



CITY OF
SAGINAW

Michigan

**Comprehensive Annual
Financial Report**

For the Fiscal Year Ended

June 30, 2017

City of Saginaw, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

Prepared by the Department of Fiscal Services

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CITY OF SAGINAW

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



December 11, 2017

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, 2017, 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 four revenues for the City are generated by the following, in order of revenue generated: 1. City income tax, 2. State Shared Revenue, 3. Property Tax, and 4. Licenses, permits and fees. 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. During fiscal year 2017, the City saw a slight increase in state shared revenue, but it is still significantly lower than it was for many years. 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 and other fee related revenue. The management team is determined to continue to improve processes and efficiencies to manage and collect all sources of revenue that are due to the City. Furthermore, the continuing development of a fee based service delivery system, where applicable, for the City will be a priority in the upcoming fiscal year as the City will depend more upon service fees as a means to provide the current level of services to the community.

The City of Saginaw has seen a transformation in its economic base. For many years 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 ten major employers, in terms of income tax 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 Office of the City Manager, Office of Management and Budget (SEDC), and Saginaw Future Inc. are currently working on projects to bring new businesses to the City of Saginaw to further diversify the economic base. Central Michigan University College of Medicine has opened, with multiple classes studying and working in Saginaw. The school is located at Covenant Medical Center and St. Mary's of Michigan Medical Center, both located in the city. Additionally, the city is experiencing growth in the downtown area, where two significant market rate apartment buildings have been renovated for both residential and commercial use and have high occupancy rates for the residential units. The other significant downtown area, Old Town, is also experiencing growth, as renovations are taking place on historic buildings to provide housing in the form of condominiums and apartments. Additionally, a new market rate condominium project has been developed bringing new residents to the City. These condominiums are located on a formerly vacant lot in the heart of Old Town. Delta College will soon begin construction on a new campus in downtown Saginaw, with classes to begin in the fall of 2019.

SVRC Industries, is redeveloping the iconic former Saginaw News building into a 100,000 square foot mixed-use facility, to be named the SVRC Marketplace. The Marketplace will impact the community by bringing an estimated 10,000 people to the Downtown Saginaw Riverfront weekly. The SVRC

Marketplace will be a mixed-use facility supporting a year-round indoor farmers' market, which will consist of a unique shopping experience offering a wide variety of delicious foods and quaint shops. This eclectic space will feature opportunities for local entrepreneurs to spread their wings by offering a licensed commercial kitchen and affordable locations within the Marketplace to grow their businesses. The Downtown Saginaw Farmer's Market will reside under the SVRC Marketplace Pavilion. The Marketplace is expected to open in June 2018. 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 2018 will be another challenging year as state shared revenue and other City revenues have leveled off or are only slightly increasing, with expenses continuing to grow. The most significant are those related to retirees (healthcare and pension). This situation is not unique to the City of Saginaw, but is one that faces most communities in Michigan. Many cities have been forced to reduce services in recent years to deal with the changing conditions. The City has made several changes in the past few years to impact the long-term liability related to post-employment benefits – both pension and healthcare. Saginaw has eliminated the defined benefit pension plan for new hires and eliminated retiree healthcare for employees hired after 2009. The City also opened a new hybrid defined benefit and contribution retirement plan and was able to reamortize the necessary contributions for retirement plans. Furthermore, on January 1, 2017, the city transferred retirees into healthcare plans that are comparable to active healthcare plans. Previously, the city had 18 different retirement plans that were cost prohibitive. Through senior management's diligent work with these retirees to reduce the 18 plans down to two cost

effective healthcare options, operational savings will be realized. We continue to evaluate and work toward additional changes.

The City of Saginaw has taken a proactive approach in addressing the issue of reduced revenue. As stated previously, the City has a renewed focus on collections and timeliness related to accounts receivable. A collections specialist has been working collaboratively with the Office of the City Clerk to ensure the notification and collection of past due Non-owner Occupied fees. Additionally, a City Manager created Management Review team continues to review city operations and make recommendations to reduce expenses and improve efficiency. The Management Review 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 regularly 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 services and will continue to review all user fees generated by services provided to the public.

As has been typical for the past several years, the Fiscal Year 2017 budget was developed in a year of financial challenges. Local units of government throughout the country are struggling to find ways to maintain services, particularly those cities that once relied heavily on the manufacturing industry. City administration's primary goal is to help build our city for the future and to develop it into what we believe it can be going forward. It is an exciting time for the city. Development, opportunity, interest, and investment are all taking place, particularly in the Riverfront District. With all of the changes over the last three years, the city has drastically

changed the way it looks and the way that it does business. Community and economic development continue to be key focuses in Saginaw and there are some major initiatives that are happening. The City of Saginaw, in conjunction with the Michigan Municipal League and Saginaw Future, Inc., continues to find ways to enhance city services and entice businesses to the area. Riverfront Saginaw is the focus for commercial and entertainment enhancement in the City, and several like-minded community and business partners are working together to spread the positive message. This group is working together to get the word out about Saginaw. The goal is to accentuate the positives in our city, and let everyone know that Saginaw is open for business!

City administration continues to take a holistic approach to financial planning, organizational development, and citizen engagement initiatives. We are increasing our presence in the community, while maintaining a budget that is solvent and sustainable. Legacy costs continue to be an issue for the city, and the city is actively engaged with our union groups and retirees to reduce those costs.

As our community changes so does the City of Saginaw as an organization. The economy has forced everyone to make adjustments to the way they live. It has been more difficult than ever to make ends meet. The City of Saginaw is no exception. As you will notice in this budget, as well as by observing City operations, the City is not funding parks and recreation activities in the manner in which we would like. Saginaw is largely relying on volunteers and community groups to help improve and maintain our parks, and also to provide recreation services to our youth. That is why community groups are essential to the success of our City, and we do thank each and every one of those organizations.

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. In order to do so, the city has made necessary changes to services and operations 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 annually to discuss and prioritize the City's goals and objectives for the year.

In January 2017, The City of Saginaw's City Council, city administration, and member of the public set a five year vision for the City. The City's five key vision areas that came from this session were: 1.) Economic Development of the Urban Core, 2.) Neighborhood Revitalization, 3.) Arts, Culture, and Recreation, 4.) Police and Fire, and 5.) Utilities Infrastructure. City Council and the Management Team envision a city which has reclaimed its longtime position as the region's most inviting and attractive place to live, work, play, and learn and have begun earmarking funding to meet these goals. This vision spotlights five areas where the City can re-invent itself and transition to the next level of excellence in local governance.

Economic Development

In five years, Saginaw will be...

- A diverse economy including medical, manufacturing, government, and agri-business industries.
- Engaged in place-making and development around the riverfront.
- Increasing in small business support and development.
- A community that embraces underserved populations to create pathways to prosperity.

Neighborhood Revitalization

In five years, Saginaw will have...

- More code enforcement and community policing which will equal higher property values and better quality of life.

- A plan developed for housing in the City.
- Fewer vacant homes.
- Funding to adequately enforce the city’s crime-fee lease addendum.
- Valuable use of vacant land created by blight removal.
- Larger neighborhood associations for increased transparency.

Arts, Culture, and Recreation

In five years, Saginaw will be...

- Structurally, focusing on improvements to a Central park area
- Administratively, developing a stronger promotion and cultural identity for the entire Celebration Square and surrounding attractions.
- Integrating promotion of Arts, Culture, and Recreation available in Saginaw into the City’s promotional materials.
- Revamping City’s promotional materials to meet the goal above.
- Completing the Riverwalk Loop.
- Finding a means to financially support and staff, as necessary, to accomplish the structural and administrative visions.

- Developing a resolution for Council to adopt that commits the City to this central park development, and conveys this to the public.

Police and Fire

In five years, Saginaw will have...

- More public safety resources to better serve the community, resulting in more cases investigated and people feeling safe in their homes.
- Funding to stabilize Public Safety workforce, which will result in improved levels of service to the community.
- Night life safety.
- Stability of jobs to make people want to work/live here.
- More diversity in the fire department.
- A high level of service.

Utility Infrastructure

In five years, Saginaw will have...

- Available resources and capacity to support development within the Water Treatment Plant and the Wastewater Treatment Plant.
- Feasibility of rehab or new water plant established.
- Wastewater improvements and continued maintenance being made and sustained.

- Established asset management plans

Image (Brand, Perception)

Vision Statement – Although this statement is still being refined, at the strategic planning meeting, the following was developed:

“We envision the Saginaw Riverfront as an Entertainment District and Event Venue where our citizens enjoy the effects of place-making; we attract more small business development and diversify our economy through stronger cultural collaborations and private/public ventures. In particular, we will place strong focus on improvement to the central park area, particularly Ojibway Island, and servicing the underserved in our community.

In five years, Saginaw will be...

- A destination for entertainment and event venues.
- Promoting and marketing the city through outside entities – public and private ventures.

Goals to Accomplish Visions Elements

- Develop a plan to market to investors with targeted approach for whom to engage. This will involve creating informational tools for investors as well as targeting local financial partners.
- Build initiatives into 2018 budget and future budgets.
- Complete form-based zoning. Explain and promote to the public and investors.
- Develop a committee to identify key stakeholders; develop a conceptual plan including costs and alternate resources available.

- Make better use of Saginaw Economic Development Corporation funds available for small businesses.
- Engage with Saginaw Future to create a small business “how to” packet.
- Highlight success stories.
- Engage the City of Saginaw community.
- Council engages in outreach to the community for input.
- Downtown Development Authority – secure millage for arts and entertainment.
- Focus on Ojibway Island.

During the strategic planning session, city council and the management team also developed SWOT Analysis for each priority. The entire Strategic Plan can be found on the city’s website at www.saginaw-mi.com.

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, Neighborhood Services, 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, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

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

Acknowledgements

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

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

Respectfully Submitted,

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

Timothy Morales
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Saginaw
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

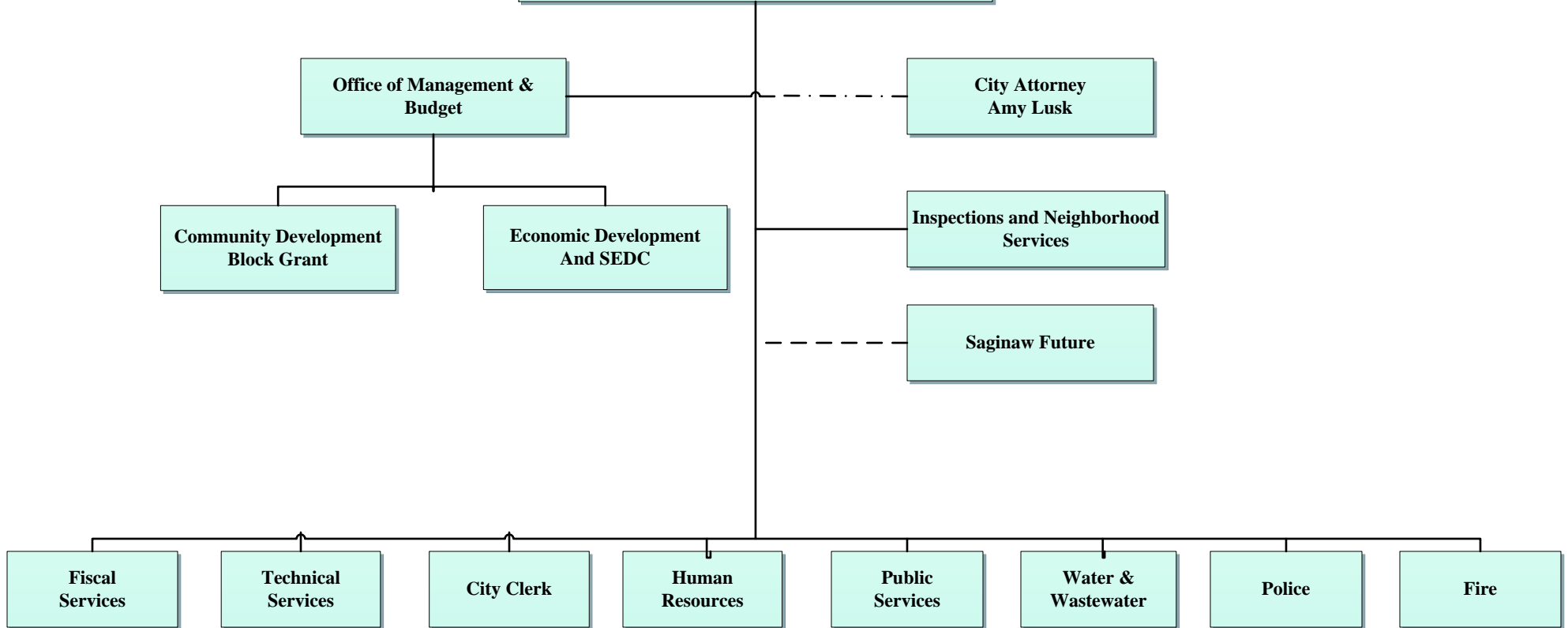
Executive Director/CEO

CITY OF SAGINAW

Citizens

City Council

City Manager



- **Health Officer**

City of Saginaw
List of Elected and Appointed Officials
June 30, 2017

City Council

Dennis Browning – Mayor

Floyd Kloc – Mayor Pro-Tem

Michael D. Balls – Council Member

Annie E. Boensch – Council Member

Clint Bryant – Council Member

John Humphreys – Council Member

Brenda Moore – Council Member

Demond Tibbs – Council Member

John Milne – Council Member

Administrative Staff

Tim Morales – City Manager

Lori Brown – Finance Director



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Independent Auditors' Report

To the Honorable Mayor and City Council
City of Saginaw

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saginaw, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saginaw, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 18 to the financial statements, the 2016 financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Other Matters:

Required Supplementary Information

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

Other Supplementary Information

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

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

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

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the City of Saginaw's basic financial statements as of and for the year ended June 30, 2016, which are not presented with the accompanying basic financial statements. In our report dated December 2, 2016, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, the business-type activities, the aggregate discretely present component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City of Saginaw's financial statements as a whole. The 2016 information in the comparative other supplementary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017 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 solely 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 effectiveness of the City of Saginaw's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Saginaw's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, Michigan
December 11, 2017

City of Saginaw, Michigan
Management's Discussion And Analysis
June 30, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

City of Saginaw, Michigan
Management's Discussion And Analysis
June 30, 2017

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, Major Streets and Community Development Fund, all 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 all funds and it is approved by the City Council per the City Charter. 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 - 9 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 and its Boat Launch activities. *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, Public Works Building, 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, Sewer Fund, and Boat Launch Fund, with the Water and Sewer Funds considered to be major funds. Data from the other proprietary funds are combined and presented separately. Individual fund data for the Boat Launch Fund and the 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 - 10 through 3 - 15 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 page 3 - 16 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 - 19 through 3 - 50 of this report.

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

**City of Saginaw, Michigan
Management's Discussion And Analysis
June 30, 2017**

Government-wide Financial Analysis

The City of Saginaw has combined net position of (\$43,410,125). Business type activities comprise \$71,524,779 and governmental activities make up (\$114,934,904) of the total net position.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 23,994,011	\$ 19,552,973	\$ 73,724,627	\$ 51,463,639	\$ 97,718,638	\$ 71,016,612
Capital assets	44,022,152	42,690,499	110,367,961	110,690,747	154,390,113	153,381,246
Total assets	68,016,163	62,243,472	184,092,588	162,154,386	252,108,751	224,397,858
Deferred outflows	14,494,055	12,167,978	4,575,583	7,354,793	19,069,638	19,522,771
Total assets and deferred outflows	82,510,218	74,411,450	188,668,171	169,509,179	271,178,389	243,920,629
Current Liabilities	3,049,495	3,549,843	4,546,200	2,776,249	7,595,695	6,326,092
Long-term liabilities	193,821,598	187,508,283	102,999,161	76,173,001	296,820,759	263,681,284
Total liabilities	196,871,093	191,058,126	107,545,361	78,949,250	304,416,454	270,007,376
Deferred inflows	574,029	2,871,682	9,598,031	-	10,172,060	2,871,682
Total liabilities and deferred inflows	197,445,122	193,929,808	117,143,392	78,949,250	314,588,514	272,879,058
Net position:						
Net investment in capital assets	39,535,326	38,106,561	76,444,510	77,851,628	115,979,836	115,958,189
Restricted	3,312,310	3,278,435	-	-	3,312,310	3,278,435
Unrestricted (Deficit)	(157,782,540)	(160,903,354)	(4,919,731)	12,708,301	(162,702,271)	(148,195,053)
Total net position	<u>\$ (114,934,904)</u>	<u>\$ (119,518,358)</u>	<u>\$ 71,524,779</u>	<u>\$ 90,559,929</u>	<u>\$ (43,410,125)</u>	<u>\$ (28,958,429)</u>

Business-type activities net position decreased \$19,035,150 during the year. Governmental activities net position increased \$4,583,454 during the year. The primary cause of the decrease in business-type activities net position is due to an increase in the business-type activities' pension expense and liability and also additional liabilities related to a new revenue bond issuance. The increase in

governmental activities net position is primarily due to the increase in income tax revenues as well as an decrease in the pension expense.

The following table shows the revenue and expense components of changes in net position for the year ended June 30, 2017.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues:						
Charges for Services	\$ 10,428,788	\$ 9,878,446	\$ 37,809,976	\$ 36,260,682	\$ 48,238,764	\$ 46,139,128
Operating Grants & Contributions	10,145,057	10,126,256	-	-	10,145,057	10,126,256
Capital Grants and Contributions	102,634	-	1,677,863	-	1,780,497	-
General Revenues:						
Property Taxes	6,509,830	6,701,179	-	-	6,509,830	6,701,179
Income Taxes	13,212,804	12,625,121	-	-	13,212,804	12,625,121
State Shared Revenue	8,189,587	7,870,826	-	-	8,189,587	7,870,826
Grants not restricted	1,119,044	897,110	-	-	1,119,044	897,110
Unrestricted invest earnings	497,239	516,162	22,175	192,691	519,414	708,853
Misc	84,387	68,608	1,320,780	1,468,917	1,405,167	1,537,525
Gain on Sale of Cap Assets	3,491	12,625	10,311	-	13,802	12,625
Total Revenues	<u>50,292,861</u>	<u>48,696,333</u>	<u>40,841,105</u>	<u>37,922,290</u>	<u>91,133,966</u>	<u>86,618,623</u>
Expenses						
General Government	3,425,013	7,433,847	-	-	3,425,013	7,433,847
Administration	2,334,410	2,938,548	-	-	2,334,410	2,938,548
Public Safety	21,859,005	34,721,776	-	-	21,859,005	34,721,776
Highway Streets	6,629,146	7,748,410	-	-	6,629,146	7,748,410
Other General Services	9,474,464	9,509,944	-	-	9,474,464	9,509,944
Community Services	1,502,272	2,535,882	-	-	1,502,272	2,535,882
Economic Development	2,491,068	3,155,905	-	-	2,491,068	3,155,905
Interest on Long-term Debt:	63,612	91,309	-	-	63,612	91,309
Water	-	-	25,951,845	13,548,848	25,951,845	13,548,848
Sewer	-	-	33,792,386	10,328,306	33,792,386	10,328,306
Boat Launch	-	-	29,787	28,028	29,787	28,028
Total Expenses	<u>47,778,990</u>	<u>68,135,621</u>	<u>59,774,018</u>	<u>23,905,182</u>	<u>107,553,008</u>	<u>92,040,803</u>
Excess or (deficiency) before transfers	2,513,871	(19,439,288)	(18,932,913)	14,017,108	(16,419,042)	(5,422,180)
Transfers	102,237	-	(102,237)	-	-	-
Change in net position	2,616,108	(19,439,288)	(19,035,150)	14,017,108	(16,419,042)	(5,422,180)
Net position - beginning (restated)	(117,551,012)	(100,079,070)	90,559,929	76,542,821	(26,991,083)	(23,536,249)
Total net position	<u>\$ (114,934,904)</u>	<u>\$ (119,518,358)</u>	<u>\$ 71,524,779</u>	<u>\$ 90,559,929</u>	<u>\$ (43,410,125)</u>	<u>\$ (28,958,429)</u>

City of Saginaw, Michigan
Management's Discussion And Analysis
June 30, 2017

Governmental Activities

General revenues for governmental activities totaled approximately \$29.6 million for the year ended June 30, 2017. This is a slight increase from the prior year due to increases in income tax, state shared revenues, fee collections, and grants. Income tax generated approximately \$13.2 million from residents and non-residents who live or work in the City respectively. Intergovernmental revenues, in the form of state shared revenues, continue to be of concern. While they provided approximately \$8.2 million and have increased slightly in recent years, it is uncertain what will happen in the next several years. During the year, the City increased its efforts with collecting non-owner occupied registration fees, which resulted in a large increase in fee collections.

General government expenses decreased by about \$20 million due to decreases in all areas of governmental activities. Most of this decrease relates to the recording of the pension liability and how it is allocated across all the funds. Additionally, several significant capital items were purchased and various street construction projects were completed.

Business-type Activities

Business-type activities operated by the City include the water and sewer systems and the boat launch. Program revenues from business-type activities were approximately \$40.8 million. Significant items include sewer service - \$20.5 million and water supply - \$17.8 million.

The water and sewer expenses increased significantly this year due to the recording of the GASB 68 pension expense.

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.

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. Recent housing developments have resulted in new residents moving into the zones.

Economic growth – The City continues to experience moderate economic growth. The Saginaw Housing Commission continues to provide scattered public housing within the City of Saginaw.

Future State of Michigan Public Act 425 Agreements or corresponding service agreements continue to be 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 41% of its general fund revenue from local income tax. Economic conditions have had a negative impact on this revenue source, but recently there has been more activity in the city, with new businesses and employers, causing the income tax to turn upwards. For the 2017-

City of Saginaw, Michigan
Management's Discussion And Analysis
June 30, 2017

2018 budget, the revenue from income taxes is expected to increase approximately \$45,000 from the 2016-2017 budget amount.

State shared revenues – The City of Saginaw receives approximately 25.7% 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. However, projections from the State for the 2017-2018 budget show funding in State shared revenue to slightly increase, specifically the Constitutionally required payments to increase by 5.3%.

Financial analysis of City funds and budgets

The general fund ended 2016-2017 with a fund balance of approximately \$4.3 million, of which \$244,554 is nonspendable for prepaids and inventory, and \$63,513 is restricted for general government and economic development.

The unassigned fund balance is \$3,960,115 as of June 30, 2017. The unassigned amount represented 13% of the June 30, 2017 general fund expenditures and other financing uses. That same number represents 12.5% of the fiscal year 2017-2018 budget (prior to 2017-2018 budget amendments). The net positions of several restricted fund balances for certain activities have been cleared out by the net pension liability.

Several factors affected general fund operating results:

- State shared revenue increased \$229,930
- City Income tax revenue increased \$592,624
- Grants, donations and contributions decreased \$294,717
- Administration expenditures decreased \$227,455
- Public safety expenditures increased \$331,572

The general fund budget is amended throughout the year. Revenues were \$294,107 over budget while expenditures were \$1,622,132 under budget.

The City's June 30, 2017, \$272.5 million in unfunded health care liability impacts all funds per the July 1, 2016, 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. The city is currently reviewing its options on reducing the OPEB liability. No contribution was made to the fund in 2017.

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, 2017, amounted to \$154,390,113 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles.

The total increase in the City's investment in capital assets for the current fiscal year was .7%.

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

- Concrete Roads - \$1,464,261
- Meter Replacements - \$261,660
- Sewer Inspection Camera Truck - \$219,264
- New Roof at Police Department - \$140,000

Additional information on the City's capital assets can be found beginning on page 3 - 31 of this report.

**City of Saginaw, Michigan
Management's Discussion And Analysis
June 30, 2017**

Long-term debt

At the end of the current fiscal year, the City of Saginaw had total debt outstanding of \$51 million in principal and \$16.3 million in interest. The City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) as well as installment contracts and capital leases for equipment.

	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Loans/bonds	\$ 4,764,809	\$ 727,736	\$ 46,150,310	\$ 15,599,539	\$ 50,915,119	\$ 16,327,275
Capital leases	90,806	8,151	-	-	90,806	8,151
Total	\$ 4,855,615	\$ 735,887	\$ 46,150,310	\$ 15,599,539	\$ 51,005,925	\$ 16,335,426

The City maintains an "BBB" 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 \$47,034,000, 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 - 34 through 3 - 37 of this report.

Economic factors and next year's budget

The following factors were considered in preparing the City's budget for the 2018 fiscal year:

- Flattened or stabilized property taxes
- Stabilized annual pension contributions
- Increase in delinquent income tax revenues
- Decrease in retiree healthcare costs
- Continued increase in active healthcare costs, including short and long term disability insurance and life insurance
- 2% increase in full-time wages, based on collective bargaining agreements
- Increase to the Gas and Weight State Shared Revenues due to the \$0.07 increase in the state's gasoline tax
- Continued reliance on public safety grant sources
- Continued savings in energy costs

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 Position
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 14,324,564	\$ 27,071,905	\$ 41,396,469	\$ 5,081,598
Investments	1,194,260	5,583,124	6,777,384	-
Receivables, net	4,706,135	5,522,012	10,228,147	1,904,022
Due from other units of government	3,226,291	-	3,226,291	89,697
Internal balances	(3,205,157)	3,205,157	-	-
Inventories	599,707	1,308,172	1,907,879	-
Prepaid items	259,375	24,328	283,703	-
Investment in Saginaw-Midland Municipal Water Supply Corporation	-	16,152,945	16,152,945	-
Restricted assets				
Cash and cash equivalents	85,947	14,856,984	14,942,931	-
Investments	2,802,889	-	2,802,889	-
Capital assets not being depreciated	16,659,990	10,126,903	26,786,893	-
Capital assets, net of accumulated depreciation	27,362,162	100,241,058	127,603,220	-
Total assets	<u>68,016,163</u>	<u>184,092,588</u>	<u>252,108,751</u>	<u>7,075,317</u>
Deferred outflows of resources				
Deferred amount on bond refunding	-	500,761	500,761	-
Deferred amount of pension expense related to net pension liability	14,494,055	4,074,822	18,568,877	-
Total deferred outflows of resources	<u>14,494,055</u>	<u>4,575,583</u>	<u>19,069,638</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>82,510,218</u>	<u>188,668,171</u>	<u>271,178,389</u>	<u>7,075,317</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Statement of Net Position
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 1,644,730	\$ 2,943,708	\$ 4,588,438	\$ 113,652
Accrued and other liabilities	1,393,580	1,602,492	2,996,072	-
Due to other units of government	10,380	-	10,380	-
Unearned revenue	805	-	805	-
Noncurrent liabilities				
Debt due within one year	2,058,667	4,644,602	6,703,269	-
Debt due in more than one year	6,465,127	45,837,641	52,302,768	-
Other noncurrent liabilities	2,124,021	-	2,124,021	-
Net pension liability	119,782,734	41,841,118	161,623,852	-
Net other postemployment benefit obligations	63,391,049	10,675,800	74,066,849	-
Total liabilities	196,871,093	107,545,361	304,416,454	113,652
Deferred inflows of resources				
Deferred amount of pension expense related to net pension liability	574,029	9,598,031	10,172,060	-
Total liabilities and deferred inflows of resources	197,445,122	117,143,392	314,588,514	113,652
Net position				
Net investment in capital assets	39,535,326	76,444,510	115,979,836	-
Restricted for				
Drug forfeiture	170,666	-	170,666	-
Celebration Park	33,583	-	33,583	-
Capital Projects	298,045	-	298,045	-
Permanent fund				
Expendable	94,841	-	94,841	-
Nonexpendable	2,715,175	-	2,715,175	-
Unrestricted (deficit)	(157,782,540)	(4,919,731)	(162,702,271)	6,961,665
Total net position	\$ (114,934,904)	\$ 71,524,779	\$ (43,410,125)	\$ 6,961,665

See Accompanying Notes to the Financial Statements

City of Saginaw
Statement of Activities
For the Year Ended June 30, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Functions/Programs								
Primary government								
Governmental activities								
General government	\$ 3,425,013	\$ 1,785,802	\$ 80,569	\$ -	\$ (1,558,642)	\$ -	\$ (1,558,642)	\$ -
Administration	2,334,410	2,252,392	-	-	(82,018)	-	(82,018)	-
Public safety	21,859,005	555,235	1,155,205	102,634	(20,045,931)	-	(20,045,931)	-
Highways and streets	6,629,146	897,652	5,986,846	-	255,352	-	255,352	-
General services	9,474,464	4,093,399	-	-	(5,381,065)	-	(5,381,065)	-
Community services	1,502,272	793,179	244,464	-	(464,629)	-	(464,629)	-
Economic development	2,491,068	51,129	2,677,973	-	238,034	-	238,034	-
Interest on long-term debt	63,612	-	-	-	(63,612)	-	(63,612)	-
Total governmental activities	<u>47,778,990</u>	<u>10,428,788</u>	<u>10,145,057</u>	<u>102,634</u>	<u>(27,102,511)</u>	<u>-</u>	<u>(27,102,511)</u>	<u>-</u>
Business-type activities								
Sewer	33,792,386	20,036,713	-	1,677,863	-	(12,077,810)	(12,077,810)	-
Water	25,951,845	17,750,456	-	-	-	(8,201,389)	(8,201,389)	-
Boat launch	29,787	22,807	-	-	-	(6,980)	(6,980)	-
Total business-type activities	<u>59,774,018</u>	<u>37,809,976</u>	<u>-</u>	<u>1,677,863</u>	<u>-</u>	<u>(20,286,179)</u>	<u>(20,286,179)</u>	<u>-</u>
Total primary government	<u>\$ 107,553,008</u>	<u>\$ 48,238,764</u>	<u>\$ 10,145,057</u>	<u>\$ 1,780,497</u>	<u>(27,102,511)</u>	<u>(20,286,179)</u>	<u>(47,388,690)</u>	<u>-</u>
Component units	<u>\$ 618,640</u>	<u>\$ -</u>	<u>\$ 38,703</u>	<u>\$ 340,330</u>				<u>(239,607)</u>
General revenues								
Property taxes					6,509,830	-	6,509,830	72,689
City income taxes					13,212,804	-	13,212,804	-
State shared revenue					8,189,587	-	8,189,587	-
Grants not restricted to specific programs					1,119,044	-	1,119,044	-
Investment earnings					497,239	22,175	519,414	62,594
Gain on sale of capital assets					3,491	10,311	13,802	-
Miscellaneous					84,387	1,320,780	1,405,167	24,400
Transfers					102,237	(102,237)	-	-
Total general revenues and transfers					<u>29,718,619</u>	<u>1,251,029</u>	<u>30,969,648</u>	<u>159,683</u>
Change in net position					<u>2,616,108</u>	<u>(19,035,150)</u>	<u>(16,419,042)</u>	<u>(79,924)</u>
Net position - beginning of year					(119,518,358)	90,559,929	(28,958,429)	7,041,589
Prior period adjustment					1,967,346	-	1,967,346	-
Net position - beginning of year (restated)					<u>(117,551,012)</u>	<u>90,559,929</u>	<u>(26,991,083)</u>	<u>7,041,589</u>
Net position - end of year					<u>\$ (114,934,904)</u>	<u>\$ 71,524,779</u>	<u>\$ (43,410,125)</u>	<u>\$ 6,961,665</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2017

	General	Major Streets	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,302,468	\$ 1,372,916	\$ 524,186	\$ 3,066,328	\$ 7,265,898
Investments	-	-	-	1,194,260	1,194,260
Receivables, net of allowance	2,008,801	21,876	246,789	1,872,672	4,150,138
Due from other units of government	1,362,699	862,080	424,126	577,386	3,226,291
Due from other funds	1,448,080	-	-	-	1,448,080
Inventories	204,846	191,402	-	-	396,248
Prepaid items	39,708	-	-	175,360	215,068
Notes and contracts receivable	-	-	554,083	-	554,083
Restricted assets					
Cash and cash equivalents	-	-	85,947	-	85,947
Investments	294,977	-	-	2,507,912	2,802,889
Total assets	<u>\$ 7,661,579</u>	<u>\$ 2,448,274</u>	<u>\$ 1,835,131</u>	<u>\$ 9,393,918</u>	<u>\$ 21,338,902</u>
Liabilities					
Accounts payable	\$ 302,721	\$ 439,031	\$ 276,012	\$ 420,961	\$ 1,438,725
Accrued and other liabilities	687,237	25,625	9,575	598,703	1,321,140
Due to other funds	2,315,391	-	1,026,445	421,635	3,763,471
Due to other units of government	10,380	-	-	-	10,380
Unearned revenue	-	-	805	-	805
Total liabilities	<u>3,315,729</u>	<u>464,656</u>	<u>1,312,837</u>	<u>1,441,299</u>	<u>6,534,521</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2017

	General	Major Streets	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
Deferred inflows of resources					
Accounts receivable	\$ 77,668	\$ -	\$ -	\$ 1,177,193	\$ 1,254,861
Notes and contracts receivable	-	-	554,083	-	554,083
Grants	-	-	244,614	-	244,614
Total deferred inflows of resources	<u>77,668</u>	<u>-</u>	<u>798,697</u>	<u>1,177,193</u>	<u>2,053,558</u>
Fund balances					
Non-spendable					
Inventories	204,846	191,402	-	-	396,248
Prepaid items	39,708	-	-	175,360	215,068
Endowments	-	-	-	2,715,175	2,715,175
Restricted for					
General government	56,320	-	-	-	56,320
Celebration park	-	-	-	33,583	33,583
Roads	-	1,792,216	-	602,937	2,395,153
Public safety	-	-	-	109,822	109,822
Rubbish	-	-	-	471,471	471,471
Police grants	-	-	-	73,832	73,832
Drug forfeiture	-	-	-	170,666	170,666
Economic development	7,193	-	-	-	7,193
Clean energy	-	-	-	3,742	3,742
Capital projects	-	-	-	298,045	298,045
Permanent fund	-	-	-	94,841	94,841
Committed	-	-	-	1,915,338	1,915,338
Assigned	-	-	-	159,744	159,744
Unassigned (deficit)	<u>3,960,115</u>	<u>-</u>	<u>(276,403)</u>	<u>(49,130)</u>	<u>3,634,582</u>
Total fund balances (deficit)	<u>4,268,182</u>	<u>1,983,618</u>	<u>(276,403)</u>	<u>6,775,426</u>	<u>12,750,823</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,661,579</u>	<u>\$ 2,448,274</u>	<u>\$ 1,835,131</u>	<u>\$ 9,393,918</u>	<u>\$ 21,338,902</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to the Net Position of Governmental Activities
June 30, 2017

Total fund balances for governmental funds	\$ 12,750,823
Total net position for governmental activities in the statement of net position is different because	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	26,950,579
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	16,659,990
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,053,558
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(37,833)
Compensated absences	(3,461,166)
Net other post employment obligation	(63,391,049)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability	13,237,120
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Long-term debt	(4,831,798)
Net pension liability	(111,573,708)
Internal service funds are included as part of governmental activities.	<u>(3,291,420)</u>
Net position of governmental activities	<u>\$ (114,934,904)</u>

City of Saginaw
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	<u>General</u>	<u>Major Streets</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
General operating property taxes	\$ 3,593,026	\$ -	\$ -	\$ 2,887,035	\$ 6,480,061
City income tax	13,217,745	-	-	-	13,217,745
State shared revenues	8,189,587	4,320,909	-	1,195,194	13,705,690
Licenses, permits and fees	1,743,247	38,093	-	4,001,748	5,783,088
Fines, penalties and forfeitures	306,203	-	-	91,374	397,577
Grants, donations and contributions	3,391,559	470,743	3,285,526	1,330,719	8,478,547
Interest on loans and investments	368,602	-	7,865	127,985	504,452
Rents and privileges	656,953	-	4,653	42,588	704,194
Loan repayments	-	-	34,320	-	34,320
Miscellaneous	407,410	913,931	7,905	172,683	1,501,929
	<u>31,874,332</u>	<u>5,743,676</u>	<u>3,340,269</u>	<u>9,849,326</u>	<u>50,807,603</u>
Total revenues					

See Accompanying Notes to the Financial Statements

City of Saginaw
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	<u>General</u>	<u>Major Streets</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Expenditures					
Current					
General government	\$ 4,379,886	\$ -	\$ -	\$ 228,851	\$ 4,608,737
Administration	2,424,816	-	-	-	2,424,816
Public safety	18,826,220	-	-	4,062,923	22,889,143
Highways and streets	-	6,436,426	-	1,479,493	7,915,919
General services	3,072,297	-	-	3,752,414	6,824,711
Community services	1,536,021	-	-	268,130	1,804,151
Economic development	-	-	2,553,043	56,253	2,609,296
Debt service					
Principal retirement	58,398	64,284	-	27,935	150,617
Interest and fiscal charges	9,024	20,284	-	35,618	64,926
Total expenditures	<u>30,306,662</u>	<u>6,520,994</u>	<u>2,553,043</u>	<u>9,911,617</u>	<u>49,292,316</u>
Excess (deficiency) of revenues over expenditures	<u>1,567,670</u>	<u>(777,318)</u>	<u>787,226</u>	<u>(62,291)</u>	<u>1,515,287</u>
Other financing sources (uses)					
Transfers in	396,120	-	-	497,745	893,865
Transfers out	(342,071)	-	(181,276)	(254,779)	(778,126)
Issuance of debt	94,852	-	-	-	94,852
Total other financing sources (uses)	<u>148,901</u>	<u>-</u>	<u>(181,276)</u>	<u>242,966</u>	<u>210,591</u>
Net change in fund balance	1,716,571	(777,318)	605,950	180,675	1,725,878
Fund balance (deficit) - beginning of year (restated)	<u>2,551,611</u>	<u>2,760,936</u>	<u>(882,353)</u>	<u>6,594,751</u>	<u>11,024,945</u>
Fund balance (deficit) - end of year	<u>\$ 4,268,182</u>	<u>\$ 1,983,618</u>	<u>\$ (276,403)</u>	<u>\$ 6,775,426</u>	<u>\$ 12,750,823</u>

See Accompanying Notes to the 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, 2017

Net change in fund balances - Total governmental funds	\$ 1,725,878
Total change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(2,750,279)
Capital outlay	4,184,585
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	96,581
Grants	(468,709)
Notes receivable	(142,614)
Expenses are recorded when incurred in the statement of activities	
Accrued interest	1,314
Compensated absences	(9,993)
Net other post employment obligation	(8,071,388)
The statement of net position reports the net pension liability and deferred outflows and deferred inflows of resources related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the deferred outflows of resources related to the net pension liability	2,058,618
Net change in the deferred inflows of resources related to the net pension liability	2,871,682
Net change in net pension liability	4,440,707
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Issuance of debt	(94,852)
Repayments of long-term debt	150,617
Internal service funds are also included as governmental activities	(1,376,039)
Change in net position of governmental activities	\$ 2,616,108

City of Saginaw
Proprietary Funds
Statement of Net Position
June 30, 2017

	Enterprise Funds			Internal Service Funds	
	Sewer	Water	Nonmajor Boat Launch		Total
Assets					
Current assets					
Cash and cash equivalents	\$ 16,029,678	\$ 11,007,144	\$ 35,083	\$ 27,071,905	\$ 7,058,666
Investments	1,324,297	4,258,827	-	5,583,124	-
Receivables					
Customers	3,146,105	2,188,074	-	5,334,179	1,914
Special assessments, current	82,634	101,384	-	184,018	-
Accrued interest and other	-	3,815	-	3,815	-
Due from other funds	2,315,391	-	-	2,315,391	-
Inventories	-	1,308,172	-	1,308,172	203,459
Prepaid items	5,886	18,442	-	24,328	44,307
Restricted cash - bond proceeds	-	14,856,984	-	14,856,984	-
Total current assets	<u>22,903,991</u>	<u>33,742,842</u>	<u>35,083</u>	<u>56,681,916</u>	<u>7,308,346</u>
Noncurrent assets					
Investment in Saginaw-Midland Municipal Water Supply Corporation	-	16,152,945	-	16,152,945	-
Capital assets not being depreciated	1,272,286	7,825,725	1,028,892	10,126,903	-
Capital assets, net of accumulated depreciated	<u>55,423,758</u>	<u>44,810,106</u>	<u>7,194</u>	<u>100,241,058</u>	<u>411,583</u>
Total noncurrent assets	<u>56,696,044</u>	<u>68,788,776</u>	<u>1,036,086</u>	<u>126,520,906</u>	<u>411,583</u>
Total assets	<u>79,600,035</u>	<u>102,531,618</u>	<u>1,071,169</u>	<u>183,202,822</u>	<u>7,719,929</u>
Deferred outflows of resources					
Deferred amount on bond refunding	-	500,761	-	500,761	-
Deferred amount of pension expense related to net pension liability	<u>2,391,173</u>	<u>1,683,649</u>	<u>-</u>	<u>4,074,822</u>	<u>1,256,935</u>
Total deferred outflows of resources	<u>2,391,173</u>	<u>2,184,410</u>	<u>-</u>	<u>4,575,583</u>	<u>1,256,935</u>
Total assets and deferred outflows of resources	<u>81,991,208</u>	<u>104,716,028</u>	<u>1,071,169</u>	<u>187,778,405</u>	<u>8,976,864</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Net Position
June 30, 2017

	Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Boat Launch	Total	
Liabilities					
Current liabilities					
Accounts payable	\$ 471,090	\$ 2,464,641	\$ 7,977	\$ 2,943,708	\$ 206,006
Accrued and other liabilities	164,726	1,437,766	-	1,602,492	34,607
Current portion of compensated absences	365,060	321,889	-	686,949	-
Current portion of long-term debt	<u>2,295,711</u>	<u>1,661,942</u>	<u>-</u>	<u>3,957,653</u>	<u>11,658</u>
Total current liabilities	<u>3,296,587</u>	<u>5,886,238</u>	<u>7,977</u>	<u>9,190,802</u>	<u>252,271</u>
Noncurrent liabilities					
Workers' compensation claims payable	-	-	-	-	1,900,921
Insurance claims payable	-	-	-	-	223,100
Accrued compensated absences	273,203	240,895	-	514,098	207,013
Other postemployment benefits	5,838,422	4,837,378	-	10,675,800	-
Net pension liability	24,539,364	17,301,754	-	41,841,118	8,209,026
Long-term debt net of current portion	<u>11,734,016</u>	<u>33,589,527</u>	<u>-</u>	<u>45,323,543</u>	<u>12,158</u>
Total noncurrent liabilities	<u>42,385,005</u>	<u>55,969,554</u>	<u>-</u>	<u>98,354,559</u>	<u>10,552,218</u>
Total liabilities	45,681,592	61,855,792	7,977	107,545,361	10,804,489
Deferred inflows of resources					
Deferred amount of pension expense related to net pension liability	<u>5,881,927</u>	<u>3,716,104</u>	<u>-</u>	<u>9,598,031</u>	<u>574,029</u>
Total liabilities and deferred inflows of resources	<u>51,563,519</u>	<u>65,571,896</u>	<u>7,977</u>	<u>117,143,392</u>	<u>11,378,518</u>
Net position					
Net investment in capital assets	42,666,317	32,742,107	1,036,086	76,444,510	387,767
Unrestricted (deficit)	<u>(12,238,628)</u>	<u>6,402,025</u>	<u>27,106</u>	<u>(5,809,497)</u>	<u>(2,789,421)</u>
Total net position	<u>\$ 30,427,689</u>	<u>\$ 39,144,132</u>	<u>\$ 1,063,192</u>	70,635,013	<u>\$ (2,401,654)</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities				<u>889,766</u>	
Net position of business-type activities				<u>\$ 71,524,779</u>	

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2017

	Enterprise Funds			Total	Internal Service Funds
	Sewer	Water	Nonmajor Boat Launch		
Operating revenue					
User charges	\$ 20,036,713	\$ 17,750,456	\$ 22,807	\$ 37,809,976	\$ 7,114,847
Other revenue	474,255	8,693	13	482,961	539,541
Total operating revenue	<u>20,510,968</u>	<u>17,759,149</u>	<u>22,820</u>	<u>38,292,937</u>	<u>7,654,388</u>
Operating expenses					
Salaries and benefits	21,919,058	15,961,832	-	37,880,890	5,954,008
Supplies	894,623	1,184,214	3,542	2,082,379	461,156
Contractual services	3,825,777	2,567,266	19,824	6,412,867	2,613,778
Claims	-	-	-	-	270,645
Utilities	77,498	84,204	2,907	164,609	88,934
Repairs and maintenance	264,526	178,004	-	442,530	285,942
Other expenses	549,186	817,187	3,135	1,369,508	33,060
Depreciation	5,543,216	1,834,426	379	7,378,021	163,219
Total operating expenses	<u>33,073,884</u>	<u>22,627,133</u>	<u>29,787</u>	<u>55,730,804</u>	<u>9,870,742</u>
Operating income (loss)	<u>(12,562,916)</u>	<u>(4,867,984)</u>	<u>(6,967)</u>	<u>(17,437,867)</u>	<u>(2,216,354)</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2017

	Enterprise Funds			Total	Internal Service Funds
	Sewer	Water	Nonmajor Boat Launch		
Nonoperating revenue (expenses)					
Gain (loss) on sale of investments	\$ (1,564)	\$ 23,739	\$ -	\$ 22,175	\$ 6,178
Gain on sale of capital assets	5,156	5,155	-	10,311	141,901
Contractual obligations to SMMWSC	-	(1,333,692)	-	(1,333,692)	-
Increase in investment in SMMWSC	-	752,538	-	752,538	-
Bond issuance costs	-	(389,421)	-	(389,421)	-
Amortization of bond premium / discount	-	85,281	-	85,281	-
Interest expense	(336,627)	(1,276,229)	-	(1,612,856)	(1,507)
	<u>(333,035)</u>	<u>(2,132,629)</u>	<u>-</u>	<u>(2,465,664)</u>	<u>146,572</u>
Total nonoperating revenues (expenses)					
Income (loss) before capital contributions and transfers	(12,895,951)	(7,000,613)	(6,967)	(19,903,531)	(2,069,782)
Capital contributions	1,677,863	-	-	1,677,863	-
Transfers out	(55,412)	(46,825)	-	(102,237)	(13,502)
	<u>(11,273,500)</u>	<u>(7,047,438)</u>	<u>(6,967)</u>	<u>(18,327,905)</u>	<u>(2,083,284)</u>
Change in net position					
Net position - beginning of year	<u>41,701,189</u>	<u>46,191,570</u>	<u>1,070,159</u>		<u>(318,370)</u>
Net position - end of year	<u>\$ 30,427,689</u>	<u>\$ 39,144,132</u>	<u>\$ 1,063,192</u>		<u>\$ (2,401,654)</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities				<u>(707,245)</u>	
Change in net position of business-type activities				<u>\$ (19,035,150)</u>	

See Accompanying Notes to the Financial Statements

**City of Saginaw
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017**

	Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Boat Launch	Total	
Cash flows from operating activities					
Receipts from customers	\$ 21,344,444	\$ 17,661,911	\$ 22,820	\$ 39,029,175	\$ -
Receipts from interfund users	-	-	-	-	7,654,388
Receipts from other funds	1,000,000	-	-	1,000,000	309,051
Payments to suppliers	(3,960,365)	(1,508,094)	(24,919)	(5,493,378)	(4,439,609)
Payments to employees	(9,966,015)	(7,390,029)	-	(17,356,044)	(2,081,638)
Net cash provided (used) by operating activities	<u>8,418,064</u>	<u>8,763,788</u>	<u>(2,099)</u>	<u>17,179,753</u>	<u>1,442,192</u>
Cash flows from noncapital financing activities					
Transfers to other funds	<u>(55,412)</u>	<u>(46,825)</u>	<u>-</u>	<u>(102,237)</u>	<u>(13,502)</u>
Cash flows from capital and related financing activities					
Proceeds from issuance of long-term debt	-	26,450,818	-	26,450,818	-
Capital contributions	1,677,863	-	-	1,677,863	-
Purchases/construction of capital assets	(1,304,847)	(5,742,815)	(7,573)	(7,055,235)	(60,930)
Principal and interest paid on long-term debt	(2,620,166)	(10,371,555)	-	(12,991,721)	(12,682)
Contractual obligations to Saginaw-Midland Municipal Water Supply Corporation	-	(1,333,692)	-	(1,333,692)	-
Proceeds from sale of capital assets	<u>5,156</u>	<u>5,155</u>	<u>-</u>	<u>10,311</u>	<u>142,264</u>
Net cash provided (used) by capital and related financing activities	<u>(2,241,994)</u>	<u>9,007,911</u>	<u>(7,573)</u>	<u>6,758,344</u>	<u>68,652</u>
Cash flows from investing activities					
Sale of investments	21,845	25,025	-	46,870	-
Interest received (paid)	<u>(1,564)</u>	<u>22,287</u>	<u>-</u>	<u>20,723</u>	<u>6,178</u>
Net cash provided (used) by investing activities	<u>20,281</u>	<u>47,312</u>	<u>-</u>	<u>67,593</u>	<u>6,178</u>
Net change in cash and cash equivalents	6,140,939	17,772,186	(9,672)	23,903,453	1,503,520
Cash and cash equivalents - beginning of year	<u>9,888,739</u>	<u>8,091,942</u>	<u>44,755</u>	<u>18,025,436</u>	<u>5,555,146</u>
Cash and cash equivalents - end of year	<u>\$ 16,029,678</u>	<u>\$ 25,864,128</u>	<u>\$ 35,083</u>	<u>\$ 41,928,889</u>	<u>\$ 7,058,666</u>

See Accompanying Notes to the Financial Statements

**City of Saginaw
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2017**

	Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Boat Launch	Total	
Reconciliation to the statement of net position					
Cash and cash equivalents	\$ 16,029,678	\$ 11,007,144	\$ 35,083	\$ 27,071,905	\$ 7,058,666
Restricted cash	-	14,856,984	-	14,856,984	-
Cash and cash equivalents	<u>\$ 16,029,678</u>	<u>\$ 25,864,128</u>	<u>\$ 35,083</u>	<u>\$ 41,928,889</u>	<u>\$ 7,058,666</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (12,562,916)	\$ (4,867,984)	\$ (6,967)	\$ (17,437,867)	\$ (2,216,354)
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation	5,543,216	1,834,426	379	7,378,021	163,219
Noncash change - net pension liability	4,741,913	3,794,451	-	8,536,364	3,249,669
Changes in assets and liabilities					
Receivables (net)	833,476	(97,238)	-	736,238	-
Due from other funds	1,000,000	-	-	1,000,000	309,051
Inventories	-	(84,738)	-	(84,738)	21,930
Prepaid items	(5,170)	(3,990)	-	(9,160)	26,490
Deferred outflows	1,986,886	1,293,085	-	3,279,971	(267,459)
Accounts payable	(348,214)	1,932,613	4,489	1,588,888	84,033
Accrued and other liabilities	(4,748)	185,811	-	181,063	7,672
Deferred inflows	5,881,927	3,716,104	-	9,598,031	574,029
Claims payable	-	-	-	-	(528,760)
Other post employment benefit obligation	1,329,203	1,051,205	-	2,380,408	-
Compensated absences	22,491	10,043	-	32,534	18,672
Net cash provided (used) by operating activities	<u>\$ 8,418,064</u>	<u>\$ 8,763,788</u>	<u>\$ (2,099)</u>	<u>\$ 17,179,753</u>	<u>\$ 1,442,192</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 3,354,582
Accounts receivable	65,782
Due from other units of government	<u>1,892</u>
 Total assets	 <u><u>\$ 3,422,256</u></u>
 Liabilities	
Accounts payable	\$ 162,432
Accrued and other liabilities	2,083,885
Due to other units of government	289,958
Claims payable	<u>885,981</u>
 Total liabilities	 <u><u>\$ 3,422,256</u></u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Combining Statement of Net Position
Component Units
June 30, 2017

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
Assets						
Cash and cash equivalents	\$ 31,291	\$ 160,509	\$ 3,950,670	\$ 662,902	\$ 276,226	\$ 5,081,598
Receivables	-	20,011	1,670	-	-	21,681
Notes and contracts receivable	-	-	-	1,882,341	-	1,882,341
Due from other units of government	-	89,697	-	-	-	89,697
Total assets	<u>31,291</u>	<u>270,217</u>	<u>3,952,340</u>	<u>2,545,243</u>	<u>276,226</u>	<u>7,075,317</u>
Liabilities						
Accounts payable	-	109,708	-	3,615	329	113,652
Net position						
Unrestricted	<u>\$ 31,291</u>	<u>\$ 160,509</u>	<u>\$ 3,952,340</u>	<u>\$ 2,541,628</u>	<u>\$ 275,897</u>	<u>\$ 6,961,665</u>

See Accompanying Notes to the Financial Statements

City of Saginaw
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue
TIFA Activities	\$ -	\$ -	\$ -	\$ -
DDA Activities	400,140	-	374,283	(25,857)
LDFA Activities	-	-	-	-
Saginaw Economic Development Corporation	164,649	-	4,750	(159,899)
Brownfield Activities	53,851	-	-	(53,851)
Total component unit activities	\$ 618,640	\$ -	\$ 379,033	\$ (239,607)

Component Units

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
Changes in net position						
Net expense	\$ -	\$ (25,857)	\$ -	\$ (159,899)	\$ (53,851)	\$ (239,607)
General revenues:						
Property taxes	-	31,968	-	-	40,721	72,689
Unrestricted investment earnings	9	56	1,697	60,723	109	62,594
Miscellaneous	-	24,400	-	-	-	24,400
Total general revenues	9	56,424	1,697	60,723	40,830	159,683
Change in net position	9	30,567	1,697	(99,176)	(13,021)	(79,924)
Net position, beginning of year	31,282	129,942	3,950,643	2,640,804	288,918	7,041,589
Net position, end of year	\$ 31,291	\$ 160,509	\$ 3,952,340	\$ 2,541,628	\$ 275,897	\$ 6,961,665

See Accompanying Notes to the Financial Statements

City of Saginaw
Notes to the Financial Statements
June 30, 2017

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 nine-member Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City’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 City (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.

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, the DDA and the DDA 2011. The City has the ability to significantly influence the operations of the DDA. The DDA 2011 district began capturing taxes in fiscal year 2016.

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

Saginaw Economic Development Corporation (SEDC) – One component unit – The members of the governing Board of the SEDC are appointed by City Council and they review and approve loans to businesses located within the City limits. The City has the ability to significantly influence the operations of the SEDC.

Brownfield Redevelopment Authority – One component unit – Property tax revenues received from the “captured” portion of

City of Saginaw
Notes to the Financial Statements
June 30, 2017

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 (SMMWSC)

The City of Saginaw purchases raw water from the SMMWSC. 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 \$752,538 as nonoperating revenues. At June 30, 2017, total outstanding bonded debt and loans of the SMMWSC was \$5,550,000. The City was obligated for \$2,968,605 of this total. During fiscal year 2017, the City paid the Corporation \$1,333,692 to finance its share of the contractual obligations. The City's equity of \$16,152,945 in the SMMWSC is recorded as an Investment within the Noncurrent Assets section on the statement of net position of the Water Fund.

The financial information for the year ended June 30, 2017, for the SMMWSC is as follows:

Total assets and deferred outflows of resources	\$ 39,350,023
Total liabilities	<u>9,151,039</u>
Net position:	
City of Saginaw	16,152,945
City of Midland	<u>14,046,039</u>
Total net position	<u><u>\$ 30,198,984</u></u>
Total revenues	\$ 6,062,700
Total expenses	<u>4,655,783</u>
Net income	1,406,917
Net position at beginning of year	<u>28,792,067</u>
Total net position	<u><u>\$ 30,198,984</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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

City of Saginaw
Notes to the Financial Statements
June 30, 2017

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. However, agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or

soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 City.

The City reports the following major governmental funds:

The General Fund is the City'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 Major Streets Fund receives allocations of State collected gasoline taxes and license fees to be used for the maintenance, repair and construction of major streets and bridges within the City.

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

City of Saginaw
Notes to the Financial Statements
June 30, 2017

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following:

Internal service funds account for fringe benefit, information services, radio equipment, geographic information systems, and fleet management services provided to other departments or agencies of the City on a cost reimbursement basis.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

The principal operating revenues of the Sewer and Water Funds and the internal service funds are charges to customers for sales and services. The enterprise funds also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for sewer and water funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, liabilities, and net position or equity

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

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

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

City of Saginaw
Notes to the Financial Statements
June 30, 2017

and business-type activities are reported in the government-wide financial statements as “internal balances”.

All receivables are shown as net of allowance for uncollectible amounts.

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 City 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 City values these capital assets at the acquisition value of the item at the date of its donation.

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

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

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

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what it actually earned. This amount will be amortized over the next four years and included in pension expense. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. The City also reports deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net

City of Saginaw
Notes to the Financial Statements
June 30, 2017

pension liability in the following year. In addition, the City reports deferred outflows of resources for deferred losses on bond refunding. A deferred loss results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is amortized using the shorter of the life of the refunded or refunding debt.

Compensated absences – The liability for unused sick and vacation/paid time off (PTO) hours as earned by employees at various rates has been recorded as current and 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. COAM and 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. The limitations on hours carried forward and paid out vary depending on bargaining units and dates of hire. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Changes in assumptions and experience differences relating to the net pension liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.

Pensions and other postemployment benefit (OPEB) costs – The City offers both pension and retiree healthcare benefits to retirees. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported to the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City receives actuarial-based calculations to compute the annual required contributions (ARC) necessary to fund the obligations over the remaining amortization periods. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required

City of Saginaw
Notes to the Financial Statements
June 30, 2017

contributions, adjusted for interest and “adjustment to the ARC” on the beginning of the year underpaid amount, if any.

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

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

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

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

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

The following is a detail of the assigned fund balance as of June 30, 2017:

Arts and Enrichment Commission	\$ <u>159,744</u>
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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 City’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 City’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, 2016, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of new accounting standards

Statement No. 77, *Tax Abatement Disclosures* requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the fiscal year ending June 30, 2017.

City of Saginaw
Notes to the Financial Statements
June 30, 2017

Upcoming accounting and reporting changes

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Statement No. 81 is effective for the fiscal year ending June 30, 2018.

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds,

(3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. The effective date is for the fiscal year ending June 30, 2018.

Statement No. 87, *Leases* is to improve accounting and financial reporting for leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The effective date is for the fiscal year ending June 30, 2021.

The City is evaluating the impact that the above GASB Statements will have on its financial reporting.

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

City of Saginaw
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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, Police ELERV Grant Fund and Youth Initiative Grant funds are budgeted as one fund. Budgetary control is exercised at the department (appropriation center) level in the General Fund and at the fund level for all other budgeted funds. General Fund line item budget transfers from one account to another within the same appropriation center can be made without City Council approval. All budget transfers from one appropriation center to another or from the General Fund contingent appropriation account must be approved by City Council. In all other funds, line item budget transfers from one account to another within the same department and fund can be made without City Council approval.

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

The General Fund, Community Development, Major Streets, Local Streets, Clean Energy Coalition, Public Safety Millage, Rubbish Collection, Police Grants (all budgeted as one fund), Drug Forfeiture, Andersen Center Operation, Economic Development, and Celebration Park special revenue funds are under formal budgetary control as is required by Michigan Public Act 621. Budgets shown in the financial statements were prepared on the modified accrual basis. This is the same basis used to reflect actual results and consists only of those amounts contained in the formal budget approved by City Council. Special revenue funds are considered to be departments for budgetary purposes. All enterprise and internal service funds are budgeted annually for internal control purposes only. Budgetary information for these funds is not required in the financial statements. Budgetary control for the Capital Projects Fund

is on a project basis because most exceed one fiscal year. Any funds not expended during the current fiscal year are carried forward until spent or reallocated. City Council does not formally adopt budgets for the trust and agency funds.

Excess of expenditures over appropriations

The City had the following expenditures over appropriations:

	<u>Final Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Community service	\$ 1,465,435	\$ 1,536,021	\$ 70,586

Fund deficits

The Andersen Center Operation Fund has a deficit fund balance of \$49,130.

State construction code act

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

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

Shortfall at July 1, 2016	\$ (5,983,189)
Current year building permit revenue	217,916
Related expenditures	<u>(995,167)</u>
Cumulative shortfall at June 30, 2017	<u><u>\$ (6,760,440)</u></u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 56,331,250	\$ 3,354,582	\$ 5,081,598	\$ 64,767,430
Investments in securities, mutual funds and similar vehicles	9,580,273	-	-	9,580,273
Petty cash and cash on hand	8,150	-	-	8,150
	<u>\$ 65,919,673</u>	<u>\$ 3,354,582</u>	<u>\$ 5,081,598</u>	<u>\$ 74,355,853</u>

Note 3 - Deposits and Investments

At year end the City'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	Total
Governmental activities	\$ 14,324,564	\$ 1,194,260	\$ 85,947	\$ 2,802,889	\$ 18,407,660
Business-type activities	<u>27,071,905</u>	<u>5,583,124</u>	<u>14,856,984</u>	<u>-</u>	<u>47,512,013</u>
Total primary government	41,396,469	6,777,384	14,942,931	2,802,889	65,919,673
Fiduciary funds	3,354,582	-	-	-	3,354,582
Component unit	<u>5,081,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,081,598</u>
Total	<u><u>\$ 49,832,649</u></u>	<u><u>\$ 6,777,384</u></u>	<u><u>\$ 14,942,931</u></u>	<u><u>\$ 2,802,889</u></u>	<u><u>\$ 74,355,853</u></u>

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

Investment	Carrying Value	Rating	Rating Organization
Primary government			
Money market funds	\$ 1,446,660	N/A	N/A
Fixed income mutual funds	<u>5,532,770</u>	N/A	N/A
U.S. government obligations			
FNMA	149,493	AA+	S&P
FHLMC	199,194	AAA	S&P
FHLMC	179,687	AAA	S&P
FHLB	194,634	AA+	S&P
FHLMC	147,266	AA+	S&P
FHLMC	222,244	AA+	S&P
FHLMC	107,082	AA+	S&P
FHLMC	164,654	AA+	S&P
FFCB	240,550	AAA	S&P
FNMA	<u>996,039</u>	AAA	S&P
	<u>2,600,843</u>		
 Total primary government	 <u>\$ 9,580,273</u>		

Interest rate risk – The City does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates. The City uses the weighted average maturity method. As of June 30, 2017, maturities of the City’s debt securities were as follows:

	Total	Less than 1 year	1 year to 5 years	6 years to 10 years	More than 10 years
U.S. Government agencies	\$ 2,600,843	\$ -	\$ 1,615,471	\$ 985,372	\$ -

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 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 City 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 City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of year-end, \$64,413,434 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 City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. However, while uninsured and unregistered, the City’s funds are not exposed to custodial credit risk since the securities are held in the counterparty’s trust department in the City’s name.

City of Saginaw
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Note 4 - Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

- Equity mutual funds of \$1,194,260 are valued using quoted market prices (Level 1 inputs).
- Fixed income mutual funds of \$5,532,770 are valued using quoted market prices (Level 1 inputs).
- U.S. government obligations of \$2,600,843 are valued using quoted market prices (Level 1 inputs).

Note 5 - Receivables

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

	Government Activities	Business Type Activities	Component Units
Primary government			
Income taxes	\$ 1,737,289	\$ -	\$ -
Accounts	4,207,319	5,525,206	-
Accrued interest and other	9,893	3,815	-
Assessments			
Due within one year	168,089	184,018	-
Notes			
Due within one year	51,217	-	-
Due after one year	502,866	-	1,904,022
Total receivables	6,676,673	5,713,039	1,904,022
Less allowance	(1,970,538)	(191,027)	-
Total receivables, net	<u>\$ 4,706,135</u>	<u>\$ 5,522,012</u>	<u>\$ 1,904,022</u>
Intergovernmental	<u>\$ 3,226,291</u>	<u>\$ -</u>	<u>\$ 89,697</u>

Note 6 - Interfund Receivables, Payable, and Transfers

The composition of interfund balances is as follows:

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

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor	\$ 421,635
General Fund	Community Development	1,026,445
Sewer Fund	General Fund	<u>2,315,391</u>
		<u>\$ 3,763,471</u>

City of Saginaw
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The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor	\$ 342,071
Community Development Fund	General Fund	181,276
Nonmajor	Nonmajor	39,935
Internal Service Funds	Nonmajor	13,502
Nonmajor	General Fund	214,844
Sewer Fund	Nonmajor	55,412
Water Fund	Nonmajor	46,825
		<u>\$ 893,865</u>

Transfers are used to move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. There was also a transfer from the General Fund to the Andersen Center Operations Fund to reduce a prior year deficit. Transfers from the Community Development Fund offset the costs of community police officers. Transfers from the Public Safety Millage Fund pay for police and fire services. Transfers from the General Fund, Information Services Fund, and Water Fund offset the costs of Celebrations Park. Transfers from the General Fund, Rubbish Fund, Water Fund, Sewer Fund, and Information Services Fund are for installment contract payments all paid out of the Capital Projects Fund.

City of Saginaw
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Note 7 - 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	\$ 14,245,703	\$ -	\$ -	\$ 14,245,703
Construction-in-progress	759,883	3,302,017	1,647,613	2,414,287
Total capital assets not being depreciated	<u>15,005,586</u>	<u>3,302,017</u>	<u>1,647,613</u>	<u>16,659,990</u>
Capital assets being depreciated				
Land improvements	1,524,686	-	-	1,524,686
Infrastructure	46,885,419	1,485,781	-	48,371,200
Buildings, additions and improvements	24,902,716	209,015	-	25,111,731
Machinery and equipment	13,902,227	503,235	-	14,405,462
Vehicles	11,624,131	393,080	451,291	11,565,920
Total capital assets being depreciated	<u>98,839,179</u>	<u>2,591,111</u>	<u>451,291</u>	<u>100,978,999</u>
Less accumulated depreciation for				
Land improvements	145,144	31,086	-	176,230
Infrastructure	32,404,000	1,588,524	-	33,992,524
Buildings, additions and improvements	19,591,238	320,204	-	19,911,442
Machinery and equipment	9,519,939	486,253	-	10,006,192
Vehicles	9,493,945	487,431	450,927	9,530,449
Total accumulated depreciation	<u>71,154,266</u>	<u>2,913,498</u>	<u>450,927</u>	<u>73,616,837</u>
Net capital assets being depreciated	<u>27,684,913</u>	<u>(322,387)</u>	<u>364</u>	<u>27,362,162</u>
Governmental activities capital assets, net	<u>\$ 42,690,499</u>	<u>\$ 2,979,630</u>	<u>\$ 1,647,977</u>	<u>\$ 44,022,152</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,507,939	\$ -	\$ -	\$ 2,507,939
Construction-in-progress	1,974,128	5,926,920	282,084	7,618,964
Total capital assets not being depreciated	4,482,067	5,926,920	282,084	10,126,903
Capital assets being depreciated				
Buildings, additions and improvements	175,481,414	24,423	-	175,505,837
CSO Facility	100,958,500	282,083	-	101,240,583
Machinery and equipment	12,479,721	670,207	-	13,149,928
Vehicle equipment	2,851,077	433,686	51,400	3,233,363
Total capital assets being depreciated	291,770,712	1,410,399	51,400	293,129,711
Less accumulated depreciation for				
Buildings, additions and improvements	98,941,029	2,900,816	-	101,841,845
CSO facility	77,891,305	3,783,257	-	81,674,562
Machinery and equipment	7,435,172	438,148	-	7,873,320
Vehicle equipment	1,294,526	255,800	51,400	1,498,926
Total accumulated depreciation	185,562,032	7,378,021	51,400	192,888,653
Net capital assets being depreciated	106,208,680	(5,967,622)	-	100,241,058
Business-type capital assets, net	<u>\$ 110,690,747</u>	<u>\$ (40,702)</u>	<u>\$ 282,084</u>	<u>\$ 110,367,961</u>

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

Governmental activities

General government	\$ 62,214
Administration	10,711
Public safety	322,531
Highways and streets	1,715,967
General services	588,136
Community services	50,720
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>163,219</u>
Total governmental activities	<u>2,913,498</u>

Business-type activities

Sewer	5,543,216
Water	1,834,426
Boat Launch	<u>379</u>
Total business-type activities	<u>7,378,021</u>
Total primary government	<u>\$ 10,291,519</u>

Construction commitments

The City has active construction projects as of June 30, 2017, consisting of the following:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Commitment Remaining</u>
Window and Masonry	\$ 108,950	\$ 102,868	\$ 6,082
1701 S. Jefferson Parking lot design	33,165	26,378	6,787
Throop and Niagara Regulator	6,600	5,395	1,205
Saw Grant	632,845	617,022	15,823
Sewer Cleaning and Televising	823,190	-	823,190
Mason - construction	725,000	715,356	9,644
CDBG Lapeer - 11th to Vets Construction	1,418,971	1,418,971	-
Center Bridge Construction	50,153	48,002	2,151
WPT - Building Repairs (masonry-parking lot -etc)	989,838	943,102	46,736
Williamson Street - Thayer to Treanor	1,076,500	438,097	638,403
N Hamilton Enhancement	344,182	319,218	24,964
Vets Mem Pkwy - Wadsworth to Washington (M-13)	884,242	120,823	763,419
14th & Mason - Design	55,350	19,155	36,195
2017 Deck Drains (Center-Court-Johnson)	19,300	8,944	10,356
Davenport - Michigan to Niagara - Design	57,200	7,560	49,640
Energy Management and Security Systems	292,193	18,729	273,464
City Hall Generators - Design	9,000	8,022	979
Huron Eastern RR Remington - Design	22,400	6,727	15,674
Huron Eastern RR Holland - Design	18,600	12,038	6,562
1701 S. Jefferson Parking lot design additional	23,500	21,164	2,336
Davis Road Watermain - Design-Const Manag	1,055,500	679,654	375,846
Davis Road Watermain - Contract #1	2,312,452	1,853,492	458,960
Davis Road Watermain - Contract #2	<u>12,927,384</u>	<u>646,907</u>	<u>12,280,477</u>
Total	<u>\$ 23,886,515</u>	<u>\$ 8,037,623</u>	<u>\$ 15,848,892</u>

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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:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Energy reduction revolving loan fund	\$ 100,000	2028	2.50%	\$5,706 - \$7,894	\$ 76,881	\$ -	\$ 6,137	\$ 70,744	\$ 6,305
Notes payable	1,291,275	Varies	3.22 - 3.37%	\$29,530 - \$68,571	1,117,736	-	116,617	1,001,119	120,497
Capital Improvement Bonds	3,692,946	2027	3.12%	\$344,289 - \$380,529	3,692,946	-	-	3,692,946	344,289
Total bonds and notes payable					4,887,563	-	122,754	4,764,809	471,091
Accrued sick and vacation payable					3,639,514	1,391,771	1,363,106	3,668,179	1,548,660
Capital Leases	152,631	Varies	Varies	\$10,715 - \$12,159	34,992	94,852	39,038	90,806	38,916
Total other long-term obligations					3,674,506	1,486,623	1,402,144	3,758,985	1,587,576
Total governmental activities					<u>\$ 8,562,069</u>	<u>\$ 1,486,623</u>	<u>\$ 1,524,898</u>	<u>\$ 8,523,794</u>	<u>\$ 2,058,667</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, accrued sick and vacation/PTO compensatory time payable are generally paid by the General Fund and certain special revenue funds.

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	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
General obligation bonds									
Capital Improvement Bonds	\$ 1,402,054	2027	3.12%	\$130,711 - \$144,471	\$ 1,402,054	\$ -	\$ -	\$ 1,402,054	\$ 130,711
State of Michigan sewage disposal system bonds	8,631,362	2020	2.50%	\$151,714 - \$1,100,000	7,531,362	-	1,130,000	6,401,362	1,160,000
State of Michigan wastewater treatment improvement bonds	9,227,726	2028	1.625%	\$290,000 - \$517,813	5,492,726	-	460,000	5,032,726	465,000
State of Michigan sewage disposal system bonds	5,721,627	2019	2.25%	\$412,138 - \$605,569	1,477,707	-	608,539	869,168	460,000
Refunding Drake/Douglas sewage general obligation bonds	830,000	2024	2.13%	\$85,000 - \$105,000	660,000	-	85,000	575,000	80,000
Revenue bonds									
2008 water revenue bonds	11,100,000	2018	4.00 - 5.25%	\$500,000 - \$900,000	8,300,000	-	7,800,000	500,000	500,000
2011 water revenue bonds	11,370,000	2032	4.00 - 5.25%	\$410,000 - \$780,000	8,605,000	-	425,000	8,180,000	440,000
2016 water revenue refunding bonds	23,730,000	2037	4.00 - 5.00%	\$540,000 - \$1,265,000	-	23,730,000	540,000	23,190,000	560,000
Total bonds payable					33,468,849	23,730,000	11,048,539	46,150,310	3,795,711
Less deferred amounts									
For issuance premiums					-	3,238,847	107,961	3,130,886	161,942
For bond discount					(64,507)	-	(64,507)	-	-
On refunding					-	(518,029)	(17,268)	(500,761)	(25,901)
					(64,507)	2,720,818	26,186	2,630,125	136,041
Accrued sick and vacation payable					1,168,513	713,583	681,049	1,201,047	686,949
Total business-type activities					\$ 34,572,855	\$ 27,164,401	\$ 11,755,774	\$ 49,981,482	\$ 4,618,701

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The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2017, excluding capital leases, 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
2018	\$ 471,091	\$ 143,559	\$ 3,795,711	\$ 1,736,605
2019	475,261	128,646	3,931,656	1,627,589
2020	494,066	113,370	3,534,086	1,510,955
2021	502,141	97,669	2,647,591	1,402,004
2022	524,858	81,482	2,799,471	1,313,997
2023 - 2027	2,297,392	163,010	14,755,081	5,063,487
2028 - 2032	-	-	9,830,000	2,338,359
2033 - 2036	-	-	4,856,714	606,543
	<u>\$ 4,764,809</u>	<u>\$ 727,736</u>	<u>\$ 46,150,310</u>	<u>\$ 15,599,539</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.

Refunding bond

During fiscal year 2017, the City issued \$23,730,000 of refunding bonds to partially advance refund \$7,300,000 of the Water Supply

System Revenue Bonds, Series 2008 to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities. The refunding resulted in savings of \$561,977 and an economic gain of \$539,105. The defeased debt will be repaid annually through July 1, 2028, with principal installments ranging from \$600,000 to \$900,000 at interest rates of 4.00% to 5.25%.

Pledged revenues

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$11,100,000 in water system revenue bonds issued in May, 2008. Proceeds from the bonds provided financing for improvements to the Water Treatment Plant and the water distribution system. The bonds are payable solely from the Net Revenues of the City's Water Supply System and are payable through 2018. The City has covenanted to charge rates which will produce annual Net Revenues sufficient to provide for 110% of annual debt service requirements on all outstanding Bonds for each year and to provide for such other expenditures and funds of the Water Supply System as are required by the Bond Resolution.

\$7,300,000 was refunded in October 2016 when a new bond was issued. The total principal and interest remaining to be paid on the bonds is \$520,000. Principal and interest paid for the current year and total customer net revenues, net of pension expense, were \$540,000 and \$3,570,344, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$10,570,000 in water system revenue bonds issued in July, 2011. Proceeds from the bonds provided financing for replacing water meters, retro-fitting remote water meters, and acquiring automated meter reading equipment. The proceeds also refunded a portion of the 1993 Water Supply System Bonds and paid the costs of issuing the Series 2011 Bonds. The bonds are payable solely from the Net Revenues of the City's

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Water Supply System and are payable through 2031. The City has covenanted to charge rates which will produce annual Net Revenues sufficient to provide for 110% of annual debt service requirements on all outstanding Bonds for each year and to provide for such other expenditures and funds of the Water Supply System as are required by the Bond Resolution. The total principal and interest remaining to be paid on the bonds is \$11,171,268. Principal and interest paid for the current year and total customer net revenues, net of pension expense, were \$798,020 and \$3,570,344, respectively.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$23,730,000 in water system revenue bonds issued in October 2016. Proceeds from the bonds provided financing for replacing a raw water transmission main along Davis Road, replacing finished water transmission mains along Davis Road, abandoning existing water transmission mains along Davis Road, and improvements to the reservoir and pump station in Kochville Township. The proceeds also refunded a portion of the 2008 Water Supply System Bonds and paid the costs of issuing the Series 2016 Bonds. The bonds are payable solely from the Net Revenues of the City's Water Supply System and are payable through 2036. The City has covenanted to charge rates which will produce annual Net Revenues sufficient to provide for 110% of annual debt service requirements on all outstanding Bonds for each year and to provide for such other expenditures and funds of the Water Supply System as are required by the Bond Resolution. The total principal and interest remaining to be paid on the bonds is \$34,169,600. Principal and interest paid for the current year and total customer net revenues, net of pension expense, were \$1,267,140 and \$3,570,344, respectively.

Note 9 - Leases

Capital leases

The City has capital leases for network switches and vehicles. The future minimum lease payments are as follows:

	<u>Year ending June 30,</u>	
	2018	\$ 43,777
	2019	43,780
	2020	<u>11,400</u>
Total minimum lease payments		98,957
Less amount representing interest		<u>(8,151)</u>
Present value of minimum lease payments		<u>\$ 90,806</u>
Asset		
Machinery and equipment		\$ 58,397
Vehicles		117,751
Less accumulated depreciation		<u>(68,347)</u>
Total		<u>\$ 107,801</u>

Operating leases

The City leases various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$108,067 for the year ended June 30, 2017.

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The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2018	\$ 138,000
2019	138,000
2020	138,000
2021	138,000
2022	138,000
	\$ 690,000

Note 10 - Risk Management

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

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

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

Note 11 - Self Insurance

General liability

The City's insurance carriers are Lloyd's of London for general liability and automobile coverage, RSUI Indemnity Company for automobile physical damage and Star Stone National Insurance Company for an additional umbrella policy. The City is insured up to \$10 million with a \$250,000 deductible per occurrence for general and automobile liability and a \$25,000 deductible for automobile physical damage.

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

The changes in the claims liability for the fiscal years ended June 30, 2017 and 2016 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2016	\$ 894,459	\$ 322,501	\$ (731,352)	\$ 485,608
6/30/2017	485,608	319,233	(581,741)	223,100

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

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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 \$90,000 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. 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, 2017 and 2016 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2016	\$ 766,798	\$ 13,130,605	\$ (13,045,015)	\$ 852,388
6/30/2017	852,388	12,804,357	(12,770,764)	885,981

Workers' compensation

The self-insurance program for workers' compensation is accounted for in the workers' compensation internal service fund. York 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 CMI. Incurred but not reported claims are judged to be immaterial by management.

The City also carries excess workers' compensation coverage for claims exceeding \$750,000 through Safety National Insurance Company.

The changes in the claims liability for the fiscal years ended June 30, 2017 and 2016 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2016	\$ 2,531,891	\$ 122,255	\$ (486,973)	\$ 2,167,173
6/30/2017	2,167,173	303,946	(570,198)	1,900,921

Note 12 - Employee Retirement and Benefit Systems

Retirement systems

The City currently participates in three pension plans: 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; a Hybrid defined benefit and defined contribution plan through MERS; and a defined contribution system through MERS and ICMA. During the fiscal year ending June 30, 2015, police employees were transferred to MERS. During the fiscal year ending June 30, 2016, fire employees were transferred to MERS. Permanent, full time employees are covered under MERS if employed before June 30, 2000. After June 30, 2000, new permanent, full time employees are covered under the defined contribution system that is held in trust by ICMA and MERS for the sole benefit of the participating employees or under the hybrid defined benefit and defined contribution plan in MERS.

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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 are also required to participate in the plan. POAM & COAM union employees hired after January 1, 2002, were required to participate in the plan until January 1, 2015, when POAM union employees began being required to participate in the hybrid 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, 2017, there were 112 general city plan members and 27 public safety plan members. The City is required to contribute 10% of the employees' gross wages and the eligible employee is required to contribute 5% of their gross wages for general city employees. The City is required to contribute 13% of the employees' gross wages and the eligible employee is required to contribute 8% of their gross wages for public safety employees. The contribution requirements of plan members and the City are established and may be amended by the City Council.

Employer contributions to the Plan for the year ended June 30, 2017, amounted to \$623,785 and employee contributions were \$458,872.

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

Hybrid defined contribution and defined benefit pension plan

Beginning January 1, 2015, the City began participating in a hybrid defined contribution and defined benefit pension plan. All new POAM union employees hired after January 1, 2015 are required to participate in the plan. Police employees participating in the Defined Contribution pension plan had the option of joining the hybrid plan. All new City employees hired after July 1, 2016 must participate in the Hybrid Plan. General City employees in the Defined Contribution Pension Plan had the option to join the Hybrid Plan during September 2016.

For the defined benefit portion of the Hybrid Plan, participants are fully vested at 6 years of completed service. For the defined contribution portion, employees are 20% vested with 1 year of service. The vesting schedule increases 20% for each additional year of service.

At June 30, 2017, there were 72 general city plan members and 38 public safety plan members. The City is required to contribute 10% of the employees' gross wages and the eligible employee is required to contribute 5% of their gross wages for general city employees. The City is required to contribute 13% of the employees' gross wages and the eligible employee is required to contribute 8% of their gross wages for public safety employees. The contribution requirements of plan members and the City are established and may be amended by the City Council.

Employer contributions to the Plan for the year ended June 30, 2017, amounted to \$468,879 and employee contributions were \$261,696.

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 City. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement

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Board. 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>.

Benefits provided – At the December 31, 2016 valuation date, the benefits provided were as follows:

	<u>Gnrl AFSCME</u>	<u>Gnrl 466M</u>	<u>Gnrl NonUnion</u>
Status	Closed to new hires	Closed to new hires	Closed to new hires
Benefit Multiplier	2.50% (80% max)	2.50% (80% max)	2.50% (80% max)
Normal Retirement Age	60	60	60
Vesting	8 years	8 years	8 years
Early Retirement (Unreduced)	50/25	50/25	50/25
Early Retirement (Reduced)	55/15	55/15	55/15
Final Average Compensation	3 years	3 years	3 years
COLA for Future Retirees	N/A	N/A	2.50% (Non-Compound)
COLA for Current Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions	4.70%	4.70%	5.00%
DC Plan for New Hires	1/1/2000	7/1/2000	1/1/2000

	<u>City Manager</u>	<u>TSAE</u>
Status	Closed to new hires	Closed to new hires
Benefit Multiplier	2.50% (80% max)	2.50% (80% max)
Normal Retirement Age	60	60
Vesting	10 years	10 years
Early Retirement (Unreduced)	50/25	50/25
Early Retirement (Reduced)	55/15	55/15
Final Average Compensation	3 years	3 years
COLA for Future Retirees	2.50% (Non-Compound)	N/A
COLA for Current Retirees	2.50% (Non-Compound)	2.50% (Non-Compound) 3% under \$4,200; 5% over
Employee Contributions	0.00%	\$4,200
DC Plan for New Hires	N/A	1/1/2000

	<u>POAM Patrol</u>	<u>COAM-Command</u>	<u>Sworn Police Officers</u>
Status	Open	Open	Open
Benefit Multiplier	2.60% (65% max)	2.60% - 2.75% (74% max)	Hybrid Plan - 1.50%
Normal Retirement Age	52	52	60
Vesting	10 years	10 years	6 years
Early Retirement (Unreduced)	52/10	52/10; 20 and out	55/25
Early Retirement (Reduced)	-	-	-
Final Average Compensation	3 years	3 years	3 years
COLA for Future Retirees	2.50% (Non-Compound)	2.50% (Non-Compound)	N/A
COLA for Current Retirees	Varies	Varies	N/A
Employee Contributions	11.50%	11.50%	0.00%
	60% Duty Disability minimum 65% of FAC (service projection). Non-duty Disability eligibility: 5 years of service.		
RS50% Percentage	60%		N/A

	<u>Fire</u>	<u>DC Fire after 1/1/16</u>	<u>AFSCME on/aft 7/1/16</u>
Status	Closed to new hires	Open	Open
Benefit Multiplier	2.80% (84% max)	Hybrid Plan - 1.50%	Hybrid Plan - 1.50%
Normal Retirement Age	52	60	60
Vesting	10 years	6 years	6 years
Early Retirement (Unreduced)	49/20	55/25	55/25
Early Retirement (Reduced)	55/15	-	-
Final Average Compensation	3 years	3 years	3 years
COLA for Current Retirees	Varies	-	-
Employee Contributions	8.00%	0.00%	1.39%
D-2	D-2 (80%)	-	-

	<u>NonUnion aft 7/1/16</u>	<u>SEIU aft 7/1/16</u>
Status	Open	Open
Benefit Multiplier	Hybrid Plan - 1.50%	Hybrid Plan - 1.50%
Normal Retirement Age	60	60
Vesting	6 years	6 years
Early Retirement (Unreduced)	55/25	55/25
Final Average Compensation	3 years	3 years
Employee Contributions	1.50%	0.00%

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.

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Employees covered by benefit terms – At the December 31, 2016 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	857
Inactive employees entitled to but not receiving benefits	19
Active employees	<u>198</u>
	<u>1,074</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. All defined benefit divisions are closed to new hires. Closed divisions to new employees had annual employer contributions ranging from \$0 to \$3,149,616.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.5%; 2) Salary increases 3.75%; 3) Investment rate of return of 7.75%, net of investment expense, including inflation.

Mortality rates used were based on a 50% male and 50% female blend of the following tables: the RP-2014 Healthy Annuitant

Mortality Tables, with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% male and 50% female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study. The most significant changes in assumptions of the latest actuarial valuation were the change to the aforementioned mortality tables in the previous paragraph and a reduction in the discount rate of 0.25%.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global equity	57.5%	5.02%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Discount rate – The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the

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pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability during the measurement year were as follows:

	2017
Total Pension Liability	
Service cost	\$ 1,663,167
Interest on the total pension liability	25,738,756
Transfer in of fire liability	81,663,416
Other changes	1
Experience differences	312,010
Benefit payments and refunds	(28,263,841)
Net change in total pension liability	81,113,509
Total pension liability - beginning	253,371,375
Total pension liability - ending (a)	\$ 334,484,884
 Plan Fiduciary Net Position	
Employer contributions	\$ 24,998,362
Employee contributions	566,489
Pension plan net investment income (loss)	18,522,381
Benefit payments and refunds	(28,263,841)
Pension plan administrative expense	(365,433)
Transfer in of fire assets	32,924,049
Other	(250)
Net change in plan fiduciary net position	48,381,757
Plan fiduciary net position - beginning	124,479,275
Plan fiduciary net position - ending (b)	\$ 172,861,032
 Net pension liability (a-b)	 \$ 161,623,852
 Plan fiduciary net position as a percentage of total pension liability	 51.68%
Covered employee payroll	\$ 11,109,314
Net pension liability as a percentage of covered employee payroll	1454.85%

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Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (7.00%) or 1% higher (9.00%) than the current rate.

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Total pension liability	\$ 365,498,037	\$ 334,484,884	\$ 307,942,988
Fiduciary net position	<u>172,861,032</u>	<u>172,861,032</u>	<u>172,861,032</u>
 Net pension liability	 <u>\$ 192,637,005</u>	 <u>\$ 161,623,852</u>	 <u>\$ 135,081,956</u>

Pension expense and deferred outflows and inflows of resources related to pensions – For the year ended June 30, 2017, the City recognized pension expense of \$15,504,840. The City reported deferred outflows and inflows related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Total</u>
Investment loss	\$ 1,353,577	\$ -	\$ 1,353,577
Experience differences	156,005	-	156,005
Change in allocation	10,172,060	(10,172,060)	-
Contributions subsequent to the measurement date*	<u>6,887,235</u>	<u>-</u>	<u>6,887,235</u>
 Total	 <u>\$ 18,568,877</u>	 <u>\$ (10,172,060)</u>	 <u>\$ 8,396,817</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending 2018.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended,</u>	
2018	\$ 773,652
2019	617,645
2020	1,328,823
2021	<u>(1,210,538)</u>
	<u>\$ 1,509,582</u>

Employee benefits

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

The City paid or accrued premiums, claims and administrative fees to third party administrators for its full time employees totaling \$4,273,078, an increase of 37% from the prior fiscal year, as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>Change</u>
Health insurance	\$ 3,484,939	\$ 2,593,402	\$ 891,537
Dental insurance	265,594	237,378	28,216
Life insurance	83,312	51,140	32,172
Short/long term disability	365,476	194,582	170,894
Vision care	<u>73,757</u>	<u>52,340</u>	<u>21,417</u>
 Total payments	 <u>\$ 4,273,078</u>	 <u>\$ 3,128,842</u>	 <u>\$ 1,144,236</u>

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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 previously, 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 \$9,574,320 were recognized for postemployment health care benefits, a decrease of 9% from the prior fiscal year, as follows:

	No. of Retirees	6/30/2017	6/30/2016
Health insurance	732	\$ 9,509,924	\$ 10,490,525
Dental insurance	70	35,930	43,207
Life insurance	588	28,466	16,973
Total payments		<u>\$ 9,574,320</u>	<u>\$ 10,550,705</u>

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

Significant accounting policies

Basis of accounting – The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are

recognized in the period in which they are due. The City’s contributions to the Plan are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan does not issue a separate financial report.

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

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, 2017, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2016. 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.

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Annual OPEB cost and net OPEB obligation – For fiscal year ended June 30, 2017, 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	\$ 21,883,599
Interest on net OPEB obligation	2,544,602
Adjustment to annual required contribution	<u>(4,402,086)</u>
Annual OPEB cost	20,026,115
Contribution made	<u>(9,574,319)</u>
Increase in net OPEB obligation	10,451,796
Net OPEB obligation, beginning of year	<u>63,615,053</u>
Net OPEB obligation, end of year	<u><u>\$ 74,066,849</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 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 17,615,866	\$ 9,791,130	55.6%	\$ 40,017,635
6/30/2013	16,188,521	8,282,847	51.2%	47,923,309
6/30/2014	16,418,886	9,966,235	60.7%	54,375,960
6/30/2015	15,263,923	10,476,304	68.6%	59,163,579
6/30/2016	15,002,179	10,550,705	70.3%	63,615,053
6/30/2017	20,026,115	9,574,319	47.8%	74,066,849

Funded status – The funded status of the plan as of July 1, 2016, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 272,539,089
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 272,539,089</u>
Funded ratio	0.0%
Covered payroll (active plan members)	\$ 11,048,374
UAAL as a percentage of covered payroll	2467%

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.

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. 45. 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

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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	7/1/2016
Actuarial cost method	Individual entry age normal as a level percentage of payroll
Amortization method for contributions	Level dollar
Remaining amortization period	22 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.75% - 14.75%
Healthcare inflation rate	8%, grading to 4.0%
General inflation rate	2.5%

Note 13 - Contingent Liabilities

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

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

Note 14 - Property Taxes

City property taxes are levied each July 1 on the taxable value of property located in the City as of the preceding December 31, tax day and the lien date. In accordance with the provisions of Proposal A (see below), taxable value is the lower of the following three computations: 1) assessed/state equalized value; 2) the prior year's taxable value multiplied by the increase in the consumer price index or five percent (5%), whichever is less; or 3) the multiplier value. Proposal A requires the City Assessor to annually establish the assessed values and the equalization of said assessed values by the State of Michigan at 50 percent of current market value, prior to the application of formulas to determine the taxable value. Real property taxable value for the July 1, 2016, levy was assessed at \$387,341,499 and personal property taxable value was assessed at \$72,435,800.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2017, was 7.3830 mills (limited to 7.5000 mills). Additionally, the City levied 7.5000 mills for public safety. The City did not levy for debt service.

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

City of Saginaw
Notes to the Financial Statements
June 30, 2017

is less, until ownership of the property is transferred. The citizens of Saginaw subsequently approved an additional four mills for public libraries when Proposal A eliminated their millage from the school's millage and another three mills to operate a public transportation system.

Taxes are due and payable on July 1 at the City Treasurer's Office and become delinquent after 30 days. To all real and personal taxes paid on or after August 1, there is added interest at the rate of $\frac{1}{2}$ of 1 percent for every month, or fraction thereof, from August 1 until the date of payment. A penalty of $\frac{1}{2}$ of 1 percent is also added after July 31. From March 1 and thereafter, real taxes are collected by the Treasurer of Saginaw County, who adds and keeps a collection fee of four percent (4%) on the unpaid balance, and in addition, adds interest at the rate of one percent (1%) per month from March 1 until the date of payment. Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The general tax law provides that real estate with delinquent taxes shall be sold at a state land sale.

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

On November 6, 1979, pursuant to an initiatory referendum, the City Charter was amended by the electors of the City of Saginaw to reduce the maximum property tax, which may be levied by the City in any year from 10 mills to 7.50 mills. The amendment further provided that if in subsequent years the assessed value of all property within the City is increased for any reason, this maximum 7.50 mill rate would have to be permanently reduced so as to yield the same gross dollar revenue as the fiscal year 1979 property tax revenue yield (\$3,828,778). The amendment further provided for up to a 3 mill emergency levy if a specific emergency is declared by the Mayor and concurred with by a 3/4ths vote of the full Council.

Note 15 - Tax Abatements

The Government enters into property tax abatement agreements with local businesses under several programs as authorized under Public Act 146 of 2000, as amended (PA 146), Public Act 147 of 1992 (PA 147), Public Act 198 of 1974, as amended (PA 198), Public Act 328 of 1998 (PA 328), Public Act 346 of 1966 (PA 346), and Public Act 381 of 1996, as amended (PA 381).

PA 146 (Obsolete Property Rehabilitation Act) provides property tax exemptions for commercial properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements including a statement of obsolescence by the local assessor. The property must be located in an established Obsolete Property Rehabilitation District. Exemptions are approved for a term of 1 to 12 years as determined by the City. The City abated \$16,806 related to PA 146 during fiscal year 2017.

PA 147 (Neighborhood Enterprise Zone Act) provides property tax exemptions for properties that provides for the development and rehabilitation for residential housing and meet the requirements of the Act. Properties must be in a designated neighborhood enterprise zone. Exemptions may range from 6 to 17 years dependent on the type of property. The City abated \$997 related to PA 147 during fiscal year 2017.

City of Saginaw
Notes to the Financial Statements
June 30, 2017

PA 198 (Industrial Property Tax Abatement) allows abatements to encourage Michigan manufacturers to build new plans, expand existing plans, renovate aging plants, or add new machinery and equipment. High technology operations are also eligible for the abatement. Once approved the firm pays an Industrial Facilities Tax (IFT), instead of property taxes, which reflects the abatement savings. The exemption covers only the specific project that is the subject of the application. Any buildings and equipment that existed prior to the construction of a new facility are not exempt. Likewise, any structures or equipment added after completion of the project are fully taxable. The IFT on new plant and non-industrial personal property is computed at half the local property mileage rate, resulting in a reduction of property taxes of approximately 50%. For an obsolete plant or machinery that is being replaced or restored, the IFT is frozen at the assessed value of the plant prior to improvement, resulting in a 100% exemption from property tax on the value of the improvements. A speculative building would be eligible for a reduction in property taxes of approximately 50%. Commercial personal property will receive an automatic reduction of 12 mills for local school on their property tax bill. The City abated \$55,606 related to PA 198 during fiscal year 2017.

PA 328 (Personal Property Tax Relief in Distressed Communities) allows eligible distressed communities to abate taxes on new investments made by eligible commercial businesses that reduce unemployment, promote economic growth, and increase capital investment. Neighborhood Enterprise Zone designation would qualify a community as eligible for the PA 328 exemption. Eligible projects include manufacturing, mining, research and development, wholesale trade, and office operations. Retail businesses and casinos are not eligible. Abatements reduce property taxes by the full millage rate. The law does not specify a maximum or a minimum number of years to be abated. The City abated \$626,310 related to PA 328 during fiscal year 2017.

PA 346 (State Housing Development Authority Act) provides property tax abatements in the form of payments in lieu of taxes for nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations. Properties must meet eligibility requirements. The City abated \$107,875 related to PA 346 during fiscal year 2017.

PA 381 (Brownfield Redevelopment Abatement) encourages the purchase and revitalization of properties in which redevelopment or reuse may be complicated by the presence or perception of contamination. Revitalizing and redeveloping these properties protects the environment, reuses existing infrastructure, minimizes urban sprawl and creates economic opportunities. The City abated \$4,710 related to PA 381 during fiscal year 2017.

The City Charter caps the property tax revenue at \$3,828,778. The 2016 real and personal levy totaled \$3,316,375. Therefore, the net effect of the all the tax abatements listed above was \$512,403. As property values increase, the effect of these abatements will decrease.

Note 16 - Endowments

The City has received multiple donor-restricted endowments for cemeteries and parks with an original total value of \$47,000. The City has interpreted the Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The City classifies the original value of \$47,000 as non-spendable fund balance. The remaining portion of the donor-restricted endowments that is not classified as non-spendable is classified as restricted for Cemeteries and Parks. At June 30, 2017, the City has \$94,841 that has accumulated through net appreciation and interest and dividend earnings that is available for authorization for expenditure by the City Council for the specified purposes. Any spending is authorized

City of Saginaw
Notes to the Financial Statements
June 30, 2017

through budgetary appropriation, as outlined in the City Charter. Any expenditures of said fund balance will be in done accordance with the original trust documents.

Note 17 - Economic Development Projects

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 18 - Prior Period Adjustment

During current year, the City restated its beginning net position and fund balance for the governmental activities and governmental funds by \$1,967,346 due to the correction of an error. As the City prepared for the implementation of GASB 74, the City became aware that the Public Employee Healthcare Trust Fund was not truly set aside in trust. Therefore it has been restated to be included in the governmental activities and governmental funds.

City of Saginaw
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
General operating property taxes	\$ 4,808,776	\$ 3,931,889	\$ 3,593,026	\$ (338,863)
City income tax	11,950,000	12,154,781	13,217,745	1,062,964
State shared revenues	8,021,718	8,128,727	8,189,587	60,860
Licenses, permits and fees	1,698,847	1,953,679	1,743,247	(210,432)
Fines, penalties and forfeitures	403,425	403,425	306,203	(97,222)
Grants, donations and contributions	2,983,532	3,366,613	3,391,559	24,946
Interest	341,000	344,267	368,602	24,335
Rents and privileges	659,449	678,867	656,953	(21,914)
Other revenues	519,494	617,977	407,410	(210,567)
 Total revenues	 <u>31,386,241</u>	 <u>31,580,225</u>	 <u>31,874,332</u>	 <u>294,107</u>

City of Saginaw
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Expenditures				
General government	\$ 4,684,797	\$ 4,642,301	\$ 4,379,886	\$ (262,415)
Administration	2,851,028	2,707,048	2,424,816	(282,232)
Public safety	19,407,980	19,747,295	18,893,642	(853,653)
General services	3,298,247	3,366,715	3,072,297	(294,418)
Community services	1,489,933	1,465,435	1,536,021	70,586
	<u>31,731,985</u>	<u>31,928,794</u>	<u>30,306,662</u>	<u>(1,622,132)</u>
Total expenditures				
	<u>(345,744)</u>	<u>(348,569)</u>	<u>1,567,670</u>	<u>1,916,239</u>
Excess (deficiency) of revenues over expenditures				
Other financing sources (uses)				
Issuance of debt	-	-	94,852	94,852
Transfers in	536,811	531,472	396,120	(135,352)
Transfers out	(191,067)	(383,688)	(342,071)	(41,617)
	<u>345,744</u>	<u>147,784</u>	<u>148,901</u>	<u>(82,117)</u>
Total other financing sources (uses)				
	-	(200,785)	1,716,571	1,917,356
Net change in fund balance				
	<u>2,551,611</u>	<u>2,551,611</u>	<u>2,551,611</u>	<u>-</u>
Fund balance - beginning of year				
	<u>\$ 2,551,611</u>	<u>\$ 2,350,826</u>	<u>\$ 4,268,182</u>	<u>\$ 1,917,356</u>
Fund balance - end of year				

City of Saginaw
Required Supplementary Information
Budgetary Comparison Schedule
Major Streets Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Licenses and permits	\$ 31,500	\$ 38,960	\$ 30,165	\$ (8,795)
State revenue sharing	4,248,418	4,248,418	4,320,909	72,491
Other state grants	652,188	496,345	470,743	(25,602)
Charges for services	12,000	12,000	7,928	(4,072)
Other revenue	3,300	639,643	913,931	274,288
Total revenues	<u>4,947,406</u>	<u>5,435,366</u>	<u>5,743,676</u>	<u>308,310</u>
Expenditures				
Public works				
Routine maintenance of roads and streets	1,375,309	1,767,656	1,569,314	(198,342)
Routine maintenance of bridges	118,149	118,149	111,220	(6,929)
Winter maintenance of roads and streets	357,378	187,523	173,795	(13,728)
Traffic services maintenance	599,474	593,758	517,266	(76,492)
State trunkline maintenance	463,908	413,165	343,397	(69,768)
Administration	925,312	943,604	848,714	(94,890)
Total public works expenditures	<u>3,839,530</u>	<u>4,023,855</u>	<u>3,563,706</u>	<u>(460,149)</u>
Capital outlay	<u>2,425,429</u>	<u>3,316,590</u>	<u>2,872,720</u>	<u>(443,870)</u>
Debt service				
Principal retirement	64,284	64,284	64,284	-
Interest and fiscal charges	20,285	20,285	20,284	(1)
Total debt service	<u>84,569</u>	<u>84,569</u>	<u>84,568</u>	<u>(1)</u>
Total expenditures	<u>6,349,528</u>	<u>7,425,014</u>	<u>6,520,994</u>	<u>(904,020)</u>
Excess (deficiency) of revenues over expenditures	(1,402,122)	(1,989,648)	(777,318)	1,212,330

City of Saginaw
Required Supplementary Information
Budgetary Comparison Schedule
Major Streets Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Other financing sources (uses)				
Transfers in	\$ -	\$ 104,404	\$ -	\$ (104,404)
Net change in fund balance	(1,402,122)	(1,885,244)	(777,318)	1,107,926
Fund balance - beginning of year	2,760,936	2,760,936	2,760,936	-
Fund balance - end of year	<u>\$ 1,358,814</u>	<u>\$ 875,692</u>	<u>\$ 1,983,618</u>	<u>\$ 1,107,926</u>

City of Saginaw
Required Supplementary Information
Budgetary Comparison Schedule
Community Development Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Federal grants	\$ 2,916,007	\$ 3,409,747	\$ 3,285,526	\$ (124,221)
Other state grants	-	10,529	-	(10,529)
Interest income	-	-	7,865	7,865
Loan repayments	40,000	40,000	34,320	(5,680)
Rental income	5,412	5,412	4,653	(759)
Miscellaneous	-	6,400	7,905	1,505
	<u>2,961,419</u>	<u>3,472,088</u>	<u>3,340,269</u>	<u>(131,819)</u>
Expenditures				
Current				
Economic development	<u>2,739,717</u>	<u>3,250,386</u>	<u>2,553,043</u>	<u>(697,343)</u>
Excess (deficiency) of revenues over expenditures	<u>221,702</u>	<u>221,702</u>	<u>787,226</u>	<u>565,524</u>
Other financing sources (uses)				
Transfers in	31,091	31,091	-	(31,091)
Transfers out	<u>(252,793)</u>	<u>(252,793)</u>	<u>(181,276)</u>	<u>71,517</u>
Total other financing sources (uses)	<u>(221,702)</u>	<u>(221,702)</u>	<u>(181,276)</u>	<u>40,426</u>
Net change in fund balance	-	-	605,950	605,950
Fund balance - beginning of year (deficit)	<u>(882,353)</u>	<u>(882,353)</u>	<u>(882,353)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (882,353)</u>	<u>\$ (882,353)</u>	<u>\$ (276,403)</u>	<u>\$ 605,950</u>

City of Saginaw
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2017

	2017	2016	2015
Total Pension Liability			
Service cost	\$ 1,663,167	\$ 1,048,864	\$ 575,614
Interest on the total pension liability	25,738,756	19,616,632	11,155,106
Transfer of police/fire liability	81,663,416	105,033,295	-
Other changes	1	2,042,459	1
Experience differences	312,010	(1,859,583)	-
Changes in actuarial assumptions	-	7,774,598	-
Benefit payments and refunds	<u>(28,263,841)</u>	<u>(20,924,135)</u>	<u>(12,034,147)</u>
Net change in total pension liability	81,113,509	112,732,130	(303,426)
Total pension liability - beginning	<u>253,371,375</u>	<u>140,639,245</u>	<u>140,942,671</u>
Total pension liability - ending (a)	<u>\$ 334,484,884</u>	<u>\$ 253,371,375</u>	<u>\$ 140,639,245</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 24,998,362	\$ 18,787,296	\$ 10,025,340
Employee contributions	566,489	1,679,412	209,067
Pension plan net investment income (loss)	18,522,381	(1,354,036)	3,964,552
Benefit payments and refunds	(28,263,841)	(20,924,135)	(12,034,147)
Pension plan administrative expense	(365,433)	(313,371)	(145,308)
Transfer of police/fire assets	32,924,049	60,369,090	-
Other	<u>(250)</u>	<u>275,770</u>	<u>-</u>
Net change in plan fiduciary net position	48,381,757	58,520,026	2,019,504
Plan fiduciary net position - beginning	<u>124,479,275</u>	<u>65,959,249</u>	<u>63,939,745</u>
Plan fiduciary net position - ending (b)	<u>\$ 172,861,032</u>	<u>\$ 124,479,275</u>	<u>\$ 65,959,249</u>
Net pension liability (a-b)	<u>\$ 161,623,852</u>	<u>\$ 128,892,100</u>	<u>\$ 74,679,996</u>
Plan fiduciary net position as a percentage of total pension liability	51.68%	49.13%	46.90%
Covered employee payroll	\$ 11,109,314	\$ 6,255,078	\$ 4,379,041
Net pension liability as a percentage of covered employee payroll	1454.85%	2060.60%	1,705.40%

City of Saginaw
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employers' Net Pension Liability
June 30, 2017

<u>Fiscal year ending June 30,</u>	<u>Total pension liability</u>	<u>Plan net position</u>	<u>Net pension liability</u>	<u>Plan net position as a % of total pension liability</u>	<u>Covered payroll</u>	<u>Net pension liability as a % of covered payroll</u>
2015	\$ 140,639,245	\$ 65,959,249	\$ 74,679,996	46.90%	\$ 4,379,041	1705.40%
2016	253,371,375	124,479,275	128,892,100	49.13%	6,255,078	2060.60%
2017	334,484,884	172,861,032	161,623,852	51.68%	11,109,314	1454.85%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Saginaw
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
June 30, 2017

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2007	\$ 4,654,056	\$ 4,654,056	\$ -	\$ 7,548,542	61.66%
12/31/2008	4,931,952	4,931,952	-	7,289,196	67.66%
12/31/2009	5,104,320	5,104,320	-	7,085,203	72.04%
12/31/2010	5,856,972	5,856,972	-	6,502,488	90.07%
12/31/2011	6,720,804	6,720,804	-	5,521,089	121.73%
12/31/2012	7,576,236	7,576,236	-	4,596,699	164.82%
12/31/2013	9,059,568	9,059,568	-	4,319,547	209.73%
12/31/2014	10,025,340	10,025,340	-	4,379,041	228.94%
12/31/2015	18,787,296	18,787,296	-	6,255,078	300.35%
12/31/2016	24,998,362	24,998,362	-	11,109,314	225.02%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	15-22 years
Asset valuation method	5-year smoothed value of assets
Inflation	2.5%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	52 to 60
Mortality	RP-2014 Healthy Annuitant Mortality Tables - 50% male and 50% female blend RP-2014 Employee Mortality Tables - 50% male and 50% female blend RP-2014 Juvenile Mortality Tables - 50% male and 50% female blend RP-2014 Disabled Retiree Mortality Tables - 50% male and 50% female blend

Note: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

City of Saginaw
Required Supplementary Information
Other Postemployment Benefits
June 30, 2017

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage of ARC Contributed
6/30/2009	\$ 20,070,947	\$ 7,888,779	39%
6/30/2010	19,904,355	8,945,764	45%
6/30/2011	18,160,426	9,515,047	52%
6/30/2012	18,085,642	9,791,130	54%
6/30/2013	17,617,037	8,282,847	47%
6/30/2014	17,500,390	9,966,235	57%
6/30/2015	16,569,597	10,476,304	63%
6/30/2016	16,518,407	10,550,705	64%
6/30/2017	21,883,599	9,574,319	44%

Funded Status - The funded status of the plan as of the following valuation dates, was as follows:

	<u>July 1,</u>	<u>December 31,</u>	
	2016	2013	2011
Actuarial accrued liabilities (AAL)	\$ 272,539,089	\$ 217,282,627	\$ 223,750,256
Actuarial value of plan assets	-	-	3,494,511
Unfunded actuarial accrued liability (UAAL)	<u>\$ 272,539,089</u>	<u>\$ 217,282,627</u>	<u>\$ 220,255,745</u>
Funded ratio	0.0%	0.0%	1.6%
Covered payroll (active plan members)	\$ 15,435,397	\$ 15,435,397	\$ 14,750,338
UAAL as a percentage of covered payroll	1,766%	1,408%	1,493%

City of Saginaw
Other Supplementary Information
General Fund
Balance Sheet
June 30, 2017

(With Comparative Actual Amounts for June 30, 2016)

	2017	2016
Assets		
Cash and cash equivalents	\$ 2,302,468	\$ 2,092,161
Receivables		
Taxes receivable	1,737,289	1,474,940
Customers	99,617	120,680
Special assessments	162,144	145,132
Accrued interest and other	9,751	9,751
Due from other units of government	1,362,699	1,361,872
Due from other funds	1,448,080	1,379,932
Inventories	204,846	189,596
Prepaid items	39,708	53,738
Restricted assets		
Investments	294,977	297,818
 Total assets	 \$ 7,661,579	 \$ 7,125,620

City of Saginaw
Other Supplementary Information
General Fund
Balance Sheet
June 30, 2017

(With Comparative Actual Amounts for June 30, 2016)

	2017	2016
Liabilities		
Accounts payable	\$ 302,721	\$ 367,749
Accrued and other liabilities	687,237	799,922
Due to other funds	2,315,391	3,315,391
Due to other units of government	10,380	19,854
Unearned revenue	-	10,488
Total liabilities	3,315,729	4,513,404
Deferred inflows of resources		
Accounts receivable	77,668	48,858
Grants	-	11,747
Total deferred inflows of resources	77,668	60,605
Fund balances		
Non-spendable		
Inventories	204,846	189,596
Prepaid items	39,708	53,738
Restricted for		
General government	56,320	-
Public safety	-	9,724
Economic development	7,193	5,648
Unassigned	3,960,115	2,292,905
Total fund balances	4,268,182	2,551,611
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,661,579	\$ 7,125,620

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

LOCAL STREETS FUNDS

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

PUBLIC SAFETY MILLAGE FUND

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

SAFER GRANT FUND

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

RUBBISH COLLECTION FUND

This fund accounts for the annual household rubbish fees, compost fees, and trash removal fees. It also records the expenditures for rubbish collection, hauling and disposal, recycling, composting and trash cleanup.

CLEAN ENERGY COALITION FUND

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

COMMUNITY POLICING FUND

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

NONMAJOR GOVERNMENTAL FUNDS

(continued)

SPECIAL REVENUE FUNDS

LOCAL LAW ENFORCEMENT

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

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.

POLICE ENHANCING LAW ENFORCEMENT RESPONSE TO VICTIMS (ELERV) FUND

The fund accounts for grant funds received from the Office for Victims of Crime. The funds are used by the Saginaw Police Department to implement an ELERV strategy, which includes enhanced police practices, cooperation between police and organizations, and improves law enforcement response to victims of crime.

YOUTH INITIATIVE GRANT FUND

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

DRUG FORFEITURE FUND

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

ANDERSEN CENTER OPERATION FUND

This fund accounts for the operation and maintenance expenditures, foundation, private, and corporate contributions, and building rentals for the Andersen Enrichment Center as well as numerous community events.

ARTS AND ENRICHMENT COMMISSION FUND

This fund accounts for the private, corporate, state and federal contributions 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.

NONMAJOR GOVERNMENTAL FUNDS *(continued)*

SPECIAL REVENUE FUNDS

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.

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 \$273 million.

CAPITAL PROJECTS FUND

This fund accounts for the revenues and expenditures related to the acquisition, development, improvement, and/or maintenance of capital assets.

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 Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
Assets					
Cash and cash equivalents	\$ 404,364	\$ 209,636	\$ -	\$ 167,368	\$ 3,875
Investments	-	-	-	-	-
Receivables					
Customers	-	-	-	1,860,466	-
Special assessments	-	-	-	5,945	-
Accrued interest and other	-	-	-	-	-
Due from other units of government	231,198	-	222,464	15,350	-
Prepaid items	-	-	-	174,865	-
Restricted assets					
Investments	-	-	-	-	-
 Total assets	 <u>\$ 635,562</u>	 <u>\$ 209,636</u>	 <u>\$ 222,464</u>	 <u>\$ 2,223,994</u>	 <u>\$ 3,875</u>

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds						
	Police Grants Funds						Andersen Center Operation
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture	
Assets							
Cash and cash equivalents	\$ 54,239	\$ -	\$ 9,497	\$ -	\$ 3,551	\$ 581,758	\$ 32,129
Investments	-	-	-	-	-	-	-
Receivables							
Customers	-	-	-	-	-	-	6,119
Special assessments	-	-	-	-	-	-	-
Accrued interest and other	-	-	-	-	-	-	-
Due from other units of government	-	44,452	-	55,375	8,547	-	-
Prepaid items	-	-	-	-	495	-	-
Restricted assets							
Investments	-	-	-	-	-	-	-
Total assets	\$ 54,239	\$ 44,452	\$ 9,497	\$ 55,375	\$ 12,593	\$ 581,758	\$ 38,248

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Arts and Enrichment Commission	Economic Development	Celebration Park	Public Employee Healthcare	Capital Projects	Permanent Fund	
Assets							
Cash and cash equivalents	\$ 160,731	\$ -	\$ 39,122	\$ 721,078	\$ 376,876	\$ 302,104	\$ 3,066,328
Investments	-	-	-	1,194,260	-	-	1,194,260
Receivables							
Customers	-	-	-	-	-	-	1,866,585
Special assessments	-	-	-	-	-	-	5,945
Accrued interest and other	142	-	-	-	-	-	142
Due from other units of government	-	-	-	-	-	-	577,386
Prepaid items	-	-	-	-	-	-	175,360
Restricted assets							
Investments	-	-	-	-	-	2,507,912	2,507,912
 Total assets	 <u>\$ 160,873</u>	 <u>\$ -</u>	 <u>\$ 39,122</u>	 <u>\$ 1,915,338</u>	 <u>\$ 376,876</u>	 <u>\$ 2,810,016</u>	 <u>\$ 9,393,918</u>

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
Liabilities					
Accounts payable	\$ 22,649	\$ 7,112	\$ -	\$ 295,242	\$ -
Accrued and other liabilities	9,976	92,702	18,550	105,223	133
Due to other funds	-	-	203,914	-	-
Total liabilities	32,625	99,814	222,464	400,465	133
Deferred inflows of resources					
Accounts receivable	-	-	-	1,177,193	-
Total liabilities and deferred inflows of resources	32,625	99,814	222,464	1,577,658	133
Fund balances					
Non-spendable					
Prepaid items	-	-	-	174,865	-
Endowments	-	-	-	-	-
Restricted	602,937	109,822	-	471,471	3,742
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	602,937	109,822	-	646,336	3,742
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 635,562</u>	<u>\$ 209,636</u>	<u>\$ 222,464</u>	<u>\$ 2,223,994</u>	<u>\$ 3,875</u>

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds						
	Police Grants Funds						
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture	Andersen Center Operation
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 11,984	\$ -	\$ 100	\$ 1,784
Accrued and other liabilities	-	-	-	73	2,013	365,612	1,012
Due to other funds	-	44,441	-	43,318	-	45,380	84,582
Total liabilities	-	44,441	-	55,375	2,013	411,092	87,378
Deferred inflows of resources							
Accounts receivable	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	-	44,441	-	55,375	2,013	411,092	87,378
Fund balances							
Non-spendable							
Prepaid items	-	-	-	-	495	-	-
Endowments	-	-	-	-	-	-	-
Restricted	54,239	11	9,497	-	10,085	170,666	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	(49,130)
Total fund balances (deficit)	54,239	11	9,497	-	10,580	170,666	(49,130)
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,239</u>	<u>\$ 44,452</u>	<u>\$ 9,497</u>	<u>\$ 55,375</u>	<u>\$ 12,593</u>	<u>\$ 581,758</u>	<u>\$ 38,248</u>

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Arts and Enrichment Commission	Economic Development	Celebration Park	Public Employee Healthcare	Capital Projects	Permanent Fund	
Liabilities							
Accounts payable	\$ -	\$ -	\$ 3,259	\$ -	\$ 78,831	\$ -	\$ 420,961
Accrued and other liabilities	1,129	-	2,280	-	-	-	598,703
Due to other funds	-	-	-	-	-	-	421,635
Total liabilities	1,129	-	5,539	-	78,831	-	1,441,299
Deferred inflows of resources							
Accounts receivable	-	-	-	-	-	-	1,177,193
Total liabilities and deferred inflows of resources	1,129	-	5,539	-	78,831	-	2,618,492
Fund balances							
Non-spendable							
Prepaid items	-	-	-	-	-	-	175,360
Endowments	-	-	-	-	-	2,715,175	2,715,175
Restricted	-	-	33,583	-	298,045	94,841	1,858,939
Committed	-	-	-	1,915,338	-	-	1,915,338
Assigned	159,744	-	-	-	-	-	159,744
Unassigned (deficit)	-	-	-	-	-	-	(49,130)
Total fund balances (deficit)	159,744	-	33,583	1,915,338	298,045	2,810,016	6,775,426
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 160,873</u>	<u>\$ -</u>	<u>\$ 39,122</u>	<u>\$ 1,915,338</u>	<u>\$ 376,876</u>	<u>\$ 2,810,016</u>	<u>\$ 9,393,918</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
Revenues					
Taxes	\$ -	\$ 2,883,221	\$ -	\$ 3,814	\$ -
Federal grants	-	-	992,850	-	-
State revenue sharing	1,195,194	-	-	-	-
Other state grants	-	-	-	-	-
Local contributions	-	-	-	-	-
Charges for services	26	-	-	3,964,297	-
Fines and forfeitures	-	-	-	-	-
Interest income (loss)	200	-	-	79,131	-
Rental income	-	-	-	-	-
Other revenue	477	-	-	2,356	-
Total revenues	<u>1,195,897</u>	<u>2,883,221</u>	<u>992,850</u>	<u>4,049,598</u>	<u>-</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds						
	Police Grants Funds						
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture	Andersen Center Operation
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	44,452	-	91,822	-	-	-
State revenue sharing	-	-	-	-	-	-	-
Other state grants	-	-	9,967	-	-	-	-
Local contributions	-	-	-	-	-	-	23,500
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	91,374	-
Interest income (loss)	18	-	3	-	2	999	4
Rental income	-	-	-	-	-	-	42,588
Other revenue	-	-	-	-	106,907	10,107	13,479
Total revenues	18	44,452	9,970	91,822	106,909	102,480	79,571

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds						
	Arts and Enrichment Commission	Economic Development	Celebration Park	Public Employee Healthcare	Capital Projects	Permanent Fund	Total Nonmajor Governmental Funds
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,887,035
Federal grants	-	-	-	-	-	-	1,129,124
State revenue sharing	-	-	-	-	-	-	1,195,194
Other state grants	-	-	-	-	-	-	9,967
Local contributions	168,128	-	-	-	-	-	191,628
Charges for services	507	-	-	-	-	36,918	4,001,748
Fines and forfeitures	-	-	-	-	-	-	91,374
Interest income (loss)	1,071	-	11	70,905	12	(24,371)	127,985
Rental income	-	-	-	-	-	-	42,588
Other revenue	39,357	-	-	-	-	-	172,683
Total revenues	209,063	-	11	70,905	12	12,547	9,849,326

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
Expenditures					
Current					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	2,976,987	783,916	-	-
Public works					
Highways and streets	1,452,240	-	-	-	-
Garbage and rubbish	-	-	-	3,540,810	27,720
Economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Other functions	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	21,798	6,137
Interest and fiscal charges	-	-	-	6,585	1,865
Total expenditures	<u>1,452,240</u>	<u>2,976,987</u>	<u>783,916</u>	<u>3,569,193</u>	<u>35,722</u>
Excess (deficiency) of revenues over expenditures	<u>(256,343)</u>	<u>(93,766)</u>	<u>208,934</u>	<u>480,405</u>	<u>(35,722)</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

Special Revenue Funds

Police Grants Funds

	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture	Andersen Center Operation
Expenditures							
Current							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	51,517	9,969	83,096	110,110	47,328	-
Public works							
Highways and streets	-	-	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-	61,234
Other functions	-	-	-	-	-	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	-	51,517	9,969	83,096	110,110	47,328	61,234
Excess (deficiency) of revenues over expenditures	18	(7,065)	1	8,726	(3,201)	55,152	18,337

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds						Total
	Arts and Enrichment Commission	Economic Development	Celebration Park	Public Employee Healthcare	Capital Projects	Permanent Fund	Nonmajor Governmental Funds
Expenditures							
Current							
General government	\$ -	\$ -	\$ -	\$ -	\$ 228,851	\$ -	\$ 228,851
Public safety	-	-	-	-	-	-	4,062,923
Public works							
Highways and streets	-	-	-	-	27,253	-	1,479,493
Garbage and rubbish	-	-	-	-	33,718	-	3,602,248
Economic development	-	-	56,253	-	-	-	56,253
Recreation and culture	206,896	-	-	-	-	-	268,130
Other functions	-	-	-	122,913	27,253	-	150,166
Debt service							
Principal retirement	-	-	-	-	-	-	27,935
Interest and fiscal charges	-	-	-	-	27,168	-	35,618
Total expenditures	206,896	-	56,253	122,913	344,243	-	9,911,617
Excess (deficiency) of revenues over expenditures	2,167	-	(56,242)	(52,008)	(344,231)	12,547	(62,291)

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
Other financing sources (uses)					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 35,722
Transfers out	-	(150,749)	-	(39,935)	-
Total other financing sources and uses	-	(150,749)	-	(39,935)	35,722
Net change in fund balance	(256,343)	(244,515)	208,934	440,470	-
Fund balance (deficit) - beginning of year (restated)	859,280	354,337	(208,934)	205,866	3,742
Fund balance (deficit) - end of year	<u>\$ 602,937</u>	<u>\$ 109,822</u>	<u>\$ -</u>	<u>\$ 646,336</u>	<u>\$ 3,742</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds						
	Police Grants Funds						
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture	Andersen Center Operation
Other financing sources (uses)							
Transfers in	\$ -	\$ 7,066	\$ -	\$ -	\$ -	\$ -	\$ 18,565
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses:	-	7,066	-	-	-	-	18,565
Net change in fund balance	18	1	1	8,726	(3,201)	55,152	36,902
Fund balance (deficit) - beginning of year	54,221	10	9,496	(8,726)	13,781	115,514	(86,032)
Fund balance (deficit) - end of year	<u>\$ 54,239</u>	<u>\$ 11</u>	<u>\$ 9,497</u>	<u>\$ -</u>	<u>\$ 10,580</u>	<u>\$ 170,666</u>	<u>\$ (49,130)</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>						
	<u>Arts and Enrichment Commission</u>	<u>Economic Development</u>	<u>Celebration Park</u>	<u>Public Employee Healthcare</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Other financing sources (uses)							
Transfers in	\$ -	\$ -	\$ 55,852	\$ -	\$ 380,540	\$ -	\$ 497,745
Transfers out	-	(64,095)	-	-	-	-	(254,779)
Total other financing sources and use:	-	(64,095)	55,852	-	380,540	-	242,966
Net change in fund balance	2,167	(64,095)	(390)	(52,008)	36,309	12,547	180,675
Fund balance (deficit) - beginning of year	157,577	64,095	33,973	1,967,346	261,736	2,797,469	6,594,751
Fund balance (deficit) - end of year	<u>\$ 159,744</u>	<u>\$ -</u>	<u>\$ 33,583</u>	<u>\$ 1,915,338</u>	<u>\$ 298,045</u>	<u>\$ 2,810,016</u>	<u>\$ 6,775,426</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Local Streets Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
State revenue sharing	\$ 1,175,087	\$ 1,195,194	\$ 20,107
Charges for services	-	26	26
Interest income	10	200	190
Other revenue	500	477	(23)
	<u>1,175,597</u>	<u>1,195,897</u>	<u>20,300</u>
Expenditures			
Public works			
Routine maintenance of roads and streets	620,545	508,942	(111,603)
Winter maintenance of roads and streets	113,340	93,843	(19,497)
Traffic services maintenance	287,128	232,005	(55,123)
Administration	718,448	617,450	(100,998)
Transfers out	97,204	-	(97,204)
	<u>1,836,665</u>	<u>1,452,240</u>	<u>(384,425)</u>
Total public works expenditures			
Excess (deficiency) of revenues over expenditures	(661,068)	(256,343)	404,725
Fund balance - beginning of year	<u>859,280</u>	<u>859,280</u>	<u>-</u>
Fund balance - end of year	<u>\$ 198,212</u>	<u>\$ 602,937</u>	<u>\$ 404,725</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Public Safety Millage Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ 2,868,355	\$ 2,883,221	\$ 14,866
Expenditures			
Public safety			
Police patrol	1,758,234	1,847,142	88,908
Fire suppression	1,110,121	1,129,845	19,724
Transfers out	150,749	150,749	-
Total public safety expenditures	3,019,104	3,127,736	108,632
Excess (deficiency) of revenues over expenditures	(150,749)	(244,515)	(93,766)
Fund balance - beginning of year	354,337	354,337	-
Fund balance - end of year	\$ 203,588	\$ 109,822	\$ (93,766)

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
SAFER Grant Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Federal grants	\$ 844,011	\$ 992,850	\$ 148,839
Expenditures			
Public safety			
Fire suppression	844,011	783,916	(60,095)
Excess (deficiency) of revenues over expenditures	-	208,934	208,934
Fund balance - beginning of year	(208,934)	(208,934)	-
Fund balance - end of year	\$ (208,934)	\$ -	\$ 208,934

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Rubbish Collection Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ 3,994	\$ 3,814	\$ (180)
Charges for services	3,864,746	3,964,297	99,551
Interest income	38,000	79,131	41,131
Other revenue	-	2,356	2,356
	<u>3,906,740</u>	<u>4,049,598</u>	<u>142,858</u>
Total revenues			
Expenditures			
Public works			
Administration	609,617	545,517	(64,100)
Rubbish collection and disposal	2,013,173	1,898,373	(114,800)
Brush collection and disposal	246,820	204,501	(42,319)
Recycling and composting	918,812	737,728	(181,084)
Other functions	50,000	154,691	104,691
Debt service			
Principal retirement	21,798	21,798	-
Interest and fiscal charges	6,585	6,585	-
Transfers out	39,935	39,935	-
	<u>3,906,740</u>	<u>3,609,128</u>	<u>(297,612)</u>
Total public works expenditures			
Excess (deficiency) of revenues over expenditures	-	440,470	440,470
Fund balance - beginning of year	<u>205,866</u>	<u>205,866</u>	<u>-</u>
Fund balance - end of year	<u>\$ 205,866</u>	<u>\$ 646,336</u>	<u>\$ 440,470</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Clean Energy Coalition Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Transfers in	\$ 40,000	\$ 35,722	\$ (4,278)
Expenditures			
Public works			
Contractual services	31,998	27,720	(4,278)
Debt service			
Principal retirement	6,137	6,137	-
Interest and fiscal charges	1,865	1,865	-
Total debt service	8,002	8,002	-
Total expenditures	40,000	35,722	(4,278)
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance - beginning of year	3,742	3,742	-
Fund balance - end of year	\$ 3,742	\$ 3,742	\$ -

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Federal grants	\$ 142,735	\$ 136,274	\$ (6,461)
Other state grants	14,000	9,967	(4,033)
Interest income	-	23	23
Other revenue	109,135	106,907	(2,228)
Transfers in	7,066	7,066	-
Total revenues	272,936	260,237	(12,699)
Expenditures			
Public safety	272,936	254,692	(18,244)
Excess (deficiency) of revenues over expenditures	-	5,545	5,545
Fund balance - beginning of year	77,508	77,508	-
Fund balance - end of year	\$ 77,508	\$ 83,053	\$ 5,545

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Drug Forfeiture Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Fines and forfeitures	\$ 91,374	\$ 91,374	\$ -
Interest income	2,500	999	(1,501)
Other revenue	<u>9,006</u>	<u>10,107</u>	<u>1,101</u>
Total revenues	<u>102,880</u>	<u>102,480</u>	<u>(400)</u>
Expenditures			
Public safety	<u>153,118</u>	<u>47,328</u>	<u>(105,790)</u>
Excess (deficiency) of revenues over expenditures	(50,238)	55,152	105,390
Fund balance - beginning of year	<u>115,514</u>	<u>115,514</u>	<u>-</u>
Fund balance - end of year	<u>\$ 65,276</u>	<u>\$ 170,666</u>	<u>\$ 105,390</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Andersen Center Operation Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Local contributions	\$ 19,750	\$ 23,500	\$ 3,750
Interest income	145	4	(141)
Rental income	48,100	42,588	(5,512)
Other revenue	13,000	13,479	479
Transfers in	18,565	18,565	-
	<u>99,560</u>	<u>98,136</u>	<u>(1,424)</u>
Expenditures			
Recreation and culture	<u>84,560</u>	<u>61,234</u>	<u>(23,326)</u>
Excess (deficiency) of revenues over expenditures	15,000	36,902	21,902
Fund balance - beginning of year (deficit)	<u>(86,032)</u>	<u>(86,032)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (71,032)</u>	<u>\$ (49,130)</u>	<u>\$ 21,902</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Arts and Enrichment Commission Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Local contributions	\$ 162,702	\$ 168,128	\$ 5,426
Charges for services	1,000	507	(493)
Interest income	915	1,071	156
Other revenue	<u>35,300</u>	<u>39,357</u>	<u>4,057</u>
Total revenues	<u>199,917</u>	<u>209,063</u>	<u>9,146</u>
Expenditures			
Recreation and culture	<u>201,658</u>	<u>206,896</u>	<u>5,238</u>
Excess (deficiency) of revenues over expenditures	(1,741)	2,167	3,908
Fund balance - beginning of year	<u>157,577</u>	<u>157,577</u>	<u>-</u>
Fund balance - end of year	<u>\$ 155,836</u>	<u>\$ 159,744</u>	<u>\$ 3,908</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Economic Development Special Revenue Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Expenditures			
Transfers out	\$ 64,105	\$ 64,095	\$ (10)
Fund balance - beginning of year	<u>64,095</u>	<u>64,095</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 10</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Celebration Park Special Revenue Fund
For the Year Ended June 30, 2017

	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Interest income	\$ -	\$ 11	\$ 11
Transfers in	<u>98,559</u>	<u>55,852</u>	<u>(42,707)</u>
Total revenues	<u>98,559</u>	<u>55,863</u>	<u>(42,696)</u>
Expenditures			
Economic development	<u>98,559</u>	<u>56,253</u>	<u>(42,306)</u>
Excess (deficiency) of revenues over expenditures	-	(390)	(390)
Fund balance - beginning of year	<u>33,973</u>	<u>33,973</u>	<u>-</u>
Fund balance - end of year	<u>\$ 33,973</u>	<u>\$ 33,583</u>	<u>\$ (390)</u>

City of Saginaw
Other Supplementary Information
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget to Actual
Public Employee Healthcare Fund
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenues			
Interest income	\$ 65,772	\$ 70,905	\$ 5,133
Expenditures			
Other functions	511,066	122,913	(388,153)
Excess (deficiency) of revenues over expenditures	(445,294)	(52,008)	393,286
Fund balance - beginning of year	<u>1,967,346</u>	<u>1,967,346</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,522,052</u>	<u>\$ 1,915,338</u>	<u>\$ 393,286</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 maintaining vehicles and other motorized equipment for use in general City operations. The costs of maintenance and repairs are recovered through rates charged to City operations using the vehicles and equipment.

RADIO FUND

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

SELF INSURANCE FUND

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

WORKERS' COMPENSATION FUND

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

PUBLIC WORKS BUILDING FUND

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

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	<u>Information Services</u>	<u>GIS</u>	<u>Motor Pool</u>	<u>Radio</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 531,273	\$ 87,208	\$ 780,377	\$ 676,730
Accounts receivable	-	1,914	-	-
Inventories	-	-	203,459	-
Prepaid items	-	-	-	-
	<u>531,273</u>	<u>89,122</u>	<u>983,836</u>	<u>676,730</u>
Total current assets				
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>38,400</u>	<u>3,639</u>	<u>144,784</u>	<u>224,760</u>
	569,673	92,761	1,128,620	901,490
Total assets				
Deferred outflows of resources				
Deferred amount of pension expense related to net pension liability	<u>144,553</u>	<u>136,786</u>	<u>888,590</u>	<u>9,524</u>
	<u>714,226</u>	<u>229,547</u>	<u>2,017,210</u>	<u>911,014</u>
Total assets and deferred outflows of resources				

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 1,775,440	\$ 2,836,517	\$ 371,121	\$ 7,058,666
Accounts receivable	-	-	-	1,914
Inventories	-	-	-	203,459
Prepaid items	<u>44,307</u>	<u>-</u>	<u>-</u>	<u>44,307</u>
Total current assets	1,819,747	2,836,517	371,121	7,308,346
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>411,583</u>
Total assets	1,819,747	2,836,517	371,121	7,719,929
Deferred outflows of resources				
Deferred amount of pension expense related to net pension liability	<u>7,728</u>	<u>18,378</u>	<u>51,376</u>	<u>1,256,935</u>
Total assets and deferred outflows of resources	<u>1,827,475</u>	<u>2,854,895</u>	<u>422,497</u>	<u>8,976,864</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	Information Services	GIS	Motor Pool	Radio
Liabilities				
Accounts payable	\$ 47,259	\$ 213	\$ 30,618	\$ 209
Accrued and other liabilities	7,997	6,911	14,507	526
Current portion of noncurrent liabilities	<u>11,658</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>66,914</u>	<u>7,124</u>	<u>45,125</u>	<u>735</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	-
Insurance claims payable	-	-	-	-
Compensated absences	75,067	19,930	85,476	5,212
Net pension liability	1,489,009	1,419,754	4,403,945	98,107
Long-term debt net of current portion	<u>12,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>1,576,234</u>	<u>1,439,684</u>	<u>4,489,421</u>	<u>103,319</u>
Total liabilities	1,643,148	1,446,808	4,534,546	104,054
Deferred inflows of resources				
Deferred amount of pension expense related to net pension liability	<u>254,598</u>	<u>45,485</u>	<u>122,421</u>	<u>16,811</u>
Total liabilities and deferred inflows of resources	<u>1,897,746</u>	<u>1,492,293</u>	<u>4,656,967</u>	<u>120,865</u>
Net position				
Net investment in capital assets	14,584	3,639	144,784	224,760
Unrestricted (deficit)	<u>(1,198,104)</u>	<u>(1,266,385)</u>	<u>(2,784,541)</u>	<u>565,389</u>
Total net position	<u>\$ (1,183,520)</u>	<u>\$ (1,262,746)</u>	<u>\$ (2,639,757)</u>	<u>\$ 790,149</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
June 30, 2017

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
Liabilities				
Accounts payable	\$ 13,093	\$ 2,900	\$ 111,714	\$ 206,006
Accrued and other liabilities	553	859	3,254	34,607
Current portion of noncurrent liabilities	-	-	-	11,658
	<u>13,646</u>	<u>3,759</u>	<u>114,968</u>	<u>252,271</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	1,900,921	-	1,900,921
Insurance claims payable	223,100	-	-	223,100
Compensated absences	2,338	7,227	11,763	207,013
Net pension liability	78,881	189,296	530,034	8,209,026
Long-term debt net of current portion	-	-	-	12,158
	<u>304,319</u>	<u>2,097,444</u>	<u>541,797</u>	<u>10,552,218</u>
Total liabilities	<u>317,965</u>	<u>2,101,203</u>	<u>656,765</u>	<u>10,804,489</u>
Deferred inflows of resources				
Deferred amount of pension expense related to net pension liability	<u>26,691</u>	<u>32,620</u>	<u>75,403</u>	<u>574,029</u>
Total liabilities and deferred inflows of resources	<u>344,656</u>	<u>2,133,823</u>	<u>732,168</u>	<u>11,378,518</u>
Net position				
Net investment in capital assets	-	-	-	387,767
Unrestricted (deficit)	<u>1,482,819</u>	<u>721,072</u>	<u>(309,671)</u>	<u>(2,789,421)</u>
Total net position	<u>\$ 1,482,819</u>	<u>\$ 721,072</u>	<u>\$ (309,671)</u>	<u>\$ (2,401,654)</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
For the Year Ended June 30, 2017

	Information Services	GIS	Motor Pool	Radio
Operating revenue				
User charges	\$ 1,348,382	\$ 579,529	\$ 2,230,179	\$ 141,276
Other revenue	9,031	600	534	56,074
Total operating revenue	<u>1,357,413</u>	<u>580,129</u>	<u>2,230,713</u>	<u>197,350</u>
Operating expenses				
Salaries and benefits	1,285,184	1,121,387	2,816,243	80,959
Supplies	73,342	3,285	354,785	4,857
Contractual services	575,165	95,693	362,736	25,471
Claims	-	-	-	-
Utilities	-	-	2,106	-
Repairs and maintenance	5,210	-	151,314	-
Other expenses	-	-	690	18,780
Depreciation	11,745	609	93,443	57,422
Total operating expenses	<u>1,950,646</u>	<u>1,220,974</u>	<u>3,781,317</u>	<u>187,489</u>
Operating income (loss)	<u>(593,233)</u>	<u>(640,845)</u>	<u>(1,550,604)</u>	<u>9,861</u>
Nonoperating revenue (expenses)				
Interest income	157	27	242	223
Proceeds on sale of assets	-	-	141,901	-
Interest expense	(1,507)	-	-	-
Total nonoperating revenues (expenses)	<u>(1,350)</u>	<u>27</u>	<u>142,143</u>	<u>223</u>
Income (loss) before transfers out	<u>(594,583)</u>	<u>(640,818)</u>	<u>(1,408,461)</u>	<u>10,084</u>
Transfers out	<u>(13,502)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(608,085)</u>	<u>(640,818)</u>	<u>(1,408,461)</u>	<u>10,084</u>
Net position - beginning of year	<u>(575,435)</u>	<u>(621,928)</u>	<u>(1,231,296)</u>	<u>780,065</u>
Net position - end of year	<u>\$ (1,183,520)</u>	<u>\$ (1,262,746)</u>	<u>\$ (2,639,757)</u>	<u>\$ 790,149</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
For the Year Ended June 30, 2017

	Self Insurance	Workers' Compensation	Public Works Building	Total
Operating revenue				
User charges	\$ 1,177,395	\$ 1,100,047	\$ 538,039	\$ 7,114,847
Other revenue	323,217	149,670	415	539,541
Total operating revenue	<u>1,500,612</u>	<u>1,249,717</u>	<u>538,454</u>	<u>7,654,388</u>
Operating expenses				
Salaries and benefits	68,492	145,452	436,291	5,954,008
Supplies	-	-	24,887	461,156
Contractual services	899,306	594,532	60,875	2,613,778
Claims	63,739	206,906	-	270,645
Utilities	-	-	86,828	88,934
Repairs and maintenance	-	-	129,418	285,942
Other expenses	13,590	-	-	33,060
Depreciation	-	-	-	163,219
Total operating expenses	<u>1,045,127</u>	<u>946,890</u>	<u>738,299</u>	<u>9,870,742</u>
Operating income (loss)	<u>455,485</u>	<u>302,827</u>	<u>(199,845)</u>	<u>(2,216,354)</u>
Nonoperating revenue (expenses)				
Interest income	506	4,910	113	6,178
Proceeds on sale of assets	-	-	-	141,901
Interest expense	-	-	-	(1,507)
Total nonoperating revenues (expenses)	<u>506</u>	<u>4,910</u>	<u>113</u>	<u>146,572</u>
Income (loss) before transfers out	455,991	307,737	(199,732)	(2,069,782)
Transfers out	-	-	-	(13,502)
Change in net position	455,991	307,737	(199,732)	(2,083,284)
Net position - beginning of year	<u>1,026,828</u>	<u>413,335</u>	<u>(109,939)</u>	<u>(318,370)</u>
Net position - end of year	<u>\$ 1,482,819</u>	<u>\$ 721,072</u>	<u>\$ (309,671)</u>	<u>\$ (2,401,654)</u>

City of Saginaw
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2017

	Information Services	GIS	Motor Pool	Radio	Self Insurance	Workers' Compensation	Public Works Building	Total
Cash flows from operating activities								
Receipts from interfund users	\$ 1,357,413	\$ 580,129	\$ 2,230,713	\$ 197,350	\$ 1,500,612	\$ 1,249,717	\$ 538,454	\$ 7,654,388
Receipts from other funds	-	-	-	-	-	309,051	-	309,051
Payments to suppliers	(528,089)	(56,399)	(1,354,685)	(42,800)	(1,223,601)	(1,033,266)	(200,769)	(4,439,609)
Payments to employees	(647,715)	(491,558)	(621,182)	(38,934)	(37,440)	(65,647)	(179,162)	(2,081,638)
Net cash provided (used) by operating activities	181,609	32,172	254,846	115,616	239,571	459,855	158,523	1,442,192
Cash flows from noncapital financing activities								
Transfers to other funds	(13,502)	-	-	-	-	-	-	(13,502)
Cash flows from capital and related financing activities								
Purchases/construction of capital assets	-	-	(60,930)	-	-	-	-	(60,930)
Principal and interest paid on long-term debt	(12,682)	-	-	-	-	-	-	(12,682)
Proceeds from sale of capital assets	-	-	142,264	-	-	-	-	142,264
Net cash provided (used) by capital and related financing activities	(12,682)	-	81,334	-	-	-	-	68,652
Cash flows from investing activities								
Interest received	157	27	242	223	506	4,910	113	6,178
Net change in cash and cash equivalents	155,582	32,199	336,422	115,839	240,077	464,765	158,636	1,503,520
Cash and cash equivalents - beginning of year	375,691	55,009	443,955	560,891	1,535,363	2,371,752	212,485	5,555,146
Cash and cash equivalents - end of year	\$ 531,273	\$ 87,208	\$ 780,377	\$ 676,730	\$ 1,775,440	\$ 2,836,517	\$ 371,121	\$ 7,058,666
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ (593,233)	\$ (640,845)	\$ (1,550,604)	\$ 9,861	\$ 455,485	\$ 302,827	\$ (199,845)	\$ (2,216,354)
Adjustments to reconcile operating income to net cash from operating activities								
Depreciation and amortization expense	11,745	609	93,443	57,422	-	-	-	163,219
Noncash portion of deferred outflows related to net Noncash change - pension liability	379,298	590,320	2,052,697	24,851	4,517	47,113	150,873	3,249,669
Changes in assets and liabilities								
Due from other funds	-	-	-	-	-	309,051	-	309,051
Inventories	-	-	21,930	-	-	-	-	21,930
Prepaid items	-	-	-	-	4,965	21,525	-	26,490
Deferred outflows	94,975	41,225	(460,396)	6,267	8,333	12,137	30,000	(267,459)
Accounts payable	29,548	110	(49,150)	20	2,147	649	100,709	84,033
Accrued and other liabilities	1,105	1,244	4,562	21	97	113	530	7,672
Deferred inflows	254,598	45,485	122,421	16,811	26,691	32,620	75,403	574,029
Claims payable	-	-	-	-	(262,508)	(266,252)	-	(528,760)
Compensated absences	3,573	(5,976)	19,943	363	(156)	72	853	18,672
Net cash provided (used) by operating activities	\$ 181,609	\$ 32,172	\$ 254,846	\$ 115,616	\$ 239,571	\$ 459,855	\$ 158,523	\$ 1,442,192

FIDUCIARY FUNDS

AGENCY FUNDS

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

City of Saginaw
Other Supplementary Information
Combining Balance Sheet
Agency Funds
June 30, 2017

	<u>PILOT</u>	<u>Delinquent Tax Collection</u>	<u>Undistributed Tax Collection</u>	<u>Employee Benefits</u>	<u>Saginaw County Land Bank</u>	<u>Totals</u>
Assets						
Cash and cash equivalents	\$ 233,368	\$ 7,658	\$ 6,267	\$ 3,106,003	\$ 1,286	\$ 3,354,582
Receivables						
Customers	42,682	-	27	23,073	-	65,782
Due from other units of government	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,892</u>	<u>-</u>	<u>1,892</u>
Total assets	<u>\$ 276,050</u>	<u>\$ 7,658</u>	<u>\$ 6,294</u>	<u>\$ 3,130,968</u>	<u>\$ 1,286</u>	<u>\$ 3,422,256</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 44	\$ 161,102	\$ 1,286	\$ 162,432
Accrued and other liabilities	-	-	-	2,083,885	-	2,083,885
Claims payable	-	-	-	885,981	-	885,981
Due to other units of government	<u>276,050</u>	<u>7,658</u>	<u>6,250</u>	<u>-</u>	<u>-</u>	<u>289,958</u>
Total liabilities	<u>\$ 276,050</u>	<u>\$ 7,658</u>	<u>\$ 6,294</u>	<u>\$ 3,130,968</u>	<u>\$ 1,286</u>	<u>\$ 3,422,256</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2017

PILOT	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ 279,575	\$ 290,099	\$ 336,306	\$ 233,368
Taxes receivable	-	332,780	290,098	42,682
 Total assets	 \$ 279,575	 \$ 622,879	 \$ 626,404	 \$ 276,050
 Liabilities				
Due to other governmental units	\$ 279,575	\$ 332,781	\$ 336,306	\$ 276,050
 Delinquent Tax Collection				
Assets				
Cash and cash equivalents	\$ -	\$ 34,977	\$ 27,319	\$ 7,658
 Liabilities				
Due to other governmental units	\$ -	\$ 39,614	\$ 31,956	\$ 7,658

City of Saginaw
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Undistributed Tax Collection				
Assets				
Cash and cash equivalents	\$ 45,737	\$ 44,903,578	\$ 44,943,048	\$ 6,267
Accounts receivable	26	1	-	27
	<u>45,763</u>	<u>44,903,579</u>	<u>44,943,048</u>	<u>6,294</u>
Total assets	<u>\$ 45,763</u>	<u>\$ 44,903,579</u>	<u>\$ 44,943,048</u>	<u>\$ 6,294</u>
Liabilities				
Accounts payable	\$ -	\$ 140,612	\$ 140,568	\$ 44
Due to other governmental units	45,763	7,523,401	7,562,914	6,250
	<u>45,763</u>	<u>7,664,013</u>	<u>7,703,482</u>	<u>6,294</u>
Total liabilities	<u>\$ 45,763</u>	<u>\$ 7,664,013</u>	<u>\$ 7,703,482</u>	<u>\$ 6,294</u>
Employee Benefits				
Assets				
Cash and cash equivalents	\$ 3,485,692	\$ 38,715,871	\$ 39,095,560	\$ 3,106,003
Accounts receivable	9,166	120,583	106,676	23,073
Due from other units of government	-	1,892	-	1,892
	<u>3,494,858</u>	<u>38,838,346</u>	<u>39,202,236</u>	<u>3,130,968</u>
Total assets	<u>\$ 3,494,858</u>	<u>\$ 38,838,346</u>	<u>\$ 39,202,236</u>	<u>\$ 3,130,968</u>
Liabilities				
Accounts payable	\$ 139,915	\$ 1,716,375	\$ 1,695,188	\$ 161,102
Claims payable	852,388	33,593	-	885,981
Other current liabilities	2,502,555	16,211,409	16,630,079	2,083,885
	<u>3,494,858</u>	<u>17,961,377</u>	<u>18,325,267</u>	<u>3,130,968</u>
Total liabilities	<u>\$ 3,494,858</u>	<u>\$ 17,961,377</u>	<u>\$ 18,325,267</u>	<u>\$ 3,130,968</u>

City of Saginaw
Other Supplementary Information
Combining Statement of Changes in Assets
and Liabilities - Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Saginaw County Land Bank				
Assets				
Cash and cash equivalents	\$ 1,286	\$ -	\$ -	\$ 1,286
Liabilities				
Accounts payable	\$ 1,286	\$ -	\$ -	\$ 1,286
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 3,812,290	\$ 83,944,525	\$ 84,402,233	\$ 3,354,582
Accounts receivable	9,192	120,584	106,676	23,100
Due from other units of government	-	1,892	-	1,892
Taxes receivable	-	332,780	290,098	42,682
Total assets	<u>\$ 3,821,482</u>	<u>\$ 84,399,781</u>	<u>\$ 84,799,007</u>	<u>\$ 3,422,256</u>
Liabilities				
Accounts payable	\$ 139,915	\$ 1,856,987	\$ 1,835,756	\$ 161,146
Due to other governmental units	326,624	7,895,796	7,931,176	291,244
Claims payable	852,388	33,593	-	885,981
Other current liabilities	2,502,555	16,211,409	16,630,079	2,083,885
Total liabilities	<u>\$ 3,821,482</u>	<u>\$ 25,997,785</u>	<u>\$ 26,397,011</u>	<u>\$ 3,422,256</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
TIFA Component Units
June 30, 2017

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 5,185	\$ 26,106	\$ 31,291	\$ -	\$ 31,291
Fund balances					
Restricted for TIFA/LDFA projects	\$ 5,185	\$ 26,106	\$ 31,291	(31,291)	-
Net position - unrestricted				\$ 31,291	\$ 31,291

City of Saginaw
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
TIFA Component Units
For the Year Ended June 30, 2017

	<u>Saginaw Division TIFA</u>	<u>Morley TIFA</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues					
Interest income	\$ -	\$ 9	\$ 9	\$ -	\$ 9
Fund balance/net position - beginning of year	<u>5,185</u>	<u>26,097</u>	<u>31,282</u>	<u>-</u>	<u>31,282</u>
Fund balance/net position - end of year	<u>\$ 5,185</u>	<u>\$ 26,106</u>	<u>\$ 31,291</u>	<u>\$ -</u>	<u>\$ 31,291</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
DDA Component Units
June 30, 2017

	Commerce Center DDA	Downtown Development Authority	Downtown Development Authority 2011	Total	Adjustments	Statement of Net Position
Assets						
Cash and cash equivalents	\$ 65,286	\$ 83,943	\$ 11,280	\$ 160,509	\$ -	\$ 160,509
Receivables						
Accrued interest and other	-	20,011	-	20,011	-	20,011
Due from other units of government	-	89,697	-	89,697	-	89,697
 Total assets	<u>\$ 65,286</u>	<u>\$ 193,651</u>	<u>\$ 11,280</u>	<u>\$ 270,217</u>	<u>-</u>	<u>270,217</u>
Liabilities						
Accounts payable	\$ -	\$ 109,708	\$ -	\$ 109,708	-	109,708
Fund Balances						
Restricted for DDA projects	65,286	83,943	11,280	160,509	(160,509)	-
 Total liabilities and fund balances	<u>\$ 65,286</u>	<u>\$ 193,651</u>	<u>\$ 11,280</u>	<u>\$ 270,217</u>		
 Net position - unrestricted					<u>\$ 160,509</u>	<u>\$ 160,509</u>

City of Saginaw
Other Supplementary Information
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures and Changes in Fund Balances
DDA Component Units
For the Year Ended June 30, 2017

	Commerce Center DDA	Downtown Development Authority	Downtown Development Authority 2011	Total	Adjustments	Statement of Activities
Revenues						
Taxes	\$ 21,406	\$ -	\$ 10,562	\$ 31,968	\$ -	\$ 31,968
Federal grants	-	33,953	-	33,953	-	33,953
Other state grants	-	340,330	-	340,330	-	340,330
Interest income	22	30	4	56	-	56
Other revenue	-	24,400	-	24,400	-	24,400
 Total revenues	 <u>21,428</u>	 <u>398,713</u>	 <u>10,566</u>	 <u>430,707</u>	 <u>-</u>	 <u>430,707</u>
Expenditures						
Current						
Community and economic development	<u>21,337</u>	<u>378,803</u>	<u>-</u>	<u>400,140</u>	<u>-</u>	<u>400,140</u>
Excess (deficiency) of revenues over expenditures	91	19,910	10,566	30,567	-	30,567
Fund balance/net position - beginning of year	<u>65,195</u>	<u>64,033</u>	<u>714</u>	<u>129,942</u>	<u>-</u>	<u>129,942</u>
Fund balance/net position - end of year	<u>\$ 65,286</u>	<u>\$ 83,943</u>	<u>\$ 11,280</u>	<u>\$ 160,509</u>	<u>\$ -</u>	<u>\$ 160,509</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
LDFAs Component Units
June 30, 2017

	<u>Thomson LDFA</u>	<u>Sexton LDFA</u>	<u>Baker Perkins LDFA</u>	<u>Treasure Island LDFA</u>	<u>Saginaw Machine Systems LDFA</u>	<u>Saginaw Tool and Die LDFA</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets									
Cash and cash equivalents	\$ 3,202,233	\$ 465,943	\$ 98,107	\$ 80,061	\$ 4,366	\$ 99,960	\$ 3,950,670	\$ -	\$ 3,950,670
Receivables									
Accrued interest and other	<u>1,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,670</u>	<u>-</u>	<u>1,670</u>
Total assets	<u>\$ 3,203,903</u>	<u>\$ 465,943</u>	<u>\$ 98,107</u>	<u>\$ 80,061</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,952,340</u>	<u>-</u>	<u>3,952,340</u>
Fund Balances									
Restricted for TIFA/LDFA projects	<u>\$ 3,203,903</u>	<u>\$ 465,943</u>	<u>\$ 98,107</u>	<u>\$ 80,061</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,952,340</u>	<u>(3,952,340)</u>	<u>-</u>
Net position - unrestricted								<u>\$ 3,952,340</u>	<u>\$ 3,952,340</u>

City of Saginaw
Other Supplementary Information
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, 2017

	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	\$ 1,477	\$ 158	\$ 33	\$ 28	\$ 1	\$ -	\$ 1,697	\$ -	\$ 1,697
Fund balance/net position - beginning of year	<u>3,202,426</u>	<u>465,785</u>	<u>98,074</u>	<u>80,033</u>	<u>4,365</u>	<u>99,960</u>	<u>3,950,643</u>	<u>-</u>	<u>3,950,643</u>
Fund balance/net position - end of year	<u>\$ 3,203,903</u>	<u>\$ 465,943</u>	<u>\$ 98,107</u>	<u>\$ 80,061</u>	<u>\$ 4,366</u>	<u>\$ 99,960</u>	<u>\$ 3,952,340</u>	<u>\$ -</u>	<u>\$ 3,952,340</u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Saginaw Economic Development Corporation
June 30, 2017

	Saginaw Economic Development Corporation	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 662,902	\$ -	\$ 662,902
Notes and contracts receivable	<u>2,054,944</u>	<u>(172,603)</u>	<u>1,882,341</u>
Total assets	<u>\$ 2,717,846</u>	<u>(172,603)</u>	<u>2,545,243</u>
Liabilities			
Accounts payable	<u>\$ 3,615</u>	<u>-</u>	<u>3,615</u>
Deferred inflows of resources			
Contracts	<u>2,027,915</u>	<u>(2,027,915)</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,031,530</u>	<u>(2,027,915)</u>	<u>3,615</u>
Fund balances/net position			
Restricted for specific projects	<u>686,316</u>	<u>(686,316)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,717,846</u>		
Net position - unrestricted		<u>\$ 2,714,231</u>	<u>\$ 2,541,628</u>

City of Saginaw
Other Supplementary 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, 2017

	Saginaw Economic Development Corporation	Adjustments	Statement of Activities
Revenues			
Interest income	\$ 60,723	\$ -	\$ 60,723
Fees and loan repayments	<u>207,623</u>	<u>(202,873)</u>	<u>4,750</u>
Total revenues	<u>268,346</u>	<u>(202,873)</u>	<u>65,473</u>
Expenditures			
Current			
Community and economic development	<u>170,033</u>	<u>(5,384)</u>	<u>164,649</u>
Excess (deficiency) of revenues over expenditures	98,313	(197,489)	(99,176)
Fund balance/net position - beginning of year	<u>588,003</u>	<u>2,052,801</u>	<u>2,640,804</u>
Fund balance/net position - end of year	<u><u>\$ 686,316</u></u>	<u><u>\$ 1,855,312</u></u>	<u><u>\$ 2,541,628</u></u>

City of Saginaw
Other Supplementary Information
Statement of Net Position and Governmental Fund Balance Sheet
Brownfield Component Unit
June 30, 2017

	<u>Brownfield Authority SRRF</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$ 276,226	\$ -	\$ 276,226
Liabilities			
Accounts payable	\$ 329	-	329
Fund balances/net position			
Restricted for specific projects	<u>275,897</u>	<u>(275,897)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 276,226</u>		
Net position - unrestricted		<u>\$ 275,897</u>	<u>\$ 275,897</u>

City of Saginaw
Other Supplementary 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, 2017

	Brownfield Authority SRRF	Adjustments	Statement of Activities
Revenues			
Taxes	\$ 40,721	\$ -	\$ 40,721
Interest income	109	-	109
Total revenues	<u>40,830</u>	<u>-</u>	<u>40,830</u>
Expenditures			
Current			
Community and economic development	<u>53,851</u>	<u>-</u>	<u>53,851</u>
Excess (deficiency) of revenues over expenditures	(13,021)	-	(13,021)
Fund balance/net position - beginning of year	<u>288,918</u>	<u>-</u>	<u>288,918</u>
Fund balance/net position - end of year	<u>\$ 275,897</u>	<u>\$ -</u>	<u>\$ 275,897</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
Net Position by Component
Last Ten Fiscal Years
As of June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net investment in capital assets	\$ 44,021,349	\$ 43,412,648	\$ 42,357,901	\$ 43,653,689	\$ 43,056,592	\$ 42,480,896	\$ 41,522,452	\$ 40,458,812	\$ 38,106,561	\$ 39,535,326
Restricted	5,503,153	5,726,440	4,855,840	3,794,989	4,552,729	4,772,251	7,177,028	7,871,497	3,278,435	3,312,310
Unrestricted	<u>5,639,120</u>	<u>(4,288,914)</u>	<u>(13,847,085)</u>	<u>(24,064,137)</u>	<u>(38,431,452)</u>	<u>(42,695,487)</u>	<u>(50,040,252)</u>	<u>(147,334,573)</u>	<u>(160,903,354)</u>	<u>(157,782,540)</u>
Total net position	<u>55,163,622</u>	<u>44,850,174</u>	<u>33,366,656</u>	<u>23,384,541</u>	<u>9,177,869</u>	<u>4,557,660</u>	<u>(1,340,772)</u>	<u>(99,004,264)</u>	<u>(119,518,358)</u>	<u>(114,934,904)</u>
Business Type Activities:										
Net investment in capital assets	70,941,541	72,449,928	77,177,910	82,280,202	73,202,779	76,740,286	78,362,788	78,165,624	77,851,628	76,444,510
Restricted	8,083,872	999,026	995,343	-	-	-	-	-	-	-
Unrestricted	<u>24,924,823</u>	<u>27,555,338</u>	<u>24,125,802</u>	<u>24,700,068</u>	<u>40,146,861</u>	<u>39,911,213</u>	<u>37,878,295</u>	<u>(2,697,609)</u>	<u>12,708,301</u>	<u>(4,919,731)</u>
Total net position	<u>103,950,236</u>	<u>101,004,292</u>	<u>102,299,055</u>	<u>106,980,270</u>	<u>113,349,640</u>	<u>116,651,499</u>	<u>116,241,083</u>	<u>75,468,015</u>	<u>90,559,929</u>	<u>71,524,779</u>
Primary government in total:										
Net investment in capital assets	114,962,890	115,862,576	119,535,811	125,933,891	116,259,371	119,221,182	119,885,240	118,624,436	115,958,189	115,979,836
Restricted	13,587,025	6,725,466	5,851,183	3,794,989	4,552,729	4,772,251	7,177,028	7,871,497	3,278,435	3,312,310
Unrestricted	<u>30,563,943</u>	<u>23,266,424</u>	<u>10,278,717</u>	<u>635,931</u>	<u>1,715,409</u>	<u>(2,784,274)</u>	<u>(12,161,957)</u>	<u>(150,032,182)</u>	<u>(148,195,053)</u>	<u>(162,702,271)</u>
Total net position	<u>\$ 159,113,858</u>	<u>\$ 145,854,466</u>	<u>\$ 135,665,711</u>	<u>\$ 130,364,811</u>	<u>\$ 122,527,509</u>	<u>\$ 121,209,159</u>	<u>\$ 114,900,311</u>	<u>\$ (23,536,249)</u>	<u>\$ (28,958,429)</u>	<u>\$ (43,410,125)</u>

Note: The City adopted GASB No. 34 during fiscal year 2002-03 and began reporting a government-wide statement of net position.
Source: City's Comprehensive Annual Financial Report

City of Saginaw
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)
(Amounts expressed in thousands)
Fiscal Year Ended June 30,

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses										
Governmental activities:										
General government	\$ 4,257	\$ 8,108	\$ 4,959	\$ 3,441	\$ 5,321	\$ 4,247	\$ 4,047	\$ 3,058	\$ 7,434	\$ 3,425
Administration	2,391	2,431	2,422	2,590	3,835	2,082	2,785	2,925	2,939	2,334
Public Safety	24,814	32,375	31,688	32,191	31,454	28,578	26,475	25,630	34,732	21,859
Highways and streets	-	-	-	-	-	-	-	5,982	7,748	6,629
General services	13,735	12,877	15,855	16,086	13,006	14,917	13,854	8,392	9,510	9,475
Community services	2,476	2,325	2,121	1,862	1,847	1,588	1,789	1,788	2,536	1,502
Economic development	2,843	2,914	6,141	9,061	10,791	10,063	2,801	3,190	3,156	2,491
Interest on long-term debt	61	28	4	-	-	2	2	8	81	64
Total governmental activities expenses	<u>50,577</u>	<u>61,058</u>	<u>63,190</u>	<u>65,231</u>	<u>66,254</u>	<u>61,477</u>	<u>51,753</u>	<u>50,973</u>	<u>68,136</u>	<u>47,779</u>
Business-type activities:										
Sewer	17,392	19,050	19,245	19,279	19,008	20,260	21,636	20,220	13,549	33,792
Water	11,859	13,513	13,872	13,670	14,566	14,559	15,838	15,747	10,328	25,952
Boat Launch	-	-	-	-	-	-	-	-	28	30
Parking	359	481	421	407	-	-	-	-	-	-
Total business-type activities expenses	<u>29,610</u>	<u>33,044</u>	<u>33,538</u>	<u>33,356</u>	<u>33,574</u>	<u>34,819</u>	<u>37,474</u>	<u>35,967</u>	<u>23,905</u>	<u>59,774</u>
Total primary government expenses	<u>\$ 80,187</u>	<u>\$ 94,102</u>	<u>\$ 96,728</u>	<u>\$ 98,587</u>	<u>\$ 99,828</u>	<u>\$ 96,296</u>	<u>\$ 89,227</u>	<u>\$ 86,940</u>	<u>\$ 92,041</u>	<u>\$ 107,553</u>

City of Saginaw
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)
(Amounts expressed in thousands)
Fiscal Year Ended June 30,

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 988	\$ 1,107	\$ 1,176	\$ 1,373	\$ 1,878	\$ 3,240	\$ 3,783	\$ 2,077	\$ 1,867	\$ 1,786
Administration	2,738	2,484	2,930	3,031	2,305	1,233	1,071	2,672	2,739	2,252
Public safety	213	650	360	535	775	785	657	516	544	555
Highways and streets	-	-	-	-	-	-	-	193	291	898
General services	1,681	2,929	2,423	2,010	3,821	3,812	3,630	3,909	3,792	4,094
Community services	(89)	789	832	824	782	800	671	665	630	793
Economic development	131	199	163	241	941	875	316	340	20	51
Operating grants and contributions	9,633	10,309	13,117	15,943	13,018	14,121	10,307	9,953	10,122	10,145
Capital grants and contributions	-	-	-	-	-	-	66	32	-	103
Total governmental activities program revenues	<u>15,295</u>	<u>18,467</u>	<u>21,001</u>	<u>23,957</u>	<u>23,520</u>	<u>24,866</u>	<u>20,501</u>	<u>20,357</u>	<u>20,005</u>	<u>20,677</u>
Business-type activities:										
Charges for services										
Sewer	16,664	16,739	20,733	21,602	22,474	22,283	20,646	20,864	20,363	20,037
Water	12,305	12,112	13,630	14,991	16,611	15,554	15,440	15,049	15,874	17,750
Boat Launch	-	-	-	-	-	-	-	-	23	23
Parking	255	287	302	278	-	-	-	-	-	-
Operating grants and contributions	-	-	102	-	-	119	-	-	-	-
Capital grants and contributions	2,291	402	-	995	-	-	-	-	-	1,678
Total business-type activities program revenues	<u>31,515</u>	<u>29,540</u>	<u>34,767</u>	<u>37,866</u>	<u>39,085</u>	<u>37,956</u>	<u>36,086</u>	<u>35,913</u>	<u>36,260</u>	<u>39,488</u>
Total primary government program revenues	<u>\$ 46,810</u>	<u>\$ 48,007</u>	<u>\$ 55,768</u>	<u>\$ 61,823</u>	<u>\$ 62,605</u>	<u>\$ 62,822</u>	<u>\$ 56,587</u>	<u>\$ 56,270</u>	<u>\$ 56,265</u>	<u>\$ 60,165</u>

City of Saginaw
Changes in Governmental Net Position
Last Ten Years
(Accrual basis of accounting)
(Amounts expressed in thousands)
Fiscal Year Ended June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense)/revenue										
Governmental activities	\$ (35,282)	\$ (42,591)	\$ (42,189)	\$ (41,274)	\$ (42,734)	\$ (36,611)	\$ (31,252)	\$ (30,616)	\$ (48,131)	\$ (27,102)
Business-type activities	1,905	(3,504)	1,229	4,510	5,511	3,137	(1,388)	(54)	12,355	(20,286)
Total primary government net expense	<u>\$ (33,377)</u>	<u>\$ (46,095)</u>	<u>\$ (40,960)</u>	<u>\$ (36,764)</u>	<u>\$ (37,223)</u>	<u>\$ (33,474)</u>	<u>\$ (32,640)</u>	<u>\$ (30,670)</u>	<u>\$ (35,776)</u>	<u>\$ (47,388)</u>
General revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 9,659	\$ 9,281	\$ 9,072	\$ 7,757	\$ 7,419	\$ 6,458	\$ 6,767	\$ 6,757	\$ 6,701	\$ 6,510
Income taxes	12,776	12,359	11,803	12,236	12,533	12,257	12,309	12,252	12,625	13,213
Unrestricted grants and contributions	10,190	10,660	9,299	10,661	8,117	7,766	8,089	8,483	8,768	9,309
Unrestricted investment earnings	657	438	419	473	438	347	400	404	516	497
Miscellaneous	84	138	104	27	86	91	55	313	69	84
Gain on disposal of capital assets	88	69	-	256	1	88	46	3	13	3
Transfers	(40)	(421)	-	(29)	-	14	22	141	-	102
Total governmental activities	<u>33,414</u>	<u>32,524</u>	<u>30,697</u>	<u>31,381</u>	<u>28,594</u>	<u>27,021</u>	<u>27,688</u>	<u>28,353</u>	<u>28,692</u>	<u>29,718</u>
Business -type activities:										
Unrestricted investment earnings	322	146	74	43	10	29	65	55	193	22
Miscellaneous	-	-	-	-	782	150	935	1,019	1,469	1,331
Transfers	40	421	-	28	-	(14)	(22)	(141)	-	(102)
Total business-type activities	<u>362</u>	<u>567</u>	<u>74</u>	<u>71</u>	<u>792</u>	<u>165</u>	<u>978</u>	<u>933</u>	<u>1,662</u>	<u>1,251</u>
Total primary government	<u>\$ 33,776</u>	<u>\$ 33,091</u>	<u>\$ 30,771</u>	<u>\$ 31,452</u>	<u>\$ 29,386</u>	<u>\$ 27,186</u>	<u>\$ 28,666</u>	<u>\$ 29,286</u>	<u>\$ 30,354</u>	<u>\$ 30,969</u>
Change in Net Position										
Governmental activities	\$ (1,868)	\$ (10,067)	\$ (11,492)	\$ (9,893)	\$ (14,140)	\$ (9,590)	\$ (3,564)	\$ (2,263)	\$ (19,439)	\$ 2,616
Business-type activities	2,267	(2,937)	1,303	4,581	6,303	3,302	(410)	879	14,017	(19,035)
Total primary government	<u>\$ 399</u>	<u>\$ (13,004)</u>	<u>\$ (10,189)</u>	<u>\$ (5,312)</u>	<u>\$ (7,837)</u>	<u>\$ (6,288)</u>	<u>\$ (3,974)</u>	<u>\$ (1,384)</u>	<u>\$ (5,422)</u>	<u>\$ (16,419)</u>

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

Source: City's Comprehensive Annual Financial Report

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

	2008	2009	2010	2011*	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 137	\$ 46	\$ 59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,574	1,498	1,513	-	-	-	-	-	-	-
Non-spendable	-	-	-	143	240	212	166	259	243	245
Restricted	-	-	-	1	10	10	332	111	15	63
Assigned	-	-	-	1,036	-	-	-	-	-	-
Unassigned	-	-	-	2,685	998	46	1,029	1,533	2,294	3,960
Total general fund	\$ 1,711	\$ 1,544	\$ 1,572	\$ 3,865	\$ 1,248	\$ 268	\$ 1,527	\$ 1,903	\$ 2,552	\$ 4,268
All other governmental funds:										
Reserved	\$ 6,642	\$ 6,284	\$ 5,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(719)	1,215	1,934	-	-	-	-	-	-	-
Capital projects funds	101	101	101	-	-	-	-	-	-	-
Permanent fund	92	85	79	-	-	-	-	-	-	-
Non-spendable	-	-	-	2,974	2,870	2,853	2,981	2,809	2,875	3,082
Restricted	-	-	-	1,338	2,213	2,312	4,011	3,704	4,659	3,651
Committed	-	-	-	-	-	-	-	-	-	1,915
Assigned	-	-	-	379	286	157	151	134	158	160
Unassigned	-	-	-	(790)	(2,904)	(1,863)	(1,017)	(867)	(1,186)	(325)
Total all other governmental funds	\$ 6,116	\$ 7,685	\$ 7,780	\$ 3,901	\$ 2,465	\$ 3,459	\$ 6,126	\$ 5,780	\$ 6,506	\$ 8,483

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

* For the year ended June 30, 2011, GASB 54 has been implemented by the City.

Source: City's Comprehensive Annual Financial Report

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue										
General operating property taxes	\$ 9,218	\$ 8,695	\$ 8,401	\$ 7,303	\$ 7,088	\$ 6,122	\$ 6,442	\$ 6,436	\$ 6,392	\$ 6,480
Special assessments	83	296	160	119	(25)	158	36	-	-	-
City income tax	12,776	12,359	11,803	12,236	12,533	12,257	12,309	12,252	12,625	13,218
State shared revenues	14,809	14,863	13,661	13,682	11,422	11,747	12,456	12,452	12,757	13,706
Licenses, permits, and fees	2,649	3,550	2,975	3,114	5,777	5,498	5,584	4,570	5,415	5,783
Fines, penalties, and forfeitures	293	788	582	518	741	600	550	443	434	398
Grants, donations, and contributions	7,713	8,600	11,758	16,058	11,799	14,871	8,912	8,886	8,351	8,479
Interest on loans and investments	597	431	439	497	475	401	420	404	514	504
Rents and privileges	104	31	37	27	79	93	78	87	86	704
Sale of materials and services	1,281	1,493	1,548	1,676	2,635	2,089	1,554	1,754	1,246	-
Sale of land	-	115	-	-	78	-	-	-	-	-
Loan repayments	104	35	123	90	282	55	53	167	32	34
Miscellaneous	-	-	13	126	-	385	267	354	479	1,502
Total revenue	<u>49,627</u>	<u>51,256</u>	<u>51,500</u>	<u>55,446</u>	<u>52,884</u>	<u>54,276</u>	<u>48,661</u>	<u>47,805</u>	<u>48,331</u>	<u>50,808</u>
Expenditures										
General government	3,882	4,266	4,647	4,646	4,589	4,196	3,993	3,118	4,602	4,595
Administration	3,280	3,308	3,151	3,492	2,657	2,699	2,792	3,010	2,652	2,395
Public safety	24,862	26,279	25,360	28,195	27,414	25,493	22,784	23,365	22,463	22,529
Highway and streets	5,984	5,067	4,600	5,931	3,913	3,503	3,476	4,089	4,591	4,425
General services	6,752	6,361	6,022	6,653	6,813	6,965	6,497	7,009	6,766	6,581
Community services	2,143	1,986	1,767	1,763	1,598	1,589	1,753	1,755	1,848	1,758
Economic development	1,835	1,785	4,696	7,213	9,277	10,014	2,698	3,163	2,548	2,609
Capital outlay	542	557	657	510	1,708	1,412	1,496	2,947	4,988	4,185
Debt service										
Principal	430	450	470	-	-	5	6	66	119	151
Interest and other fees	40	26	9	-	-	2	2	8	42	65
Total expenditures	<u>49,750</u>	<u>50,085</u>	<u>51,379</u>	<u>58,403</u>	<u>57,969</u>	<u>55,878</u>	<u>45,497</u>	<u>48,530</u>	<u>50,619</u>	<u>49,293</u>
Excess of revenues over (under) expenditures	(123)	1,171	121	(2,957)	(5,085)	(1,602)	3,164	(725)	(2,288)	1,515

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other financing sources (uses)										
Proceeds from installment contract	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 695	\$ -	\$ -	\$ -
Sale of fixed assets	-	-	-	-	-	40	-	-	-	-
Insurance recoveries	-	-	-	-	-	2	-	-	1	-
Transfers in	1,388	2,121	1,145	4,239	2,023	2,946	1,156	1,197	776	894
Transfers from component units	-	-	-	-	-	-	-	-	-	-
Transfers (out)	(5,133)	(1,632)	(1,145)	(1,809)	(1,196)	(1,371)	(1,091)	(1,038)	(761)	(778)
Issuance of debt	-	-	-	-	-	-	-	596	3,693	95
Total other financing sources (uses)	<u>(3,745)</u>	<u>489</u>	<u>-</u>	<u>2,430</u>	<u>927</u>	<u>1,617</u>	<u>760</u>	<u>159</u>	<u>3,709</u>	<u>211</u>
Net change in fund balances	<u>\$ (3,868)</u>	<u>\$ 1,660</u>	<u>\$ 121</u>	<u>\$ (527)</u>	<u>\$ (4,158)</u>	<u>\$ 15</u>	<u>\$ 3,924</u>	<u>\$ (566)</u>	<u>\$ 1,421</u>	<u>\$ 1,726</u>
Debt service as a percentage of noncapital expenditures	0.96%	0.96%	0.94%	- %	- %	0.01%	0.02%	0.16%	0.35%	0.48%

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

Source: City's Comprehensive Annual Financial Report

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

<u>Fiscal Year</u>	<u>Property Taxes</u>
2008	\$ 9,218,163
2009	8,695,585
2010	8,401,434
2011	7,303,409
2012	7,087,879
2013	6,121,874
2014	6,664,472
2015	6,436,153
2016	6,392,254
2017	6,480,061

City of Saginaw
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	Agriculture					
2008	\$ 531,767	\$ 97,356	\$ 48,942	\$ 116	\$ 117,554	\$ 795,735	14.1233	\$ 1,591,470	50.00%
2009	497,497	97,173	47,740	116	105,909	748,435	14.2588	1,496,870	50.00%
2010	452,724	95,695	47,162	120	98,106	693,807	14.5381	1,387,614	50.00%
2011	389,861	94,607	32,054	116	93,643	610,281	15.2508	1,220,562	50.00%
2012	352,600	93,167	30,490	119	97,508	573,884	14.2290	1,147,768	50.00%
2013	334,664	85,274	29,259	38	93,911	543,146	14.5637	1,086,292	50.00%
2014	318,230	79,682	27,781	40	88,335	514,068	14.8830	1,028,136	50.00%
2015	305,201	77,454	27,295	82	87,578	497,610	14.8830	995,220	50.00%
2016	292,296	78,215	25,238	83	82,509	478,341	14.8830	956,680	50.00%
2017	290,189	82,188	25,435	93	72,434	470,339	14.8830	940,678	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
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	
2008	5.1701	2.9532	6.0000	14.1233	27.9000	3.9947	2.0427	2.0695	3.0000	7.5349	60.6651
2009	5.3056	2.9532	6.0000	14.2588	27.9000	3.9947	2.0427	2.1046	3.0000	7.5508	60.8516
2010	5.5849	2.9532	6.0000	14.5381	27.9000	3.9947	2.0427	2.0872	3.0000	7.6048	61.1675
2011	6.2976	2.9532	6.0000	15.2508	27.9000	3.9947	2.0427	2.0872	3.0000	7.7284	62.0038
2012	6.7290	0.0000	7.5000	14.2290	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.1728
2013	7.0637	0.0000	7.5000	14.5637	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.5075
2014	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.3007	63.6083
2015	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.4468	63.7544
2016	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.7805	64.0881
2017	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.8111	64.1187

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
Principal Property Taxpayers

<u>Taxpayer</u>	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 30,143,686	1	6.41%	\$ 16,880,912	2	2.12%
Linear Motion, LLC	5,874,957	2	1.25%	5,212,624	5	0.66%
General Motors	4,191,479	3	0.89%	38,509,523	1	4.84%
Charter Communications, II, LP	3,406,100	4	0.72%			
Menard, LLC	3,050,584	5	0.65%			
Hausbeck Pickle Company	3,029,688	6	0.64%			
Community Hospital Services	3,019,605	7	0.64%			
Riverfront Medical Realty Company	2,999,051	8	0.64%			
AT & T Services, Inc	1,929,600	9	0.41%			
Meredith Corporation	1,927,412	10	0.41%			
Delphi Corporation				14,809,244	3	1.86%
Enterprise Automotive Systems				5,804,400	4	0.73%
CMI Schneible Company				4,157,000	6	0.52%
Machining Enterprises, Insc				4,105,900	7	0.52%
Corvus Nodular Interest II, LLC				3,564,841	8	0.45%
SSP Associates, Inc				3,517,860	9	0.44%
Housing & Urban Development				3,113,416	10	0.39%
Totals	<u>\$ 59,572,162</u>		<u>12.67%</u>	<u>\$ 99,675,720</u>		<u>12.53%</u>

Source: City of Saginaw Assessor's Office

City of Saginaw
Property Tax Levies and Collections
Last Ten Fiscal Years

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
2008	\$ 9,329,357	\$ 9,328,233	99.99%	\$ 1,124	\$ 9,329,357	100.00%
2009	9,145,982	8,519,765	93.15%	6,916	8,526,681	93.23%
2010	8,944,519	8,869,275	99.16%	19,860	8,889,135	99.38%
2011	8,283,083	8,219,048	99.23%	11,499	8,230,547	99.37%
2012	7,022,671	7,010,636	99.83%	9,955	7,020,591	99.97%
2013	6,901,651	6,861,236	99.41%	12,132	6,873,368	99.59%
2014**	6,848,972	6,770,877	98.86%	14,394	6,785,271	99.07%
2015**	6,678,759	6,609,227	98.96%	4,218	6,613,445	99.02%
2016	6,457,334	6,388,770	98.94%	4,082	6,392,852	99.00%
2017	6,348,827	6,281,078	98.93%	-	6,281,078	98.93%

Source: City Treasurer's Office/Assessor's Office

*Column has been updated and now agrees to what has been subsequently collected for only that Tax Year.

**FY14 and FY15 have been adjusted to remove the special assessments.

City of Saginaw
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business Type Activities				General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Installment Purchase Contracts	Section 108 Loans	Energy Efficiency Loan	Capital Leases	Revenue Bonds	Bond Premium	Deferred Bond Refunding Chg	Bond Discount				
2008	\$ 75,000	\$ 137,495	\$ 920,000	\$ -	\$ -	\$ 11,100,000	\$ -	\$ -	\$ (107,812)	\$ 43,983,341	\$ 56,108,024	7.71%	\$ 1,089
2009	-	65,635	470,000	-	-	11,100,000	-	-	(102,399)	41,895,580	53,428,816	7.34%	1,043
2010	-	30,028	-	-	-	10,850,000	-	-	(96,986)	36,858,387	47,641,429	6.57%	925
2011	-	-	-	-	-	10,600,000	-	-	(91,572)	31,864,706	42,373,134	5.70%	827
2012	-	-	-	100,000	-	20,870,000	-	-	(86,159)	28,170,711	49,054,552	6.65%	966
2013	-	-	-	94,435	-	19,410,000	-	-	(80,746)	24,217,673	43,641,362	6.00%	868
2014	-	694,872	-	88,729	-	18,615,000	-	-	(75,333)	20,680,307	40,003,575	5.46%	803
2015	-	1,230,594	-	82,879	457,007	17,815,000	-	-	(69,920)	17,398,415	36,913,975	4.95%	748
2016	3,692,946	1,117,736	-	76,881	34,992	16,905,000	-	-	(64,507)	16,563,849	38,332,895	5.32%	783
2017	3,692,946	1,001,119	-	70,744	90,806	31,870,000	3,130,886	(500,761)	-	14,280,310	53,636,050	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 2017 not yet available

City of Saginaw
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Less: Self Supporting	Total	Percentage of Estimate Actual Taxable Value of Property	Per Capita (1)
2008	\$ 44,058,341	\$ -	\$ -	\$ 44,058,341	5.54%	\$ 855
2009	41,895,580	-	-	41,895,580	5.60%	818
2010	36,858,387	-	-	36,858,387	5.31%	716
2011	31,864,706	-	-	31,864,706	5.22%	622
2012	28,170,711	-	-	28,170,711	4.91%	555
2013	24,217,673	-	-	24,217,673	4.46%	481
2014	20,680,307	-	-	20,680,307	4.02%	415
2015	17,398,415	-	-	17,398,415	3.50%	353
2016	20,256,795	-	-	20,256,795	4.23%	414
2017	17,973,256	-	-	17,973,256	3.82%	N/A

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

Taxable value provided by the City of Saginaw Assessor's Office.

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

City of Saginaw
Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Direct debt - City of Saginaw	\$ 4,855,607	100.00%	<u>\$ 4,855,607</u>
Indirect debt:			
Saginaw County	12,480	100.00%	12,480
Multi-Authority	2,968,604	100.00%	2,968,604
Total indirect debt			<u>2,981,084</u>
Overlapping debt:			
Saginaw School District	47,965,000	68.01%	32,620,997
Saginaw County	71,203,845	9.37%	6,671,800
Saginaw ISD	1,020,000	9.42%	96,084
Delta Community College	<u>-</u>	4.14%	<u>-</u>
Total overlapping debt			<u>39,388,881</u>
Total direct and overlapping debt			<u><u>\$ 47,225,572</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
Legal Debt Margin Information
Last Ten Fiscal Years
(Amounts expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 79,574	\$ 74,844	\$ 69,369	\$ 61,017	\$ 57,377	\$ 54,311	\$ 51,403	\$ 49,753	\$ 47,826	\$ 47,034
Total net debt applicable to limit	<u>11,250</u>	<u>10,393</u>	<u>15,283</u>	<u>13,531</u>	<u>4,444</u>	<u>7,465</u>	<u>7,973</u>	<u>7,157</u>	<u>9,384</u>	<u>7,837</u>
Legal debt margin	<u>\$ 68,324</u>	<u>\$ 64,451</u>	<u>\$ 54,086</u>	<u>\$ 47,486</u>	<u>\$ 52,933</u>	<u>\$ 46,846</u>	<u>\$ 43,430</u>	<u>\$ 42,596</u>	<u>\$ 38,442</u>	<u>\$ 39,197</u>
Total net debt applicable to the limit as a percentage of debt limit	14.14%	13.89%	22.03%	22.18%	7.75%	13.74%	15.51%	14.39%	19.62%	16.66%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed valuation, December 31, 2016	\$ 470,339
Debt limit (10% of assessed valuation)	47,034
Debt applicable to limit:	\$ 7,837
Total amount of debt applicable to debt limit:	<u>7,837</u>
Legal Debt Margin	<u>\$ 39,197</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
Pledged Revenue Coverage
Last Ten Fiscal Years

Water System Revenue Bonds

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)(3)	Net Available Revenue	Debt Service		Total	Coverage
				Principal (4)	Interest		
2008	\$ 12,553,474	\$ 9,822,603	\$ 2,730,871	\$ 1,165,000	\$ 147,743	\$ 1,312,743	2.08
2009	12,359,914	10,236,107	2,123,807	-	506,000	506,000	4.20
2010	13,665,066	10,925,125	2,739,941	250,000	493,000	743,000	3.69
2011	14,956,126	10,610,636	4,345,490	250,000	481,000	731,000	5.94
2012	16,683,411	11,190,078	5,493,333	300,000	439,130	739,130	7.43
2013	15,564,405	11,119,751	4,444,654	725,000	878,370	1,603,370	2.77
2014	15,463,059	12,149,854	3,313,205	735,000	855,020	1,590,020	2.08
2015	15,055,952	12,014,333	3,041,619	800,000	820,270	1,620,270	1.88
2016	15,882,547	6,713,747	9,168,800	910,000	799,743	1,709,743	5.36
2017	17,759,149	11,989,067	5,770,082	1,465,000	1,276,229	2,741,229	2.10

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

Change from 2012 to 2013 represents Series 2011 Water Supply Revenue Bond.

(1) Includes interest earnings.

(2) Net of depreciation expense.

(3) Net of pension expense.

(4) 2017 Principal does not include the amount paid by the refunding of the 2008 bond.

City of Saginaw
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)
2008	51,518	\$ 727,500,472	\$ 14,121	10,080	14.80%
2009	51,218	727,500,472	14,204	9,970	22.40%
2010	51,508	724,614,544	14,068	9,302	20.50%
2011	51,230	743,859,600	14,520	8,022	17.10%
2012	50,790	737,470,800	14,520	7,691	15.30%
2013	50,303	727,079,562	14,454	7,355	16.10%
2014	49,844	732,058,828	14,687	7,737	13.90%
2015	49,347	746,472,069	15,127	6,880	10.40%
2016	48,984	719,917,848	14,697	6,356	8.5%
2017	(4)	(4)	(4)	6,044	8.3%

Data Sources:

(1) American FactFinder, U.S. Census Bureau

(2) Michigan Labor Market Information, Data Explorer

(3) Michigan School Data.org

(4) Not available

**City of Saginaw
Principal Employers
2017 and 2008**

<u>Employer</u>	<u>2017</u>			<u>Employer</u>	<u>2008</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>		<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Covenant Medical Center	4,796	1	5.34%	Covenant Medical Center	4,574	1	4.77%
Ascension Health/St. Mary's of MI	1,933	2	2.15%	Ascension Health/St Mary's of MI	2,602	2	2.71%
General Motors, LLC	1,137	3	1.27%	School District, City of Saginaw	1,800	3	1.88%
Department of Veterans' Affairs	985	4	1.10%	Delphi Automotive Systems	1,726	4	1.80%
Nexteer Automotive Corporation	957	5	1.07%	Motors Liquidation Company	1,581	5	1.65%
Saginaw County	901	6	1.00%	Saginaw County	985	6	1.03%
School District, City of Saginaw	845	7	0.94%	Department of Veterans Affairs	906	7	0.94%
United States Postal Service	844	8	0.94%	Michigan Department of Treasury	724	8	0.75%
Meijer Great Lakes	588	9	0.66%	TRW Integrated Chassis Systems	693	9	0.72%
City of Saginaw	539	10	0.60%	City of Saginaw	587	10	0.61%
Michigan Dept of Treasury	537	11	0.60%	United States Postal Service	578	11	0.60%
Totals	<u><u>14,062</u></u>		<u><u>15.67%</u></u>		<u><u>16,756</u></u>		<u><u>17.46%</u></u>
Total Employment (2)	89,748			Total Employment (2)	95,967		

Data Sources:

(1) City of Saginaw Income Tax Department

(2) Michigan Labor Market Information, Data Search

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	25	26	25	26	26	26	23	24	31	28
Fiscal services	32	27	26	27	27	28	30	36	29	29
Public safety										
Police	155	140	142	140	139	136	93	89	89	90
Fire	69	70	72	70	67	58	36	53	52	52
Highways and streets	28	20	21	27	26	19	19	18	18	21
General services	64	52	52	46	46	49	56	53	53	59
Community services	19	18	18	18	18	20	20	19	19	20
Economic development	11	11	10	7	7	11	7	7	7	7
Parking system	2	2	2	1	1	-	-	-	-	-
Water	65	71	68	61	61	61	61	61	61	63
Sewer	80	99	94	83	84	88	88	89	88	87
Total	<u>550</u>	<u>536</u>	<u>530</u>	<u>506</u>	<u>503</u>	<u>497</u>	<u>433</u>	<u>448</u>	<u>447</u>	<u>458</u>

Source: City of Saginaw Annual Budget

City of Saginaw
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Elections										
Number of registered voters	-	40,158	40,224	39,788	40,599	40,211	38,855	37,134	36,756	36,165
Public Safety										
Police Department										
Number of citations issued	8,534	11,121	9,947	9,596	6,414	6,970	2,582	3,602	3,276	3,691
Number of complaints filed	-	-	-	-	8,638	7,953	7,354	6,715	9,034	8,800
Number of calls for service	42,640	43,378	44,764	44,245	44,737	57,625	52,198	47,729	52,024	49,244
Number of DUI offenses	-	-	-	-	-	69	49	39	59	43
Fire Department										
Number of emergency runs	-	1,918	1,678	1,835	1,898	2,429	4,034	4,126	3,154	3,400
Public Works										
Streets										
Tons of salt used	-	2,218	-	-	-	-	-	-	-	-
Recreated and Culture										
Park acreage maintained	-	308	308	308	308	308	308	308	308	308
Special events	-	60	61	57	53	53	66	72	71	45
Shelter rentals	-	35	61	57	58	15	25	28	33	23
Block parties	-	11	16	16	15	16	9	14	15	8
Street trees planted	-	-	-	-	-	177	43	106	79	72
Street trees trimmed	-	-	-	-	178	596	456	922	270	677
Street trees removal	-	-	-	-	432	417	329	679	378	357
Community and Economic Development										
Housing units rehabilitated	-	16	11	14	12	3	4	3	6	19
Basic needs	-	32	7	9	11	9	14	15	23	19
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	17.0	23.3	20.1	22.9	19.6	21.6	22.9	23.8
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	420.0	411.0	411.0	411.0	411.0
Daily average consumption (million gallons)	21.5	20.3	19.4	19.2	19.5	20.0	18.1	17.0	17.3	17.9
Maximum daily treatment (million gallons)	34.5	29.6	28.1	30.5	31.3	32.3	27.2	23.7	26.3	27.3
Cemetery										
Interments	-	-	401	342	353	386	326	366	337	345
Grave sales	-	-	303	240	252	145	153	266	260	228
Foundations set	-	-	257	203	243	149	199	209	229	225
Marina										
Boat launch	-	1	1	1	1	1	1	1	1	1

Source: Various city departments.

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

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	-	69	72	74	74	72	70	73	62	47
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Vehicles	-	-	-	21	21	19	18	25	24	22
Public Works										
Streets (miles)										
Major	99	99	99	96	96	96	96	96	96	96
Local	184	184	184	182	182	182	182	182	182	182
State highways	32	32	32	36	36	36	36	36	36	36
Recreation and culture										
Park Areas	-	45	45	45	45	45	45	45	45	45

Source: Various city departments.

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

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