,932,905
Other	-	1,560,662	1,560,662
Accrued interest and other	180,067	-	180,067
Total assets	111,010,107	3,532,227	114,542,334
Liabilities			
Accounts payable	742,407	-	742,407
Accrued and other liabilities	825,100	-	825,100
Total liabilities	1,567,507	-	1,567,507
Net Assets			
Held in trust for pension benefits and other employee benefits	\$ 109,442,600	\$ 3,532,227	\$ 112,974,827

City of Saginaw
Employee Pension and Other Employee Benefits Trust Funds
Combining Statement of Changes in Plan Net Assets
For the Year Ended June 30, 2012

	Police and Firemen Pension	Public Employee Healthcare	Total
Additions			
Contributions			
Employer	\$ 5,685,858	\$ 92,843	\$ 5,778,701
Current premium contributions	-	9,698,287	9,698,287
Plan members	<u>827,212</u>	<u>-</u>	<u>827,212</u>
Total contributions	<u>6,513,070</u>	<u>9,791,130</u>	<u>16,304,200</u>
Investment earnings			
Interest	1,353,283	55,271	1,408,554
Dividends	1,716,423	-	1,716,423
Mutual fund rebates	191,785	-	191,785
Change in fair value	(5,534,615)	(185,788)	(5,720,403)
Investment expenses	<u>(80,471)</u>	<u>-</u>	<u>(80,471)</u>
Total investment earnings	<u>(2,353,595)</u>	<u>(130,517)</u>	<u>(2,484,112)</u>
Total additions	<u>4,159,475</u>	<u>9,660,613</u>	<u>13,820,088</u>
Deductions			
Benefits	7,374,551	-	7,374,551
Refunds of contributions	6,348,041	-	6,348,041
Retiree healthcare premium payments	-	9,698,287	9,698,287
Administrative expenses	<u>640,823</u>	<u>-</u>	<u>640,823</u>
Total deductions	<u>14,363,415</u>	<u>9,698,287</u>	<u>24,061,702</u>
Change in net assets	<u>(10,203,940)</u>	<u>(37,674)</u>	<u>(10,241,614)</u>
Net assets - beginning of year	<u>119,646,540</u>	<u>3,569,901</u>	<u>123,216,441</u>
Net assets - end of year	<u>\$ 109,442,600</u>	<u>\$ 3,532,227</u>	<u>\$ 112,974,827</u>

City of Saginaw
Combining Balance Sheet
Agency Funds
June 30, 2012

	Intermediate School Tax Collection	Saginaw County Tax Collection	School District Tax Collection	State Education Tax Collection	Delta College Tax Collection	Public Libraries Tax Collection	Saginaw Transit Tax Collection
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customers	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued and other liabilities	-	-	-	-	-	-	-
Claims payable	-	-	-	-	-	-	-
Due to other units of government	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Saginaw
Combining Balance Sheet
Agency Funds
June 30, 2012

	Undistributed Tax Collection	Employee Benefits	Housing Commission	Saginaw County Land Bank	Totals
Assets					
Cash and cash equivalents	\$ 98,977	\$ 1,645,099	\$ -	\$ -	\$ 1,744,076
Customers	16,774	5,167	78,983	-	100,924
Prepaid items	-	1,928,933	-	-	1,928,933
	<u>115,751</u>	<u>3,579,199</u>	<u>78,983</u>	<u>-</u>	<u>3,773,933</u>
Total assets	<u>\$ 115,751</u>	<u>\$ 3,579,199</u>	<u>\$ 78,983</u>	<u>\$ -</u>	<u>\$ 3,773,933</u>
Liabilities					
Accounts payable	\$ 92,496	\$ 120,173	\$ -	\$ -	\$ 212,669
Accrued and other liabilities	-	2,335,843	-	-	2,335,843
Claims payable	-	839,924	78,983	-	918,907
Due to other units of government	6,481	283,259	-	-	289,740
Deferred revenue	16,774	-	-	-	16,774
	<u>115,751</u>	<u>3,579,199</u>	<u>78,983</u>	<u>-</u>	<u>3,773,933</u>
Total liabilities	<u>\$ 115,751</u>	<u>\$ 3,579,199</u>	<u>\$ 78,983</u>	<u>\$ -</u>	<u>\$ 3,773,933</u>

City of Saginaw
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Intermediate School Tax Collection				
Assets				
Cash and cash equivalents	\$ 1,778	\$ 2,907	\$ 4,685	\$ -
Taxes receivable	<u>23,715</u>	<u>-</u>	<u>23,715</u>	<u>-</u>
 Total assets	 <u>\$ 25,493</u>	 <u>\$ 2,907</u>	 <u>\$ 28,400</u>	 <u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ 2,907	\$ 2,907	\$ -
Due to other governmental units	<u>25,493</u>	<u>-</u>	<u>25,493</u>	<u>-</u>
 Total liabilities	 <u>\$ 25,493</u>	 <u>\$ 2,907</u>	 <u>\$ 28,400</u>	 <u>\$ -</u>
 Saginaw County Tax Collection				
Assets				
Cash and cash equivalents	\$ (450)	\$ 450	\$ -	\$ -
Taxes receivable	<u>88,958</u>	<u>-</u>	<u>88,958</u>	<u>-</u>
 Total assets	 <u>\$ 88,508</u>	 <u>\$ 450</u>	 <u>\$ 88,958</u>	 <u>\$ -</u>
Liabilities				
Due to other governmental units	<u>\$ 88,508</u>	<u>\$ -</u>	<u>\$ 88,508</u>	<u>\$ -</u>

City of Saginaw
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
School District Tax Collection				
Assets				
Cash and cash equivalents	\$ 3,750	\$ 10,227	\$ 13,977	\$ -
Taxes receivable	224,697	224,697	449,394	-
Total assets	\$ 228,447	\$ 234,924	\$ 463,371	\$ -
Liabilities				
Accounts payable	\$ -	\$ 8,863	\$ 8,863	\$ -
Due to other governmental units	228,447	247,721	476,168	-
Total liabilities	\$ 228,447	\$ 256,584	\$ 485,031	\$ -
State Education Tax Collection				
Assets				
Cash and cash equivalents	\$ 844	\$ 5,099	\$ 5,943	\$ -
Taxes receivable	70,210	-	70,210	-
Total assets	\$ 71,054	\$ 5,099	\$ 76,153	\$ -
Liabilities				
Accounts payable	\$ -	\$ 11,884	\$ 11,884	\$ -
Due to other governmental units	71,054	-	71,054	-
Total liabilities	\$ 71,054	\$ 11,884	\$ 82,938	\$ -

City of Saginaw
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Delta College Tax Collection				
Assets				
Cash and cash equivalents	\$ 1,048	\$ -	\$ 1,048	\$ -
Taxes receivable	24,466	-	24,466	-
Total assets	\$ 25,514	\$ -	\$ 25,514	\$ -
Liabilities				
Due to other governmental units	\$ 25,514	\$ -	\$ 25,514	\$ -
 Public Libraries Tax Collection				
Assets				
Cash and cash equivalents	\$ 264	\$ -	\$ 264	\$ -
Taxes receivable	53,215	-	53,215	-
Total assets	\$ 53,479	\$ -	\$ 53,479	\$ -
Liabilities				
Due to other governmental units	\$ 53,479	\$ -	\$ 53,479	\$ -

City of Saginaw
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Saginaw Transit Tax Collection				
Assets				
Cash and cash equivalents	\$ (181)	\$ 181	\$ -	\$ -
Taxes receivable	<u>28,457</u>	<u>-</u>	<u>28,457</u>	<u>-</u>
Total assets	<u>\$ 28,276</u>	<u>\$ 181</u>	<u>\$ 28,457</u>	<u>\$ -</u>
Liabilities				
Due to other governmental units	<u>\$ 28,276</u>	<u>\$ -</u>	<u>\$ 28,276</u>	<u>\$ -</u>
 Undistributed Tax Collection				
Assets				
Cash and cash equivalents	\$ 243,601	\$ 51,005,517	\$ 51,150,141	\$ 98,977
Accounts receivable	<u>14,440</u>	<u>315,170</u>	<u>312,836</u>	<u>16,774</u>
Total assets	<u>\$ 258,041</u>	<u>\$ 51,320,687</u>	<u>\$ 51,462,977</u>	<u>\$ 115,751</u>
Liabilities				
Accounts payable	\$ -	\$ 285,993	\$ 193,497	\$ 92,496
Due to other governmental units	243,601	26,142,113	26,379,233	6,481
Deferred revenue	<u>14,440</u>	<u>478,234</u>	<u>475,900</u>	<u>16,774</u>
Total liabilities	<u>\$ 258,041</u>	<u>\$ 26,906,340</u>	<u>\$ 27,048,630</u>	<u>\$ 115,751</u>

City of Saginaw
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Employee Benefits				
Assets				
Cash and cash equivalents	\$ 1,169,693	\$ 36,537,377	\$ 36,061,971	\$ 1,645,099
Accounts receivable	11,391	38,024	44,248	5,167
Prepays	<u>1,322,372</u>	<u>1,928,933</u>	<u>1,322,372</u>	<u>1,928,933</u>
Total assets	<u>\$ 2,503,456</u>	<u>\$ 38,504,334</u>	<u>\$ 37,428,591</u>	<u>\$ 3,579,199</u>
Liabilities				
Accounts payable	\$ 121,162	\$ 2,211,383	\$ 2,212,372	\$ 120,173
Claims payable	820,446	19,478	-	839,924
Other current liabilities	<u>1,561,848</u>	<u>38,169,543</u>	<u>37,395,548</u>	<u>2,335,843</u>
Total liabilities	<u>\$ 2,503,456</u>	<u>\$ 40,400,404</u>	<u>\$ 39,607,920</u>	<u>\$ 3,295,940</u>
Housing Commission				
Assets				
Cash and cash equivalents	\$ -	\$ 78,983	\$ 78,983	\$ -
Accounts receivable	<u>157,966</u>	<u>-</u>	<u>78,983</u>	<u>78,983</u>
Total assets	<u>\$ 157,966</u>	<u>\$ 78,983</u>	<u>\$ 157,966</u>	<u>\$ 78,983</u>
Liabilities				
Accounts payable	<u>\$ 157,966</u>	<u>\$ -</u>	<u>\$ 78,983</u>	<u>\$ 78,983</u>
Saginaw County Land Bank				
Assets				
Cash and cash equivalents	<u>\$ 1,154</u>	<u>\$ 3,049</u>	<u>\$ 4,203</u>	<u>\$ -</u>
Liabilities				
Due to other governmental units	<u>\$ 1,154</u>	<u>\$ 1,897</u>	<u>\$ 3,051</u>	<u>\$ -</u>

City of Saginaw
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2012

Total Agency Funds	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Assets				
Cash and cash equivalents	1,421,501	87,643,790	87,321,215	1,744,076
Accounts receivable	183,797	353,194	436,067	100,924
Prepaid insurance	1,322,372	1,928,933	1,322,372	1,928,933
Taxes receivable	513,718	224,697	738,415	-
Total assets	\$ 3,441,388	\$ 90,150,614	\$ 89,818,069	\$ 3,773,933
Liabilities				
Accounts payable	279,128	2,521,030	2,508,506	291,652
Due to other governmental units	765,526	26,391,731	27,150,776	6,481
Claims payable	820,446	19,478	-	839,924
Other current liabilities	1,561,848	38,169,543	37,395,548	2,335,843
Deferred revenue	14,440	478,234	475,900	16,774
Total liabilities	\$ 3,441,388	\$ 67,580,016	\$ 67,530,730	\$ 3,490,674

City of Saginaw
Statement of Net Assets and Governmental Fund Balance Sheet
TIFA Component Units
June 30, 2012

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

City of Saginaw
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
TIFA Component Units
For the Year Ended June 30, 2012

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

City of Saginaw
Statement of Net Assets and Governmental Fund Balance Sheet
DDA Component Units
June 30, 2012

	<u>Commerce Center DDA</u>	<u>Sils Island DDA</u>	<u>Downtown Development Authority</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets						
Cash and cash equivalents	\$ 64,198	\$ 1,346	\$ 142,382	\$ 207,926	\$ -	\$ 207,926
Liabilities						
Accounts payable	\$ -	\$ -	\$ 2,277	\$ 2,277	\$ -	2,277
Fund Balances						
Restricted for TIFA/LDFA projects	64,198	1,346	140,105	205,649	(205,649)	-
Total liabilities and fund balances	\$ 64,198	\$ 1,346	\$ 142,382	\$ 207,926		
Net assets - unrestricted					\$ 205,649	\$ 205,649

City of Saginaw
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
DDA Component Units
For the Year Ended June 30, 2012

	Commerce Center DDA	Sils Island DDA	Downtown Development Authority	Total	Adjustments	Statement of Activities
Revenues						
Taxes	\$ 27,992	\$ 2,346	\$ 910	\$ 31,248	\$ (30,740)	\$ 508
Sale of fixed assets	-	-	34,500	34,500	(33,182)	1,318
 Total revenues	<u>27,992</u>	<u>2,346</u>	<u>35,410</u>	<u>65,748</u>	<u>(63,922)</u>	<u>1,826</u>
Expenditures						
Current						
Community and economic development	<u>26,006</u>	<u>3,693</u>	<u>15,346</u>	<u>45,045</u>	<u>-</u>	<u>45,045</u>
Excess (deficiency) of revenues over expenditures	1,986	(1,347)	20,064	20,703	(63,922)	(43,219)
Fund balance/ net assets - beginning of year	<u>62,212</u>	<u>2,693</u>	<u>120,041</u>	<u>184,946</u>	<u>63,922</u>	<u>248,868</u>
Fund balance/net assets - end of year	<u>\$ 64,198</u>	<u>\$ 1,346</u>	<u>\$ 140,105</u>	<u>\$ 205,649</u>	<u>\$ -</u>	<u>\$ 205,649</u>

City of Saginaw
Statement of Net Assets and Governmental Fund Balance Sheet
L DFA Component Units
June 30, 2012

	Thomson L DFA	Sexton L DFA	Baker Perkins L DFA	Treasure Island L DFA	Saginaw Machine Systems L DFA	Saginaw Tool and Die L DFA	Total	Adjustments	Statement of Net Assets
Assets									
Cash and cash equivalents	\$ 3,180,390	\$ 466,190	\$ 98,159	\$ 80,103	\$ 4,369	\$ 99,960	\$ 3,929,171	\$ -	\$ 3,929,171
Receivables									
Taxes	-	-	-	5	-	-	5	-	5
Accrued interest and other	8,073	-	-	-	-	-	8,073	-	8,073
Total assets	<u>\$ 3,188,463</u>	<u>\$ 466,190</u>	<u>\$ 98,159</u>	<u>\$ 80,108</u>	<u>\$ 4,369</u>	<u>\$ 99,960</u>	<u>\$ 3,937,249</u>	<u>\$ -</u>	<u>3,937,249</u>
Liabilities									
Deferred revenue	-	-	-	5	-	-	5	(5)	-
Fund Balances									
Restricted for TIFA/L DFA projects	3,188,463	466,190	98,159	80,103	4,369	99,960	3,937,244	(3,937,244)	-
Total liabilities and fund balances	<u>\$ 3,188,463</u>	<u>\$ 466,190</u>	<u>\$ 98,159</u>	<u>\$ 80,108</u>	<u>\$ 4,369</u>	<u>\$ 99,960</u>	<u>\$ 3,937,249</u>		
Net assets - unrestricted								<u>\$ 3,937,249</u>	<u>\$ 3,937,249</u>

City of Saginaw
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
L DFA Component Units
For the Year Ended June 30, 2012

	Thompson L DFA	Sexton L DFA	Baker Perkins L DFA	Treasure Island L DFA	Saginaw Machine Systems L DFA	Saginaw Tool and Die L DFA	Total	Adjustments	Statement of Activities
Revenues									
Interest income	\$ 7,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,057	\$ (1,084)	\$ 5,973
Expenditures									
Current									
Community and economic development	60	-	-	-	-	-	60	-	60
Excess of revenues over expenditures	6,997	-	-	-	-	-	6,997	(1,084)	5,913
Fund balance/net assets - beginning of year	3,181,466	466,190	98,159	80,103	4,369	99,960	3,930,247	1,089	3,931,336
Fund balance/net assets - end of year	<u>\$ 3,188,463</u>	<u>\$ 466,190</u>	<u>\$ 98,159</u>	<u>\$ 80,103</u>	<u>\$ 4,369</u>	<u>\$ 99,960</u>	<u>\$ 3,937,244</u>	<u>\$ 5</u>	<u>\$ 3,937,249</u>

City of Saginaw
Statement of Net Assets and Governmental Fund Balance Sheet
Saginaw Economic Development Corporation
June 30, 2012

	Saginaw Economic Development Corporation	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 320,686	\$ -	\$ 320,686
Accounts receivable	500	-	500
Notes and contracts receivable	<u>1,740,380</u>	<u>(174,828)</u>	<u>1,565,552</u>
 Total assets	 <u>\$ 2,061,566</u>	 <u>\$ (174,828)</u>	 <u>1,886,738</u>
Liabilities			
Accounts payable	\$ 630	\$ -	630
Deferred revenue	<u>1,740,380</u>	<u>(1,740,380)</u>	<u>-</u>
 Total liabilities	 1,741,010	 (1,740,380)	 630
Fund Balances/Net Assets			
Restricted for specific projects	<u>320,556</u>	<u>(320,556)</u>	<u>-</u>
 Total liabilities and fund balances	 <u>\$ 2,061,566</u>		
 Net assets - unrestricted		 <u>\$ 2,060,936</u>	 <u>\$ 1,886,108</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, 2012

	Saginaw Economic Development Corporation	Adjustments	Statement of Activities
Revenues			
Interest income	\$ 66,146	\$ -	\$ 66,146
Fees and loan repayments	<u>273,714</u>	<u>(266,914)</u>	<u>6,800</u>
Total revenues	<u>339,860</u>	<u>(266,914)</u>	<u>72,946</u>
Expenditures			
Current			
Community and economic development	<u>399,058</u>	<u>(255,221)</u>	<u>143,837</u>
Deficiency of revenues over expenditures	(59,198)	(11,693)	(70,891)
Fund balance/net assets - beginning of year	<u>379,754</u>	<u>1,577,245</u>	<u>1,956,999</u>
Fund balance/net assets - end of year	<u>\$ 320,556</u>	<u>\$ 1,565,552</u>	<u>\$ 1,886,108</u>

City of Saginaw
Statement of Net Assets and Governmental Fund Balance Sheet
Brownfield Component Unit
June 30, 2012

	Brownfield Authority SRRF	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 182,907	\$ -	\$ 182,907
Liabilities			
Accounts payable	\$ 10,116	\$ -	10,116
Fund Balances/Net Assets			
Restricted for specific projects	172,791	(172,791)	-
Total liabilities and fund balances	\$ 182,907		
Net assets - unrestricted		\$ 172,791	\$ 172,791

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, 2012

	Brownfield Authority SRRF	<u>Adjustments</u>	Statement of Activities
Revenues			
Taxes	\$ 30,281	(21,300)	\$ 8,981
Expenditures			
Community and economic development	<u>10,116</u>	<u>-</u>	<u>10,116</u>
Excess (deficiency) of revenues over expenditures	20,165	(21,300)	(1,135)
Fund balance/net assets - beginning of year	<u>152,626</u>	<u>21,300</u>	<u>173,926</u>
Fund balance/net assets - end of year	<u>\$ 172,791</u>	<u>\$ -</u>	<u>\$ 172,791</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 Assets by Component
Last Eight Fiscal Years

As of June 30,

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:								
Invested in capital assets, net of related debt	\$ 32,145,099	\$ 32,080,041	\$ 45,625,909	\$ 44,021,349	\$ 43,412,648	\$ 42,357,901	\$43,653,689	\$43,056,592
Restricted	3,519,523	3,141,661	3,308,444	5,503,153	5,726,440	4,855,840	3,794,989	4,552,729
Unrestricted	6,829,300	6,061,704	8,840,328	5,639,120	(4,288,914)	(13,847,085)	(24,064,137)	(38,431,452)
Total net assets	<u>42,493,922</u>	<u>41,283,406</u>	<u>57,774,681</u>	<u>55,163,622</u>	<u>44,850,174</u>	<u>33,366,656</u>	<u>23,384,541</u>	<u>9,177,869</u>
Business Type Activities:								
Invested in capital assets, net of related debt	68,063,253	69,779,191	75,854,872	70,941,541	72,449,928	77,177,910	82,280,202	73,202,779
Restricted	8,991,506	7,550,734	8,616,819	8,083,872	999,026	995,343	-	-
Unrestricted	16,111,007	20,853,812	17,211,864	24,924,823	27,555,338	24,125,802	24,700,068	40,146,861
Total net assets	<u>93,165,766</u>	<u>98,183,737</u>	<u>101,683,555</u>	<u>103,950,236</u>	<u>101,004,292</u>	<u>102,299,055</u>	<u>106,980,270</u>	<u>113,349,640</u>
Primary government in total:								
Invested in capital assets, net of related debt	100,208,352	101,859,232	121,480,781	114,962,890	115,862,576	119,535,811	125,933,891	116,259,371
Restricted	12,511,029	10,692,395	11,925,263	13,587,025	6,725,466	5,851,183	3,794,989	4,552,729
Unrestricted	22,940,307	26,915,516	26,052,192	30,563,943	23,266,424	10,278,717	635,931	1,715,409
Total net assets	<u>135,659,688</u>	<u>139,467,143</u>	<u>159,458,236</u>	<u>159,113,858</u>	<u>145,854,466</u>	<u>135,665,711</u>	<u>130,364,811</u>	<u>122,527,509</u>

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

Source: City's Comprehensive Annual Financial Report

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

	Fiscal Year Ended June 30,							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses								
Governmental activities:								
General government	\$ 3,958	\$ 4,031	\$ 4,270	\$ 4,257	\$ 8,108	\$ 4,959	\$ 3,441	\$ 5,321
Administration	2,050	2,201	2,332	2,391	2,431	2,422	2,590	3,835
Public Safety	23,258	23,557	25,321	24,814	32,375	31,688	32,191	31,454
General services	9,651	12,178	13,919	13,735	12,877	15,855	16,086	13,006
Community services	1,764	1,875	1,999	2,476	2,325	2,121	1,862	1,847
Economic development	2,342	3,205	3,263	2,843	2,914	6,141	9,061	10,791
Interest on long-term debt	150	107	66	61	28	4	-	-
Total governmental activities expenses	<u>43,173</u>	<u>47,154</u>	<u>51,170</u>	<u>50,577</u>	<u>61,058</u>	<u>63,190</u>	<u>65,231</u>	<u>66,254</u>
Business-type activities:								
Sewer	15,454	16,138	17,203	17,392	19,050	19,245	19,279	19,008
Water	10,426	10,532	11,637	11,859	13,513	13,872	13,670	14,566
Parking	524	393	359	359	481	421	407	-
Wave Pool	142	142	927	-	-	-	-	-
Total business-type activities expenses	<u>26,546</u>	<u>27,205</u>	<u>30,126</u>	<u>29,610</u>	<u>33,044</u>	<u>33,538</u>	<u>33,356</u>	<u>33,574</u>
Total primary government expenses	<u>\$ 69,719</u>	<u>\$ 74,359</u>	<u>\$ 81,296</u>	<u>\$ 80,187</u>	<u>\$ 94,102</u>	<u>\$ 96,728</u>	<u>\$ 98,587</u>	<u>\$ 99,828</u>

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

	Fiscal Year Ended June 30,							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 791	\$ 832	\$ 1,077	\$ 988	\$ 1,107	\$ 1,176	\$ 1,373	\$ 1,878
Administration	1,854	2,192	2,351	2,738	2,484	2,930	3,031	2,305
Public safety	223	(200)	262	213	650	360	535	775
General services	2,174	2,033	2,786	1,681	2,929	2,423	2,010	3,821
Community services	677	826	854	(89)	789	832	824	782
Economic development	203	187	220	131	199	163	241	941
Operating grants and contributions	8,436	10,008	10,162	9,633	10,309	13,117	15,943	13,018
Capital grants and contributions	140	408	65	-	-	-	-	-
Total governmental activities program revenues	<u>14,498</u>	<u>16,286</u>	<u>17,777</u>	<u>15,295</u>	<u>18,467</u>	<u>21,001</u>	<u>23,957</u>	<u>23,520</u>
Business-type activities:								
Charges for services								
Sewer	17,633	17,826	18,239	16,664	16,739	20,733	21,602	22,474
Water	13,035	12,624	12,553	12,305	12,112	13,630	14,991	16,611
Parking	504	554	309	255	287	302	278	-
Wave Pool	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	102	-	-
Capital grants and contributions	-	240	2,507	2,291	402	-	995	-
Total business-type activities program revenues	<u>31,172</u>	<u>31,244</u>	<u>33,608</u>	<u>31,515</u>	<u>29,540</u>	<u>34,767</u>	<u>37,866</u>	<u>39,085</u>
Total primary government program revenues	<u>\$ 45,670</u>	<u>\$ 47,530</u>	<u>\$ 51,385</u>	<u>\$ 46,810</u>	<u>\$ 48,007</u>	<u>\$ 55,768</u>	<u>\$ 61,823</u>	<u>\$ 62,605</u>
Net (expense)/revenue								
Governmental activities	\$ (28,675)	\$ (30,868)	\$ (33,393)	\$ (35,282)	\$ (42,591)	\$ (42,189)	\$ (41,274)	\$ (42,734)
Business-type activities	<u>4,626</u>	<u>4,039</u>	<u>3,482</u>	<u>1,905</u>	<u>(3,504)</u>	<u>1,229</u>	<u>4,510</u>	<u>5,511</u>
Total primary government net expense	<u>\$ (24,049)</u>	<u>\$ (26,829)</u>	<u>\$ (29,911)</u>	<u>\$ (33,377)</u>	<u>\$ (46,095)</u>	<u>\$ (40,960)</u>	<u>\$ (36,764)</u>	<u>\$ (37,223)</u>

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

	Fiscal Year Ended June 30,							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	\$ 6,289	\$ 6,376	\$ 9,928	\$ 9,659	\$ 9,281	\$ 9,072	\$ 7,757	\$ 7,419
Income taxes	13,229	13,549	13,526	12,776	12,359	11,803	12,236	12,533
Unrestricted grants and contributions	10,498	10,168	9,885	10,190	10,660	9,299	10,661	8,117
Unrestricted investment earnings	421	641	784	657	438	419	473	438
Miscellaneous	124	146	83	84	138	104	27	86
Gain on disposal of capital assets	99	-	44	88	69	-	256	1
Transfers	31	(21)	-	(40)	(421)	-	(29)	-
Total governmental activities	<u>30,691</u>	<u>30,859</u>	<u>34,250</u>	<u>33,414</u>	<u>32,524</u>	<u>30,697</u>	<u>31,381</u>	<u>28,594</u>
Business -type activities:								
Unrestricted investment earnings	145	222	351	322	146	74	43	10
Miscellaneous	-	4	-	-	-	-	-	782
Increase in investment in Saginaw-Midland								
Water Supply Corporation	328	-	-	-	-	-	-	-
Transfers	(31)	21	-	40	421	-	28	-
Total business-type activities	<u>442</u>	<u>247</u>	<u>351</u>	<u>362</u>	<u>567</u>	<u>74</u>	<u>71</u>	<u>792</u>
Total primary government	<u>\$ 31,133</u>	<u>\$ 31,106</u>	<u>\$ 34,601</u>	<u>\$ 33,776</u>	<u>\$ 33,091</u>	<u>\$ 30,771</u>	<u>\$ 31,452</u>	<u>\$ 29,386</u>
Change in Net Assets								
Governmental activities	\$ 2,016	\$ (9)	\$ 857	\$ (1,868)	\$ (10,067)	\$ (11,492)	\$ (9,893)	\$ (14,140)
Business-type activities	5,068	4,286	3,833	2,267	(2,937)	1,303	4,581	6,303
Total primary government	<u>\$ 7,084</u>	<u>\$ 4,277</u>	<u>\$ 4,690</u>	<u>\$ 399</u>	<u>\$ (13,004)</u>	<u>\$ (10,189)</u>	<u>\$ (5,312)</u>	<u>\$ (7,837)</u>

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

Source: City's Comprehensive Annual Financial Report

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund:										
Reserved	\$ 634	\$ 146	\$ 81	\$ 58	\$ 45	\$ 137	\$ 46	\$ 59	\$ -	\$ -
Unreserved	5,581	4,952	4,897	5,126	7,626	1,574	1,498	1,513	-	-
Non-spendable	-	-	-	-	-	-	-	-	143	240
Restricted	-	-	-	-	-	-	-	-	1	10
Assigned	-	-	-	-	-	-	-	-	1,036	-
Unassigned	-	-	-	-	-	-	-	-	2,685	998
Total general fund	<u>\$ 6,215</u>	<u>\$ 5,098</u>	<u>\$ 4,978</u>	<u>\$ 5,184</u>	<u>\$ 7,671</u>	<u>\$ 1,711</u>	<u>\$ 1,544</u>	<u>\$ 1,572</u>	<u>\$ 3,865</u>	<u>\$ 1,248</u>
All other governmental funds:										
Reserved	\$ 2,981	\$ 3,994	\$ 3,787	\$ 3,301	\$ 3,459	\$ 6,642	\$ 6,284	\$ 5,666	\$ -	\$ -
Unreserved, reported in:	327									
Special revenue funds	252	293	1,322	1,681	990	(719)	1,215	1,934	-	-
Capital projects funds	198	73	26	101	101	101	101	101	-	-
Debt service fund	120	-	-	-	-	-	-	-	-	-
Permanent fund	-	112	105	187	217	92	85	79	-	-
Non-spendable	-	-	-	-	-	-	-	-	2,974	2,870
Restricted	-	-	-	-	-	-	-	-	1,338	2,213
Assigned	-	-	-	-	-	-	-	-	379	286
Unassigned	-	-	-	-	-	-	-	-	(790)	(2,904)
Total all other governmental funds	<u>\$ 3,878</u>	<u>\$ 4,472</u>	<u>\$ 5,240</u>	<u>\$ 5,270</u>	<u>\$ 4,767</u>	<u>\$ 6,116</u>	<u>\$ 7,685</u>	<u>\$ 7,780</u>	<u>\$ 3,901</u>	<u>\$ 2,465</u>

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

Source: City's Comprehensive Annual Financial Report

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenue										
General operating property taxes	\$ 5,932	\$ 5,620	\$ 5,669	\$ 5,824	\$ 9,305	\$ 9,218	\$ 8,695	\$ 8,401	\$ 7,303	\$ 7,088
Special assessments	148	101	93	67	45	83	296	160	119	(25)
City income tax	13,696	12,918	13,229	13,550	13,526	12,776	12,359	11,803	12,236	12,533
State shared revenues	16,409	15,638	15,718	15,199	14,797	14,809	14,863	13,661	13,682	11,422
Licenses, permits, and fees	2,521	3,384	3,008	3,072	3,450	2,649	3,550	2,975	3,114	5,777
Fines, penalties, and forfeitures	420	359	442	334	356	293	788	582	518	741
Grants, donations, and contributions	7,517	9,143	6,165	7,741	7,596	7,713	8,600	11,758	16,058	11,799
Interest on loans and investments	520	326	361	583	682	597	431	439	497	475
Rents and privileges	68	67	-	52	1	104	31	37	27	79
Sale of materials and services	1,781	1,143	1,175	995	1,540	1,281	1,493	1,548	1,676	2,635
Loan repayments	208	375	69	131	159	104	35	123	90	78
Miscellaneous	-	-	-	-	-	-	-	13	126	282
Total revenue	<u>49,220</u>	<u>49,074</u>	<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>
Expenditures										
General government	4,656	4,502	3,702	3,597	3,901	3,882	4,266	4,647	4,646	4,589
Administration	2,629	2,868	2,761	3,002	3,199	3,280	3,308	3,151	3,492	2,657
Public safety	23,496	24,584	22,745	23,714	24,834	24,862	26,279	25,360	28,195	28,075
Highway and streets	5,321	5,394	5,281	6,158	5,930	5,984	5,067	4,600	5,931	4,651
General services	7,365	6,194	6,053	6,067	6,590	6,752	6,361	6,022	6,653	6,833
Community services	2,169	1,501	1,288	1,217	1,512	2,143	1,986	1,767	1,763	1,598
Economic development	2,788	2,443	1,450	2,258	2,029	1,835	1,785	4,696	7,213	9,566
Capital outlay	4,851	2,712	866	825	843	542	557	657	510	-
Debt service										
Principal	1,399	1,164	765	780	576	430	450	470	-	-
Interest and other fees	171	155	128	90	59	40	26	9	-	-
Total expenditures	<u>54,845</u>	<u>51,517</u>	<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>
Excess of revenues over (under) expenditure	(5,625)	(2,443)	890	(160)	1,984	(123)	1,171	121	(2,957)	(5,085)

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Other financing sources (uses)										
Proceeds from installment contract	\$ 1,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100
Section 109 loan proceeds	35	1,412	65	-	-	-	-	-	-	-
Transfers in	1,548	2,348	1,457	1,811	1,686	1,388	2,121	1,145	4,239	2,023
Transfers from component units	75	-	-	-	-	-	-	-	-	-
Transfers (out)	<u>(1,031)</u>	<u>(1,582)</u>	<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>
Total other financing sources (uses)	<u>1,812</u>	<u>2,178</u>	<u>77</u>	<u>396</u>	<u>-</u>	<u>(3,745)</u>	<u>489</u>	<u>-</u>	<u>2,430</u>	<u>927</u>
Net change in fund balances	<u>\$ (3,813)</u>	<u>\$ (265)</u>	<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>
Debt service as a percentage of noncapital expenditures	3.14%	2.70%	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 assets.

Source: City's Comprehensive Annual Financial Report

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

<u>Fiscal Year</u>	<u>Property Taxes</u>
2003	\$ 5,931,867
2004	5,619,698
2005	5,669,266
2006	5,824,455
2007	9,305,384
2008	9,218,163
2009	8,695,585
2010	8,401,434
2011	7,303,409
2012	7,087,879

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					
2003	\$ 439,276	\$ 85,365	\$ 44,679	\$ 154,356	\$ 723,676	8.5345	\$ 1,447,352	50.00%
2004	454,252	94,800	44,868	132,584	726,504	8.5638	1,453,008	50.00%
2005	479,561	95,550	45,119	124,302	744,532	8.4944	1,489,064	50.00%
2006	506,316	98,166	49,014	120,159	773,655	8.3717	1,547,310	50.00%
2007	523,100	97,118	48,985	122,749	791,952	14.2130	1,583,904	50.00%
2008	531,883	97,356	48,942	117,554	795,735	14.1233	1,591,470	50.00%
2009	497,613	97,173	47,740	105,909	748,435	14.2588	1,496,870	50.00%
2010	452,724	95,695	47,162	98,106	693,687	14.5381	1,387,374	50.00%
2011	389,861	94,607	32,054	93,643	610,165	15.2508	1,220,330	50.00%
2012	352,600	93,167	30,490	97,508	573,765	14.2290	1,147,530	50.00%

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

Source: City of Saginaw Assessor's Office

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

Fiscal Year (1) (2)	City of Saginaw				Overlapping Rates						Total Direct & Overlapping Rates
	Operating Millage	Rubbish Millage	Police & Fire Millage	Total City Millage	School District	Public Libraries	Delta College	Intermediate School	Saginaw Transit	County	
2003	5.5813	2.9532	0.0000	8.5345	24.0000	4.0000	2.5427	2.0885	3.0000	7.2022	51.3679
2004	5.6106	2.9532	0.0000	8.5638	23.0000	4.0000	2.5427	2.0885	3.0000	7.2022	50.3972
2005	5.5412	2.9532	0.0000	8.4944	25.9500	3.9947	2.0427	2.0876	3.0000	7.6343	53.2037
2006	5.4185	2.9532	0.0000	8.3717	27.9000	3.9947	2.0427	2.0872	3.0000	7.5362	54.9325
2007	5.2598	2.9532	6.0000	14.2130	27.9000	3.9947	2.0427	2.0872	3.0000	7.5265	60.7641
2008	5.1701	2.9532	6.0000	14.1233	27.9000	3.9947	2.0427	2.0695	3.0000	7.5349	60.6651
2009	5.3056	2.9532	6.0000	14.2588	27.9000	3.9947	2.0427	2.1046	3.0000	7.5508	60.8516
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

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

<u>Taxpayer</u>	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 20,000,380	1	3.49%	\$ 14,818,370	3	2.05%
General Motors LLC	\$ 12,479,400	2	2.18%			
TRW Integrated Chassis Systems	\$ 6,549,600	3	1.14%			
Charter Communications Inc	\$ 6,224,000	4	1.08%	\$ 4,609,102	7	0.64%
Linear Motion LLC	\$ 5,435,261	5	0.95%	\$ 7,929,832	5	1.10%
General Motors Corporation	\$ 4,399,236	6	0.77%	\$ 105,102,382	1	14.52%
Means Industries	\$ 4,233,004	7	0.74%	\$ 2,842,593	9	0.39%
CMI - Schneible Co	\$ 3,549,300	8	0.62%			
Hausbeck Pickle Co	\$ 3,396,272	9	0.59%			
Corvus Nodular Interest II LLC	\$ 3,371,270	10	0.59%			
Delphi Automotive Systems				\$ 78,588,253	2	10.86%
Eaton Corporation				\$ 12,970,766	4	1.79%
Machining Enterprises Inc				\$ 4,990,901	6	0.69%
Fullerton Tool Inc				\$ 3,135,890	8	0.43%
Alfe Heat Treating				\$ 2,413,401	10	0.33%
Totals	69,637,723		12.14%	237,401,490		32.80%

Source: City of Saginaw Assessor's Office

3.16%

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
2003	\$ 5,948,340	\$ 5,921,484	99.55%	\$ 15,012	\$ 5,936,496	99.80%
2004	5,935,226	5,339,899	89.97%	15,280	5,355,179	90.23%
2005	5,761,018	5,295,856	91.93%	26,599	5,322,455	92.39%
2006	5,734,227	5,187,414	90.46%	546,813	5,734,227	100.00%
2007	9,272,645	8,787,931	94.77%	1,781	8,789,712	94.79%
2008	9,329,357	9,329,357	100.00%	-	9,329,357	100.00%
2009	9,145,982	8,519,765	93.15%	72,887	8,592,652	93.95%
2010	8,944,519	8,869,275	99.16%	68,110	8,937,385	99.92%
2011	8,283,083	8,219,048	99.23%	35,222	8,254,270	99.65%
2012	7,022,671	7,010,636	99.83%	1,716	7,012,352	99.85%

Source: City Treasurer's Office

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

Fiscal Year	Governmental Activities			Revenue Bonds	General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Purchase Contracts	Section 108 Loans					
2003	\$ 405,000	\$ 2,046,837	\$ 1,569,644	\$ 6,710,000	\$ 60,184,749	\$ 70,916,230	4.35%	2,678
2004	345,000	1,112,284	2,700,000	5,435,000	55,727,006	65,319,290.00	4.18%	2,466
2005	285,000	543,269	2,245,000	4,100,000	51,567,656	58,740,925.00	3.74%	2,218
2006	220,000	327,482	1,770,000	2,680,000	49,450,766	54,448,248.00	6.85%	3,941
2007	150,000	197,769	1,350,000	1,165,000	46,329,795	49,192,564.00	6.33%	3,561
2008	75,000	137,495	920,000	11,100,000	43,983,341	56,215,836.00	7.73%	3,981
2009	-	65,635	470,000	11,100,000	41,895,580	53,531,215.00	7.36%	3,769
2010	-	30,028	-	10,850,000	36,858,387	47,738,415.00	6.59%	3,393
2011	-	-	-	10,600,000	31,864,706	42,464,706.00	5.71%	2,925
2012	-	-	-	20,870,000	28,170,711	49,040,711.00	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 2012 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	Percentage of Per Capita (1)
2003	\$ 60,589,749	\$ 197,716	\$ 60,184,749	\$ 207,284	28.64%	782.65%
2004	56,072,006	117,234	55,727,006	227,766	31.35%	859.98%
2005	51,852,656	39,241	51,567,656	245,759	33.01%	927.92%
2006	49,670,766	-	49,450,766	220,000	28.44%	1,592.36%
2007	46,479,795	-	46,329,795	150,000	18.94%	1,085.70%
2008	44,058,341	-	43,983,341	75,000	9.43%	531.11%
2009	41,895,580	-	41,895,580	-	0.00%	- %
2010	36,858,387	-	36,858,387	-	0.00%	- %
2011	31,864,706	-	31,864,706	-	0.00%	- %
2012	28,170,711	-	28,170,711	-	0.00%	- %

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

(1) See Statistical Table Number 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	\$ 100,000	100.00%	<u>\$ 100,000</u>
Indirect debt:			
Saginaw County	1,401,840	100.00%	\$ 1,401,840
Multi-Authority	2,941,928	100.00%	<u>\$ 2,941,928</u>
Total indirect debt			<u>\$ 4,343,768</u>
Overlapping debt:			
Saginaw School District	43,036,350	71.40%	30,727,954
Saginaw County	3,355,376	10.57%	354,663
Saginaw ISD	263,755	10.70%	28,222
Delta Community College	<u>-</u>	4.66%	<u>-</u>
Total overlapping debt			<u>31,110,839</u>
Total direct and overlapping debt			<u><u>\$ 35,554,607</u></u>

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

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 68,600	\$ 72,650	\$ 74,453	\$ 77,366	\$ 79,195	79,574	74,844	69,369	61,017	57,377
Total net debt applicable to limit	<u>14,730</u>	<u>16,365</u>	<u>14,757</u>	<u>14,666</u>	<u>13,210</u>	<u>11,250</u>	<u>10,393</u>	<u>15,283</u>	<u>13,531</u>	<u>4,344</u>
Legal debt margin	<u>\$ 53,870</u>	<u>\$ 56,285</u>	<u>\$ 59,696</u>	<u>\$ 62,700</u>	<u>\$ 65,985</u>	<u>\$ 68,324</u>	<u>\$ 64,451</u>	<u>\$ 54,086</u>	<u>\$ 47,486</u>	<u>\$ 53,033</u>
Total net debt applicable to the limit as a percentage of debt limit	21.47%	22.53%	19.82%	18.96%	16.68%	14.14%	13.89%	22.03%	22.18%	7.57%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed valuation, December 31, 2011	\$ 573,765
Debt limit (10% of assessed valuation)	\$ 57,377
Debt applicable to limit:	53,385
Less:	
Sewer revenue supported debt	28,171
Water revenue supported debt	<u>20,870</u>
	<u>49,041</u>
Total amount of debt applicable to debt limit:	<u>4,344</u>
Legal Debt Margin	<u>\$ 53,033</u>

Limitations on Borrowing

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

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

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

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

Water System Revenue Bonds

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2003	\$ 10,590,326	\$ 7,630,656	\$ 2,959,670	\$ 1,185,000	\$ 424,678	\$ 1,609,678	1.84
2004	10,242,044	7,484,399	2,757,645	1,260,000	364,380	1,624,380	1.70
2005	13,169,793	7,785,202	5,384,591	1,335,000	288,643	1,623,643	3.32
2006	12,835,997	8,460,312	4,375,685	1,420,000	212,228	1,632,228	2.68
2007	12,828,771	9,186,953	3,641,818	1,515,000	143,963	1,658,963	2.20
2008	12,553,474	9,822,603	2,730,871	1,165,000	147,743	1,312,743	2.08
2009	12,359,914	10,236,107	2,123,807	-	506,000	506,000	4.20
2010	13,665,066	10,925,125	2,739,941	250,000	493,000	743,000	3.69
2011	14,956,126	10,610,636	4,345,490	250,000	481,000	731,000	5.94
2012	16,683,411	11,190,078	5,493,333	300,000	439,130	739,130	7.43

Water Park Revenue Bonds

2003	1,970	40,421	(38,451)	65,000	1,923	66,923	(0.57)
2004	2,759	9	2,750	15,000	600	15,600	0.18

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

(1) Includes interest earnings.

(2) Net of depreciation expense.

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

Fiscal Year	Population (1)	Personal Income	Per Capita (1) Personal Income	School Enrollment (3)	Unemployment Rate (2)
2003	61,570	1,630,681,450	26,485	12,215	15.20%
2004	59,045	1,563,806,825	26,485	11,928	14.70%
2005	59,235	1,568,838,975	26,485	11,753	13.50%
2006	57,523	794,737,768	13,816	10,755	12.80%
2007	56,263	777,329,608	13,816	10,427	12.30%
2008	51,518	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	(4)		(4)	7,691	15.30%

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
2012 and 2003

2012				2003			
<u>Employer</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Covenant Medical Center	4,705	1	5.45%	Covenant Medical Center	4,398	1	4.56%
St. Mary's of Michigan	2,670	2	3.09%	St. Mary's of Michigan	2,312	5	2.40%
GM, LLC	2,099	3	2.43%	Motors Liquidation	3,756	2	3.89%
School District City of Saginaw	1,398	4	1.62%	School District City of Saginaw	2,871	3	2.98%
Nexteer Steering Solutions	712	5	0.83%	Delphi Automotive	2,475	4	2.56%
Saginaw County Court House	902	6	1.05%	Saginaw County Court House	979	7	1.01%
US Govt Def Fin & Acct Serv	914	7	1.06%				
State of Michigan	726	8	0.84%	State of Michigan	736	8	0.76%
TRW Integrated Chassis Systems	616	9	0.71%				
City of Saginaw	583	10	0.68%	City of Saginaw	712	9	0.74%
US MN Postal Data	433	11	0.50%	US MN Postal Data	1,339	6	1.39%
				Department of Veterans Affairs	705	10	0.73%
				Eaton Corporation	405	11	0.42%
Totals	<u>15,758</u>		<u>18.26%</u>		<u>19,578</u>		<u>20.29%</u>
Total Employment (2)	86,300			Total Employment (2)	96,500		

Data Sources:

(1) City of Saginaw Income Tax Department

(2) Michigan Labor Market Information, Data Explorer

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	22	25	29	26	25	25	26	25	26	26
Fiscal services	30	28	28	29	30	32	27	26	27	27
Public safety										
Police	127	126	157	143	155	155	140	142	140	139
Fire	90	77	77	77	69	69	70	72	70	67
Highways and streets	34	28	31	34	33	28	20	21	27	26
General services	84	71	57	54	73	64	52	52	46	46
Community services	12	11	12	13	16	19	18	18	18	18
Economic development	2	2	9	12	11	11	11	10	7	7
Parking system	2	3	2	2	2	2	2	2	1	1
Water	55	55	55	56	65	65	71	68	61	61
Sewer	79	80	79	74	76	80	99	94	83	84
Total	<u>537</u>	<u>506</u>	<u>536</u>	<u>520</u>	<u>555</u>	<u>550</u>	<u>536</u>	<u>530</u>	<u>506</u>	<u>503</u>

Source: City of Saginaw Annual Budget

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Elections										
Number of registered voters							40,158	40,224	39,788	40,599
Public Safety										
Police Department										
Number of citations issued						8,534	11,121	9,947	9,596	6,414
Number of complaints filed										8,638
Number of calls for service	35,311	33,034	38,251	40,700	41,176	42,640	43,378	44,764	44,245	44,737
Number of DUI offenses										
Fire Department										
Number of emergency runs							1,918	1,678	1,835	1,898
Public Works										
Streets										
Tons of salt used							2,218			
Recreated and Culture										
Park acreage maintained	600						308	308	308	308
Special events							60	61	57	53
Shelter rentals							35	61	57	58
Block parties							11	16	16	15
Street trees planted										
Street trees trimmed										178
Street trees removal										432
Community and Economic Development										
Housing units rehabilitated							16	11	14	12
Basic needs and 50/50							32	7	9	11
Sewer System										
Sanitary and storm sewer (miles)	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9
Daily average treatment (million gallons)	22.0	22.0	22.0	22.0	22.0	22.0	22.0	17.0	23.3	20.1
Maximum daily capacity (million gallons)	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Water System										
Miles of water mains							419.7	419.7	419.7	419.7
Daily average consumption (million gallons)	25.8	23.3	22.0	22.1	21.5	21.5	20.3	19.4	19.2	19.5
Maximum daily treatment (million gallons)	37.8	35.0	31.8	32.3	37.4	34.5	29.6	28.1	30.5	31.3
Cemetery										
Interments								401	342	353
Grave sales								303	240	252
Foundations set								257	203	243
Marina										
Boat launch							1	1	1	1

Source: Various city departments.

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

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles							69	72	74	74
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Vehicles									21	21
Public Works										
Streets (miles)										
Major	99	99	99	99	99	99	99	99	96	96
Local	184	184	184	184	184	184	184	184	182	182
State highways	32	32	32	32	32	32	32	32	36	36
Recreation and culture										
Park Areas	71						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.



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December 21, 2012

Management and the City Council
City of Saginaw
Saginaw, Michigan

We have completed our audit of the financial statements of City of Saginaw as of and for the year ended June 30, 2012 and have issued our report dated December 21, 2012. 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 Management Comments

We discussed these matters with various City personnel during the audit and have already met with management on December 21, 2012. 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, the 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, and *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 18, 2012. 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. The new standard changes fund balance classifications to depict the relative strength of the spending constraints and clarifies the definitions of various governmental fund types. 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

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 City's most significant estimates in the financial statements are the incurred but not reported claims (IBNR) related to self insurance and the other postemployment benefits obligation (OPEB). We have evaluated management's estimates in these areas and the process used for making the accounting estimates, the risk of material misstatement, and the indication of possible bias and disclosure and uncertainty in the financial statements. We feel the estimates have been properly recorded and evaluated by management.

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 the following adjustments:

Record prepaid expenses	\$ 283,259
Record State reimbursement	76,217
Record cable franchise fee	121,094
Adjust deferred revenue	55,076

Management has determined that the effects of the uncorrected misstatements attached are immaterial both individually and in the aggregate, qualitatively and quantitatively, to the financial statements taken as a whole.

Water Fund

Construction in progress not capitalized	\$ 146,780
Accrued interest not recorded	219,593

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 Independent Auditors' Report 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 on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information, transmittal letter, and statistical section 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.

Appendix II Management Comments

In planning and performing our audit of the financial statements of City of Saginaw as of and for the year ended June 30, 2012, we considered City of Saginaw's internal control over financial reporting 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 a few items that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. This letter does not affect our report dated date, on the financial statements of City of Saginaw. Our comments and recommendations regarding those matters are:

OFF SITE CASH COLLECTIONS

As part of our audit, we visited the City's compost facility and reviewed the cash controls in place at the facility. We interviewed the Office Manager and he explained the process and how the facility operated. He then showed us how he handles customer transactions. We noted no indications of fraud or theft while we were there, but whenever there is a remote site where cash is being collected we have concerns. In this case there is one person that handles the cash, records the transaction, reconciles the daily activity, and then takes the cash to the drop box. This is a separation of duties issue that we feel needs to be reviewed.

We recommend that management evaluate the operations at the facility and attempt to identify additional controls and the cost/benefit of adding controls to better protect the City's assets as well as those individuals involved in this process.

CREDIT CARD POLICY

During our review of the disbursements system, we noted that the City does not have a formal credit card policy. We did review certain transactions and did not note any unusual or abusive activity. We noted that there was support for all transactions or proper documentation in the case where no support was available, and it was for a legitimate business purpose.

We suggest adopting a policy to make sure that all of the activity is being properly handled and there will be no issues as to what is allowed and not allowed.

OUTSTANDING CHECKS

In our review of the cash activity we noted some outstanding checks that were over a year old.

We suggest that someone review this activity and either reissue the checks or send them to escheats as required in the State of Michigan.

GRANT RECONCILIATIONS

Towards the end of audit fieldwork (November 2012), the controller's office identified a significant adjustment that was necessary in the Community Development Block Fund. The adjustment was primarily a result of the community development department not having procedures in place for reconciling their activity to the general ledger. The adjustment required the Schedule of Expenditures of Federal Awards to be revised and ultimately required the testing of two additional federal programs.

We suggest that management establish procedures within the community development department to ensure timely reconciliation of all grant activity to the general ledger. The City may also consider reassigning these procedures to be performed by the controller's office.

GRANTS REIMBURSEMENT REQUESTS

The Community Development Block Grant Fund has a fund deficit at June 30, 2012. The deficit is the result of the city not requesting reimbursements on a timely basis. While the amount of unreimbursed expenditures dropped from the 2011 balance of approximately \$821,000 to \$569,000 in 2012, the amount was not received within 60 days after year end causing the deficit. In addition to the deficit, the delay in requesting reimbursement puts a strain on the General Fund cash flow as the General Fund is required to advance the funds and is subsequently reimbursed.

We suggest that management review their procedures within the community development department to ensure timely reimbursement of all grant expenditures, especially at year-end to avoid future deficits.

DEFICIT FUND BALANCES

At the end of the year, the City had a deficit in the Community Development Fund, Local Law Enforcement Fund, and the Celebration Park Fund. The Community Development Fund and the Local Law Enforcement Fund both went into deficit this year with shortfalls of \$2,304,992 and \$327,334, respectively. The Celebration Park Fund reduced its deficit by \$518,487 to \$271,999 at year end.

The City will have to file a deficit elimination plan with the State of Michigan and should develop a plan as soon as possible to be proactive when the State sends their correspondence.