



**CITY OF  
SAGINAW**

**Michigan**

**Comprehensive Annual  
Financial Report**

**For the Fiscal Year Ended**

**June 30, 2016**

**City of Saginaw, Michigan**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2016**

Prepared by the Department of Fiscal Services

# Table of Contents

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

Section	Page
<b>3 Basic Financial Statements</b>	
Proprietary Funds	
Statement of Net Position	3 – 10
Statement of Revenues, Expenses and Changes in Fund Net Position	3 – 12
Statement of Cash Flows	3 – 14
Fiduciary Funds	
Statement of Fiduciary Net Position	3 – 16
Statement of Changes in Fiduciary Net Position	3 – 17
Component Units	
Combining Statement of Net Position	3 – 18
Combining Statement of Activities	3 – 19
Notes to the Financial Statements	3 – 20
<b>4 Required Supplementary Information</b>	
Budgetary Comparison Schedule	
General Fund	4 – 1
Major Streets Fund	4 – 3
Community Development Fund	4 – 5
Municipal Employees Retirement System of Michigan	
Schedule of Changes in Net Pension Liability and Related Ratios	4 – 6
Schedule of Employers' Net Pension Liability	4 – 7
Schedule of Employer Contributions	4 – 8
Firemen Retirement System	
Schedule of Changes in Net Pension Liability and Related Ratios	4 – 9
Schedule of Employers' Net Pension Liability	4 – 10
Schedule of Contributions	4 – 11
Schedule of Investment Returns	4 – 12
Other Postemployment Benefits	4 – 13

**Section****Page****5 Other Supplementary Information**

## General Fund

## Balance Sheet

5 – 1

## Schedule of Departmental and Miscellaneous Revenues – Budget and Actual

5 – 3

## Schedule of Appropriations and Expenditures – Budget and Actual

5 – 5

## Nonmajor Governmental Funds

## Combining Balance Sheet

5 – 8

## Combining Statement of Revenue, Expenditures and Changes in Fund Balance

5 – 14

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

## Local Streets

5 – 23

## Public Safety Millage

5 – 24

## SAFER Grant

5 – 25

## Rubbish Collection

5 – 26

## Clean Energy Coalition

5 – 27

## Police Grants

5 – 28

## Drug Forfeiture

5 – 29

## Andersen Center Operation

5 – 30

## Arts and Enrichment Commission

5 – 31

## Economic Development

5 – 32

## Celebration Park

5 – 33

## Internal Service Funds

## Combining Statement of Net Position

5 – 34

## Combining Statement of Revenues, Expenses, and Changes in Fund Balance

5 – 38

## Combining Statement of Cash Flows

5 – 40

## Fiduciary Funds

## Employee Pension and Other Employee Benefits Trust Funds

## Combining Statement of Plan Net Position

5 – 41

## Combining Statement of Changes in Plan Net Position

5 – 42

## Agency Funds

## Combining Balance Sheet

5 – 43

## Combining Statement of Changes in Assets and Liabilities

5 – 44

Section	Page
<b>5</b>	<b>Other Supplementary Information</b>
Component Units	
Statement of Net Position and Governmental Fund Balance Sheet – TIFA	5 – 47
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – TIFA	5 – 48
Component Units	
Statement of Net Position and Governmental Fund Balance Sheet – DDA	5 – 49
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – DDA	5 – 50
Statement of Net Position and Governmental Fund Balance Sheet – LDFA	5 – 51
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – LDFA	5 – 52
Statement of Net Position and Governmental Fund Balance Sheet – Saginaw Economic Development Corporation	5 – 53
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Saginaw Economic Development Corporation	5 – 54
Statement of Net Position and Governmental Fund Balance Sheet – Brownfield	5 – 55
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Brownfield	5 – 56
<b>6</b>	<b><u>Statistical Section (Unaudited)</u></b>
Net Position by Component	6 – 1
Changes in Governmental Net Position	6 – 2
Fund Balance – Governmental Funds	6 – 5
Changes in Fund Balance – Governmental Funds	6 – 6
Revenue By Source	6 – 8
Assessed Value and Estimated Actual Value of Taxable Property	6 – 9
Direct and Overlapping Property Tax Rates	6 – 10
Principal Property Taxpayers	6 – 11
Property Tax Levies and Collections	6 – 12
Ratios of Outstanding Debt	6 – 13
Direct and Overlapping Governmental Activities Debt	6 – 15
Legal Debt Margin Information	6 – 16
Pledged Revenue Coverage	6 – 17

**Section**

**6**

**Statistical Section (Unaudited)**

Demographic and Economic Statistics	6 – 18
Principal Employers 2016 and 2007	6 – 19
Full-time Equivalent City of Saginaw Employees by Function	6 – 20
Operating Indicators by Function	6 – 21
Capital Assets Statistics by Function	6 – 22



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

---



December 2, 2016

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, 2016, 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. Grants, donations, and contributions, 4. Property tax. 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. The City saw a slight increase in state shared revenue during fiscal year 2016. 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 and the first two classes are now attending school 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 is under construction on a formerly vacant lot in the heart of Old Town. It was also recently announced that Delta College will soon begin construction on a new campus in downtown Saginaw, with classes to begin in the fall of 2019. 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 2017 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 health care. Saginaw has eliminated the defined benefit pension plan for new hires and eliminated retiree health care 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. We continue to evaluate and work toward additional changes. Furthermore, effective January 1, 2017, the city plans to transfer 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.

The City of Saginaw has taken a proactive approach in addressing the issue of reduced revenue. As stated previously, the City has a renewed focus on collections and timeliness related to accounts receivable, and added a collections specialist position in the Department of Fiscal Services approximately five years ago. In addition, this position has worked 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 2016 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. Construction on the new farmer's market plaza and indoor marketplace will be a key focus in the upcoming years. This will provide year-round access to local goods and produce as well as provide space for new businesses. 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 recent years, the city's reserves have been depleted and are just now beginning to grow again; therefore, 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, in January, to discuss and prioritize the City's goals and objectives for the year.

In 2014, the aforementioned team met with a facilitator from Saginaw Valley State University to identify the goals and objectives and create a vision which stretches into the future. During FY 2016, city staff continued to work on each of these goals and objectives. The City's goals and objectives that came from the 2014 session were: 1.) Quality of Life, 2.) Infrastructure, 3.) Blight Enforcement, 4.) Public Safety, 5.) City Administration and 6.) City Services. 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 six areas where the City can re-invent itself and transition to the next level of excellence in local governance.

### **Quality of Life – Good Place to Live/Raise Children**

***Vision Statement*** - “Enjoy our Culture and Diversity”

### ***Goals:***

1. Promote good news stories to local media/social media
2. Work with foundations to secure grant funding for promotion of youth activities
3. Reduce negative perception through increased communication by staff
4. Create a marketing slogan for the City

### **Infrastructure – Roads, Sidewalks, Curb/Gutter**

***Vision Statement*** - “Maintaining Infrastructure that is Reliable, Efficient, Safe, and Drivable”

***Goals:***

1. Complete an asset management review for water and waste treatment within six months to a year.
2. Create a committee to discuss road infrastructure and funding within six months to a year.
3. Work with the state legislature to promote changes in the gas and weight revenue formula
4. Work with city administration annually to review the capital improvement plan and determine funding availability.

### **Blight Enforcement – Abandoned Vehicles, Junk and Debris**

***Vision Statement*** - “A self-sustaining, but strict and sufficient code enforcement program”

***Goals:***

1. Review by council committee of existing blight ordinance.
2. Define, identify, and hold accountable absentee landlords.
3. Education/build relationship with citizens

4. Seek creative and new sources of revenue

### **Public Safety- Patrol Service and Fire Suppression**

***Vision Statement*** - “Professional, diverse public safety supporting and engaged community”

***Goals:***

1. Diversity through local youth development
2. Public safety millage renewal and increased revenues
3. Increased community awareness
4. Increased public trust in public safety

### **City Administration – Responsive to Citizen/Efficient**

***Vision Statement*** - “A collaborative philosophy for financial stability with proactive management providing community foresight”

***Goals:***

1. Increase fund balance by 10% within five years.
2. Address unfunded liabilities (retiree healthcare, labor agreement revisions, active retirees, and police and fire pension systems)

3. Create a capital improvement plan (CIP) Fund that has approximately \$500,000 within five years.
4. Increase involvement in local & state associations to improve/aid collaborative efforts.

### **City Services – Snow Removal/Park Maintenance**

***Vision Statement*** - “Provide a solid waste/recycling process that promotes a high level of participation, reinforced by continued education of benefits and value”

#### ***Goals:***

1. Increase recycling rate by 3% each year for five years.
2. Replace critically aged vehicles/equipment within five years by innovative actions like selling advertising, or developing an “adopt-a” or “buy a piece of a fire truck/snowplow/ police car”.
3. Within six months, develop a 2-4 hour course for staff to use to educate the public, focusing first on Neighborhood/Landlord Associations, volunteer attendees, regarding city ordinances, regulations, codes, staff issues, city needs, revenue problems, etc., to create a more educated citizenry regarding the city.
4. Reach out, over the next six months, to city retirees to form a City Retiree Association made up of members interested in pursuing, with the city and staff, goals 1, 2, and 3.

During the strategic planning session, city council and the management team also developed SWOT Analysis for each priority. Furthermore, action plans were established for at least two of the goals of each priority outlined above.

### **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, 2015. 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, stylized "T" and "M".

Timothy Morales  
City Manager





Government Finance Officers Association

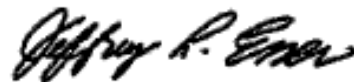
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Saginaw  
Michigan**

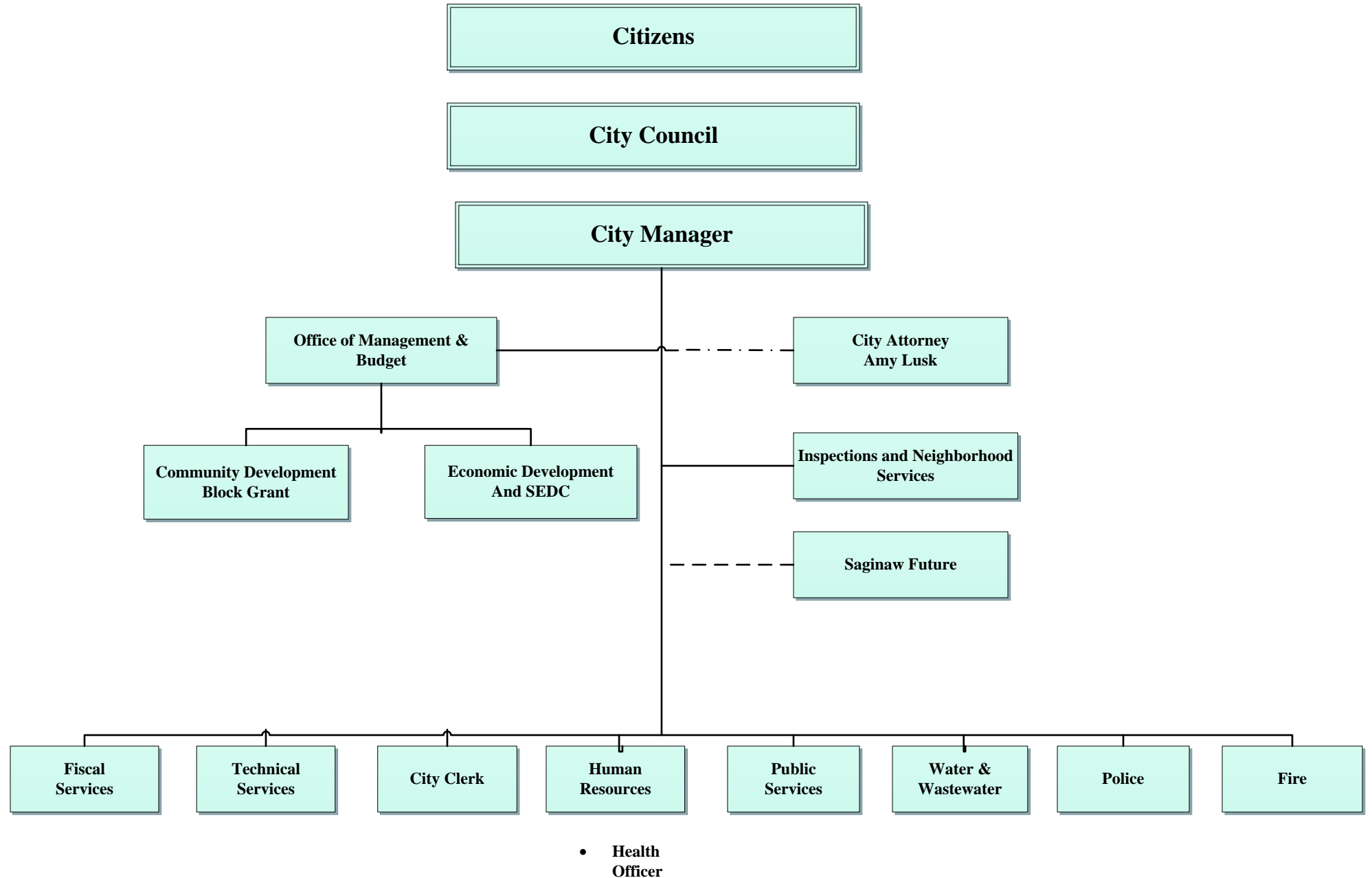
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**



Executive Director/CEO

# CITY OF SAGINAW



**City of Saginaw**  
**List of Elected and Appointed Officials**  
**June 30, 2016**

---

**City Council**

Dennis Browning – Mayor

Floyd Kloc – Mayor Pro-Tem

Michael D. Balls – Council Member

Annie Boensch – Council Member

Clint Bryant – Council Member

Dan Fitzpatrick – Council Member

Brenda Moore – Council Member

Demond Tibbs – Council Member

Larry Coulouris – Council Member

**Administrative Staff**

Tim Morales – City Manager

## **Independent Auditors' Report**

To the Honorable Mayor and City Council  
City of Saginaw

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saginaw, as of and for the year ended June 30, 2016, 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, 2016, 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.

### **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, 2015, which are not presented with the accompanying basic financial statements. In our

report dated December 10, 2015, 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 2015 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 2015 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 2015 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 2, 2016 on our consideration of the City of Saginaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Saginaw's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Saginaw, Michigan  
December 2, 2016

**City of Saginaw**  
**Management's Discussion And Analysis**  
**June 30, 2016**

---

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, 2016. 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**  
**Management's Discussion And Analysis**  
**June 30, 2016**

---

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

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

The City adopts an annual appropriated budget for 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 each of these nonmajor enterprise funds and internal service funds are provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 3 - 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 pages 3 - 16 through 3 - 19 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 - 20 through 3 - 53 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

## Management's Discussion And Analysis

### June 30, 2016

#### Government-wide Financial Analysis

The City of Saginaw has combined net position of (\$28,958,429). Business type activities comprise \$90,559,929 and governmental activities make up (\$119,518,358) 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	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 19,552,973	\$ 18,283,398	\$ 51,463,639	\$ 48,469,945	\$ 71,016,612	\$ 66,753,343
Capital assets	42,690,499	41,735,113	110,690,747	112,744,999	153,381,246	154,480,112
Total assets	62,243,472	60,018,511	162,154,386	161,214,944	224,397,858	221,233,455
Deferred outflows	12,167,978	9,430,631	7,354,793	3,909,234	19,522,771	13,339,865
Total assets and deferred outflows	74,411,450	69,449,142	169,509,179	165,124,178	243,920,629	234,573,320
Current Liabilities	3,549,843	4,086,467	2,776,249	6,333,624	6,326,092	10,420,091
Long-term liabilities	187,508,283	160,538,030	76,173,001	83,322,539	263,681,284	243,860,569
Total liabilities	191,058,126	164,624,497	78,949,250	89,656,163	270,007,376	254,280,660
Deferred inflows	2,871,682	3,828,909	-	-	2,871,682	3,828,909
Total liabilities and deferred inflows	193,929,808	168,453,406	78,949,250	89,656,163	272,879,058	258,109,569
Net position:						
Net investment in capital assets	38,106,561	40,458,812	77,851,628	78,165,624	115,958,189	118,624,436
Restricted	3,278,435	7,871,497	-	-	3,278,435	7,871,497
Unrestricted (Deficit)	(160,903,354)	(147,334,573)	12,708,301	(2,697,609)	(148,195,053)	(150,032,182)
Total net position	\$ (119,518,358)	\$ (99,004,264)	\$ 90,559,929	\$ 75,468,015	\$ (28,958,429)	\$ (23,536,249)

Net position was restated at the beginning of the year due to the Boat Launch Fund being changed from a special revenue fund to a proprietary fund. Business-type activities beginning net position was increased by \$1,074,806 and increased \$14,017,108 during the year. Governmental activities beginning net position was reduced by \$1,074,806 and decreased \$19,439,288 during the year. The primary

cause of the increase in business-type activities net position is due to a decrease in the business-type activities' allocation of the pension expense and liability. The decrease in governmental activities net position is primarily due to the increase in the governmental activities' allocation of the pension expense and liability, specifically related to the police transfer to MERS.

The following table shows the revenue and expense components of changes in net position for the year ended June 30, 2016.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	\$ 9,878,446	\$ 10,372,280	\$ 36,260,682	\$ 35,913,217	\$ 46,139,128	\$ 46,285,497
Operating Grants & Contributions	10,126,256	9,953,308	-	-	10,126,256	9,953,308
Capital Grants and Contributions	-	31,657	-	-	-	31,657
General Revenues:						
Property Taxes	6,701,179	6,757,018	-	-	6,701,179	6,757,018
Income Taxes	12,625,121	12,252,323	-	-	12,625,121	12,252,323
State Shared Revenue	7,870,826	7,811,423	-	-	7,870,826	7,811,423
Grants not restricted	897,110	671,645	-	-	897,110	671,645
Unrestricted investment earnings	516,162	403,947	192,691	54,881	708,853	458,828
Misc	68,608	312,535	1,468,917	1,019,374	1,537,525	1,331,909
Gain on Sale of Cap Assets	12,625	3,064	-	-	12,625	3,064
Total Revenues	48,696,333	48,569,200	37,922,290	36,987,472	86,618,623	85,556,672
Expenses						
General Government	7,433,847	3,058,270	-	-	7,433,847	3,058,270
Administration	2,938,548	2,924,638	-	-	2,938,548	2,924,638
Public Safety	34,721,776	24,581,179	-	-	34,721,776	24,581,179
Highway Streets	7,748,410	8,170,990	-	-	7,748,410	8,170,990
Other General Services	9,509,944	7,314,167	-	-	9,509,944	7,314,167
Community Services	2,535,882	1,788,139	-	-	2,535,882	1,788,139
Economic Development	3,155,905	3,127,457	-	-	3,155,905	3,127,457
Interest on Long-term Debt:	91,309	7,708	-	-	91,309	7,708
Water	-	-	13,548,848	15,746,762	13,548,848	15,746,762
Sewer	-	-	10,328,306	20,220,391	10,328,306	20,220,391
Boat Launch	-	-	28,028	-	28,028	-
Total Expenses	68,135,621	50,972,548	23,905,182	35,967,153	92,040,803	86,939,701
Excess or (deficiency) before transfers	(19,439,288)	(2,403,348)	14,017,108	1,020,319	(5,422,180)	(1,383,029)
Transfers	-	140,853	-	(140,853)	-	-
Change in net position	(19,439,288)	(2,262,495)	14,017,108	879,466	(5,422,180)	(1,383,029)
Net position - beginning (restated)	(100,079,070)	(96,741,769)	76,542,821	74,588,549	(23,536,249)	(22,153,220)
Total net position	\$ (119,518,358)	\$ (99,004,264)	\$ 90,559,929	\$ 75,468,015	\$ (28,958,429)	\$ (23,536,249)

**City of Saginaw**  
**Management's Discussion And Analysis**  
**June 30, 2016**

---

**Governmental Activities**

General revenues for governmental activities totaled approximately \$28.7 million for the year ended June 30, 2016. This is a slight increase from the prior year due to increases in grant revenues, income tax, and investment earnings. Income tax generated approximately \$12.6 million from residents and non-residents who live or work in the City respectively. Intergovernmental revenues, in the form of state shared revenues, continue to be of concern. While they provided approximately \$7.9 million, it is uncertain what will happen in the next several years.

General government expenses increased by about \$17.2 million due to increases in all areas of governmental activities. Most of this increase relates to the recording of the pension expense, increasing the governmental activities' allocation of the pension expense and liability. 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 \$36.3 million. Significant items include sewer service - \$20.4 million and water supply - \$15.9 million.

The water and sewer expenses decreased significantly this year due to the reduction in the business-type activities' allocation of the pension expense and liability.

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. Property ownership and tax filing status may impact income taxes because some of the higher paying jobs may be exempt from income taxes.

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

Future State of Michigan Public Act 425 Agreements or corresponding service agreements 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 40% 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 2016-

**City of Saginaw**  
**Management's Discussion And Analysis**  
**June 30, 2016**

---

2017 budget, the revenue from income taxes is expected to increase approximately \$185,000 from the 2015-2016 budget amount.

State shared revenues – The City of Saginaw receives approximately 25.4% 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 2016-2017 budget show funding in State shared revenue to remain at the same level.

**Financial analysis of City funds and budgets**

The general fund ended 2015-2016 with a fund balance of approximately \$2.6 million, of which \$243,334 is nonspendable for prepaids and inventory, and \$15,372 is restricted for grants and public safety.

The unassigned fund balance is \$2,292,905 as of June 30, 2016. The unassigned amount represented 7.5% of the June 30, 2016 general fund expenditures and other financing uses. That same number represents 7.2% of the fiscal year 2016-2017 budget (prior to 2016-2017 budget amendments). The net position 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 \$62,270
- City Income tax revenue increased \$372,798
- Grants, donations and contributions increased \$222,911
- Administration expenditures decreased \$357,638
- Public safety expenditures decreased \$490,860

The general fund budget is amended throughout the year. Revenues were \$33,516 under budget while expenditures were \$845,333 under budget.

The City's June 30, 2016, \$217 million in unfunded health care liability impacts all funds per the December 31, 2013, 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 2016.

**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, 2016, amounted to \$153,381,246 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles.

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

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

- Concrete Roads - \$1,253,797
- Water Distribution Lines E. Genesee-Harold to Hess \$684,915
- Water Treatment Repairs - \$544,285
- Meter Replacements - \$509,584

However, depreciation expense well exceeded the capital improvements that were incurred during the year, resulting in the decrease noted above to the City's total investment in capital assets.

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

**City of Saginaw**  
**Management's Discussion And Analysis**  
**June 30, 2016**

---

**Long-term debt**

At the end of the current fiscal year, the City of Saginaw had total debt outstanding of \$38.3 million in principal and \$8.8 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	\$ 4,887,563	\$ 880,704	\$ -	\$ -	\$ 4,887,563	\$ 880,704
Revenue Bonds	-	-	33,468,849	7,912,264	33,468,849	7,912,264
Capital lease	34,992	3,056	-	-	34,992	3,056
Total	<u>\$ 4,922,555</u>	<u>\$ 883,760</u>	<u>\$ 33,468,849</u>	<u>\$ 7,912,264</u>	<u>\$ 38,391,404</u>	<u>\$ 8,796,024</u>

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 \$47,825,000, which is significantly higher than the City's outstanding general obligation debt.

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

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

The following factors were considered in preparing the City's budget for the 2017 fiscal year:

- Flattening or stabilized property taxes
- Continued increase in annual pension contributions
- Continued increase in retiree and active healthcare
- Reduction in fund reserves
- Increase to the rubbish collection fee by \$25 to continue to provide the same level of service
- Continued reliance on public safety grant sources

**Contacting the City of Saginaw**

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

**City of Saginaw**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 12,964,149	\$ 17,460,213	\$ 30,424,362	\$ 4,941,742
Investments	-	5,629,994	5,629,994	-
Receivables, net	4,457,979	6,256,798	10,714,777	2,116,492
Due from other units of government	3,244,925	-	3,244,925	-
Internal balances	(4,912,402)	4,912,402	-	-
Inventories	582,888	1,223,434	1,806,322	-
Prepaid items	299,400	15,168	314,568	-
Investment in Saginaw-Midland Municipal Water Supply Corporation	-	15,400,407	15,400,407	-
Restricted assets				
Cash and cash equivalents	85,910	565,223	651,133	-
Investments	2,830,124	-	2,830,124	-
Capital assets not being depreciated	15,005,586	4,482,067	19,487,653	-
Capital assets, net of accumulated depreciation	27,684,913	106,208,680	133,893,593	-
Total assets	<u>62,243,472</u>	<u>162,154,386</u>	<u>224,397,858</u>	<u>7,058,234</u>
<b>Deferred outflows of resources</b>				
Deferred amount of pension expense related to net pension liability - MERS	8,406,674	7,354,793	15,761,467	-
Deferred amount of pension expense related to net pension liability - Firemen Pension	<u>3,761,304</u>	<u>-</u>	<u>3,761,304</u>	<u>-</u>
Total deferred outflows	<u>12,167,978</u>	<u>7,354,793</u>	<u>19,522,771</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>74,411,450</u>	<u>169,509,179</u>	<u>243,920,629</u>	<u>7,058,234</u>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 1,747,001	\$ 1,354,820	\$ 3,101,821	\$ 16,645
Accrued and other liabilities	1,342,963	1,421,429	2,764,392	-
Due to other units of government	19,854	-	19,854	-
Unearned revenue	440,025	-	440,025	-
Noncurrent liabilities				
Debt due within one year	1,623,833	3,790,107	5,413,940	-
Debt due in more than one year	6,938,236	30,782,748	37,720,984	-
Other noncurrent liabilities	2,652,781	-	2,652,781	-
Net pension liability - MERS	95,587,346	33,304,754	128,892,100	-
Net pension liability - Firemen Pension	25,386,426	-	25,386,426	-
Net Other postemployment benefit obligations	55,319,661	8,295,392	63,615,053	-
Total liabilities	<u>191,058,126</u>	<u>78,949,250</u>	<u>270,007,376</u>	<u>16,645</u>
<b>Deferred inflows of resources</b>				
Deferred amount of pension expense related to net pension liability - Firemen Pension	<u>2,871,682</u>	<u>-</u>	<u>2,871,682</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>193,929,808</u>	<u>78,949,250</u>	<u>272,879,058</u>	<u>16,645</u>
<b>Net position</b>				
Net investment in capital assets	38,106,561	77,851,628	115,958,189	-
Restricted for				
Drug forfeiture	115,514	-	115,514	-
Economic development	69,743	-	69,743	-
Celebration Park	33,973	-	33,973	-
Capital Projects	261,736	-	261,736	-
Permanent fund				
Expendable	86,296	-	86,296	-
Nonexpendable	2,711,173	-	2,711,173	-
Unrestricted	<u>(160,903,354)</u>	<u>12,708,301</u>	<u>(148,195,053)</u>	<u>7,041,589</u>
Total net position	<u>\$ (119,518,358)</u>	<u>\$ 90,559,929</u>	<u>\$ (28,958,429)</u>	<u>\$ 7,041,589</u>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities								
General government	\$ 7,433,847	\$ 1,867,033	\$ 153,612	\$ -	\$ (5,413,202)	\$ -	\$ (5,413,202)	\$ -
Administration	2,938,548	2,738,702	-	-	(199,846)	-	(199,846)	-
Public safety	34,721,776	544,041	931,362	-	(33,246,373)	-	(33,246,373)	-
Highways and streets	7,748,410	290,792	6,048,769	-	(1,408,849)	-	(1,408,849)	-
General services	9,509,944	3,791,600	-	-	(5,718,344)	-	(5,718,344)	-
Community services	2,535,882	630,405	230,723	-	(1,674,754)	-	(1,674,754)	-
Economic development	3,155,905	15,873	2,761,790	-	(378,242)	-	(378,242)	-
Interest on long-term debt	91,309	-	-	-	(91,309)	-	(91,309)	-
Total governmental activities	68,135,621	9,878,446	10,126,256	-	(48,130,919)	-	(48,130,919)	-
Business-type activities								
Sewer	13,548,848	20,362,807	-	-	-	6,813,959	6,813,959	-
Water	10,328,306	15,874,494	-	-	-	5,546,188	5,546,188	-
Boat launch	28,028	23,381	-	-	-	(4,647)	(4,647)	-
Total business-type activities	23,905,182	36,260,682	-	-	-	12,355,500	12,355,500	-
Total primary government	\$ 92,040,803	\$ 46,139,128	\$ 10,126,256	\$ -	(48,130,919)	12,355,500	(35,775,419)	-
<b>Component units</b>	\$ 213,583	\$ 1,630	\$ 40,923	\$ 82,259				(88,771)
General revenues								
Property taxes					6,701,179	-	6,701,179	97,506
City income taxes					12,625,121	-	12,625,121	-
State shared revenue					7,870,826	-	7,870,826	-
Grants not restricted to specific programs					897,110	-	897,110	-
Investment earnings					516,162	192,691	708,853	60,183
Gain on sale of capital assets					12,625	-	12,625	-
Miscellaneous					68,608	1,468,917	1,537,525	531
Total general revenues					28,691,631	1,661,608	30,353,239	158,220
Change in net position					(19,439,288)	14,017,108	(5,422,180)	69,449
Net position - beginning of year, as restated					(100,079,070)	76,542,821	(23,536,249)	6,972,140
Net position - end of year					\$ (119,518,358)	\$ 90,559,929	\$ (28,958,429)	\$ 7,041,589

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2016**

	General	Major Streets	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,092,161	\$ 2,067,493	\$ 569,110	\$ 2,680,239	\$ 7,409,003
Receivables, net of allowance	1,750,503	-	245,537	1,763,328	3,759,368
Due from other units of government	1,361,872	1,036,961	446,853	399,239	3,244,925
Due from other funds	1,379,932	-	-	-	1,379,932
Inventories	189,596	167,903	-	-	357,499
Prepaid items	53,738	-	-	174,865	228,603
Notes and contracts receivable	-	-	696,697	-	696,697
Restricted assets					
Cash and cash equivalents	-	-	85,910	-	85,910
Investments	297,818	-	-	2,532,306	2,830,124
Total assets	<u>\$ 7,125,620</u>	<u>\$ 3,272,357</u>	<u>\$ 2,044,107</u>	<u>\$ 7,549,977</u>	<u>\$ 19,992,061</u>
<b>Liabilities</b>					
Accounts payable	\$ 367,749	\$ 486,427	\$ 349,255	\$ 421,597	\$ 1,625,028
Accrued and other liabilities	799,922	24,994	7,746	444,219	1,276,881
Due to other funds	3,315,391	-	959,309	729,674	5,004,374
Due to other units of government	19,854	-	-	-	19,854
Unearned revenue	10,488	-	429,537	-	440,025
Total liabilities	<u>4,513,404</u>	<u>511,421</u>	<u>1,745,847</u>	<u>1,595,490</u>	<u>8,366,162</u>

See Accompanying Notes to the Financial Statements



**City of Saginaw**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2016**

	General	Major Streets	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred inflows of resources</b>					
Accounts receivable	\$ 48,858	\$ -	\$ -	\$ 1,109,422	\$ 1,158,280
Notes and contracts receivable	-	-	696,697	-	696,697
Grants	11,747	-	483,916	217,660	713,323
Total deferred inflows of resources	<u>60,605</u>	<u>-</u>	<u>1,180,613</u>	<u>1,327,082</u>	<u>2,568,300</u>
<b>Fund balances</b>					
Non-spendable					
Inventories	189,596	167,903	-	-	357,499
Prepaid items	53,738	-	-	174,865	228,603
Endowments	-	-	-	2,532,306	2,532,306
Restricted for					
Celebration park	-	-	-	33,973	33,973
Roads	-	2,593,033	-	859,280	3,452,313
Public safety	9,724	-	-	354,337	364,061
Rubbish	-	-	-	31,001	31,001
Police grants	-	-	-	77,508	77,508
Drug forfeiture	-	-	-	115,514	115,514
Economic development	5,648	-	-	64,095	69,743
Clean energy	-	-	-	3,742	3,742
Capital projects	-	-	-	261,736	261,736
Permanent fund	-	-	-	265,163	265,163
Assigned	-	-	-	157,577	157,577
Unassigned (deficit)	2,292,905	-	(882,353)	(303,692)	1,106,860
Total fund balances (deficit)	<u>2,551,611</u>	<u>2,760,936</u>	<u>(882,353)</u>	<u>4,627,405</u>	<u>9,057,599</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,125,620</u>	<u>\$ 3,272,357</u>	<u>\$ 2,044,107</u>	<u>\$ 7,549,977</u>	<u>\$ 19,992,061</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, 2016**

---

<b>Total fund balances for governmental funds</b>	\$ 9,057,599
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.	27,170,677
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	15,005,586
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,568,300
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(39,147)
Compensated absences	(3,451,173)
Net other post employment obligation	(55,319,661)
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from net pension liability - Firemen Pension	3,761,304
Deferred outflows of resources resulting from net pension liability - MERS	7,417,198
Deferred inflows of resources resulting from net pension liability - Firemen Pension	(2,871,682)
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	(4,887,563)
Net pension liability - Firemen Pension	(25,386,426)
Net pension liability - MERS	(90,627,989)
Internal service funds are included as part of governmental activities.	<u>(1,915,381)</u>
<b>Net position of governmental activities</b>	<u><b>\$ (119,518,358)</b></u>

**City of Saginaw**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

	General	Major Streets	Community Development	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
General operating property taxes	\$ 3,466,510	\$ -	\$ -	\$ 2,925,744	\$ 6,392,254
City income tax	12,625,121	-	-	-	12,625,121
State shared revenues	7,959,657	3,758,053	-	1,039,039	12,756,749
Licenses, permits and fees	1,597,859	151,360	-	3,787,387	5,536,606
Fines, penalties and forfeitures	430,856	-	-	2,975	433,831
Grants, donations and contributions	3,686,276	1,251,555	2,422,572	990,670	8,351,073
Interest on loans and investments	344,051	-	10,849	159,567	514,467
Rents and privileges	33,209	-	4,681	47,734	85,624
Sale of materials and services	1,245,300	905	-	-	1,246,205
Loan repayments	-	-	31,635	-	31,635
Miscellaneous	-	176,473	11,902	168,848	357,223
	<u>31,388,839</u>	<u>5,338,346</u>	<u>2,481,639</u>	<u>9,121,964</u>	<u>48,330,788</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, 2016**

	<u>General</u>	<u>Major Streets</u>	<u>Community Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Expenditures</b>					
Current					
General government	\$ 4,510,713	\$ -	\$ -	\$ 91,452	\$ 4,602,165
Administration	2,652,271	-	-	-	2,652,271
Public safety	18,494,648	-	-	4,306,032	22,800,680
Highways and streets	-	4,589,601	-	3,223,090	7,812,691
General services	3,181,890	-	-	5,002,069	8,183,959
Community services	1,552,523	-	-	295,931	1,848,454
Economic development	-	-	2,498,870	48,848	2,547,718
Debt service					
Principal retirement	29,549	62,233	-	27,074	118,856
Interest and fiscal charges	10,026	22,336	-	19,800	52,162
Total expenditures	<u>30,431,620</u>	<u>4,674,170</u>	<u>2,498,870</u>	<u>13,014,296</u>	<u>50,618,956</u>
Excess (deficiency) of revenues over expenditures	<u>957,219</u>	<u>664,176</u>	<u>(17,231)</u>	<u>(3,892,332)</u>	<u>(2,288,168)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	776,244	776,244
Transfers out	(311,554)	(178,750)	(198,250)	(72,466)	(761,020)
Insurance recoveries	-	-	-	1,000	1,000
Proceeds from issuance of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,692,946</u>	<u>3,692,946</u>
Total other financing sources (uses)	<u>(311,554)</u>	<u>(178,750)</u>	<u>(198,250)</u>	<u>4,397,724</u>	<u>3,709,170</u>
Net change in fund balance	645,665	485,426	(215,481)	505,392	1,421,002
Fund balance (deficit) - beginning of year, restated	<u>1,905,946</u>	<u>2,275,510</u>	<u>(666,872)</u>	<u>4,122,013</u>	<u>7,636,597</u>
Fund balance (deficit) - end of year	<u>\$ 2,551,611</u>	<u>\$ 2,760,936</u>	<u>\$ (882,353)</u>	<u>\$ 4,627,405</u>	<u>\$ 9,057,599</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, 2016**

---

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 1,421,002</b>
Total change in net position reported for governmental activities in the statement of activities is different because	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(2,799,973)
Capital outlay	4,987,574
Sale of capital assets (net book value)	(15,695)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	1,388
Grants	411,143
Notes receivable	(32,291)
Expenses are recorded when incurred in the statement of activities	
Accrued interest	(39,147)
Compensated absences	388,077
Net other post employment obligation	(3,800,218)
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 - Firemen Pension	(2,816,041)
Net change in the deferred outflows of resources related to the net pension liability - MERS	5,020,117
Net change in the deferred inflows of resources related to the net pension liability - Firemen Pension	957,227
Net change in net pension liability - Firemen Pension	43,427,051
Net change in net pension liability - MERS	(64,156,510)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Debt issued	(3,692,946)
Repayments of long-term debt	118,856
Internal service funds are also included as governmental activities	<u>1,181,098</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ (19,439,288)</u></b>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2016**

	Enterprise Funds				Internal
	Sewer	Water	Nonmajor Boat Launch	Total	Service Funds
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 9,888,739	\$ 7,526,719	\$ 44,755	\$ 17,460,213	\$ 5,555,146
Investments	1,346,142	4,283,852	-	5,629,994	-
Receivables					
Customers	3,916,165	2,055,984	-	5,972,149	1,914
Special assessments, current	146,050	136,236	-	282,286	-
Accrued interest and other	-	2,363	-	2,363	-
Due from other funds	3,315,391	-	-	3,315,391	309,051
Inventories	-	1,223,434	-	1,223,434	225,389
Prepaid items	716	14,452	-	15,168	70,797
Restricted cash - bond proceeds	-	565,223	-	565,223	-
Total current assets	<u>18,613,203</u>	<u>15,808,263</u>	<u>44,755</u>	<u>34,466,221</u>	<u>6,162,297</u>
Noncurrent assets					
Investment in Saginaw-Midland Municipal Water Supply Corporation	-	15,400,407	-	15,400,407	-
Capital assets not being depreciated	1,069,351	2,383,824	1,028,892	4,482,067	-
Capital assets, net of accumulated depreciated	<u>59,865,062</u>	<u>46,343,618</u>	<u>-</u>	<u>106,208,680</u>	<u>514,236</u>
Total noncurrent assets	<u>60,934,413</u>	<u>64,127,849</u>	<u>1,028,892</u>	<u>126,091,154</u>	<u>514,236</u>
Total assets	<u>79,547,616</u>	<u>79,936,112</u>	<u>1,073,647</u>	<u>160,557,375</u>	<u>6,676,533</u>
<b>Deferred outflows of resources</b>					
Deferred amount of pension expense related to net pension liability - MERS	<u>4,378,059</u>	<u>2,976,734</u>	<u>-</u>	<u>7,354,793</u>	<u>989,476</u>
Total assets and deferred outflows of resources	<u>83,925,675</u>	<u>82,912,846</u>	<u>1,073,647</u>	<u>167,912,168</u>	<u>7,666,009</u>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2016**

	Enterprise Funds				Internal
	Sewer	Water	Nonmajor Boat Launch	Total	Service Funds
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 819,304	\$ 532,028	\$ 3,488	\$ 1,354,820	\$ 121,973
Accrued and other liabilities	169,474	1,251,955	-	1,421,429	26,935
Current portion of compensated absences	306,469	275,099	-	581,568	-
Current portion of long-term debt	2,283,539	925,000	-	3,208,539	10,715
Total current liabilities	<u>3,578,786</u>	<u>2,984,082</u>	<u>3,488</u>	<u>6,566,356</u>	<u>159,623</u>
Noncurrent liabilities					
Workers' compensation claims payable	-	-	-	-	2,167,173
Insurance claims payable	-	-	-	-	485,608
Accrued compensated absences	309,303	277,642	-	586,945	188,341
Other postemployment benefits	4,509,219	3,786,173	-	8,295,392	-
Net pension liability	19,797,451	13,507,303	-	33,304,754	4,959,357
Long-term debt net of current portion	14,029,727	16,166,076	-	30,195,803	24,277
Total noncurrent liabilities	<u>38,645,700</u>	<u>33,737,194</u>	<u>-</u>	<u>72,382,894</u>	<u>7,824,756</u>
Total liabilities	<u>42,224,486</u>	<u>36,721,276</u>	<u>3,488</u>	<u>78,949,250</u>	<u>7,984,379</u>
<b>Net position</b>					
Net investment in capital assets	44,621,147	32,201,589	1,028,892	77,851,628	479,244
Unrestricted (deficit)	(2,919,958)	13,989,981	41,267	11,111,290	(797,614)
Total net position	<u>\$ 41,701,189</u>	<u>\$ 46,191,570</u>	<u>\$ 1,070,159</u>	88,962,918	<u>\$ (318,370)</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				1,597,011	
Net position of business-type activities				<u>\$ 90,559,929</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, 2016**

	Enterprise Funds				Internal
	Sewer	Water	Nonmajor Boat Launch	Total	Service Funds
<b>Operating revenue</b>					
User charges	\$ 20,362,807	\$ 15,874,494	\$ 23,381	\$ 36,260,682	\$ 6,818,059
Other revenue	129,980	8,053	-	138,033	72,100
	<u>20,492,787</u>	<u>15,882,547</u>	<u>23,381</u>	<u>36,398,715</u>	<u>6,890,159</u>
<b>Operating expenses</b>					
Salaries and benefits	1,539,967	1,733,304	-	3,273,271	1,844,269
Supplies	918,913	1,097,273	1,255	2,017,441	410,397
Contractual services	4,682,655	2,960,941	19,852	7,663,448	2,312,582
Claims	-	-	-	-	56,602
Utilities	60,752	66,318	3,790	130,860	102,650
Repairs and maintenance	162,153	214,384	-	376,537	118,580
Other expenses	753,211	636,114	3,131	1,392,456	40,229
Amortization	-	5,413	-	5,413	-
Depreciation	5,412,902	1,774,385	-	7,187,287	246,951
	<u>13,530,553</u>	<u>8,488,132</u>	<u>28,028</u>	<u>22,046,713</u>	<u>5,132,260</u>
<b>Operating income (loss)</b>	<u>6,962,234</u>	<u>7,394,415</u>	<u>(4,647)</u>	<u>14,352,002</u>	<u>1,757,899</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, 2016**

	Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Boat Launch	Total	
<b>Nonoperating revenue (expenses)</b>					
Gain on sale of investments	\$ 28,930	\$ 163,761	\$ -	\$ 192,691	\$ 2,981
Gain on sale of capital assets	4,909	2,208	-	7,117	78,192
Contractual obligations to SMWSC	-	(1,333,636)	-	(1,333,636)	-
Increase in investment in SMWSC	-	1,330,884	-	1,330,884	-
Bond issuance costs	-	(500)	-	(500)	-
Interest expense	(372,989)	(799,243)	-	(1,172,232)	(1,968)
 Total nonoperating revenues (expenses)	 (339,150)	 (636,526)	 -	 (975,676)	 79,205
 Income (loss) before transfers	 6,623,084	 6,757,889	 (4,647)	 13,376,326	 1,837,104
Transfers out	-	-	-	-	(15,224)
 Change in net position	 6,623,084	 6,757,889	 (4,647)	 13,376,326	 1,821,880
Net position - beginning of year, as restated	35,078,105	39,433,681	1,074,806		(2,140,250)
Net position - end of year	<u>\$ 41,701,189</u>	<u>\$ 46,191,570</u>	<u>\$ 1,070,159</u>		<u>\$ (318,370)</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				640,782	
Change in net position of business-type activities				<u>\$ 14,017,108</u>	

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

	Enterprise Funds				Internal
	Sewer	Water	Nonmajor Boat Launch	Total	Service Funds
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 21,153,094	\$ 15,612,770	\$ 23,381	\$ 36,789,245	\$ -
Receipts from interfund users	-	-	-	-	7,166,610
Receipts from other funds	1,000,000	-	-	1,000,000	7,099
Payments to suppliers	(8,354,937)	(6,366,232)	(28,345)	(14,749,514)	(4,719,701)
Payments to employees	(7,135,927)	(5,372,196)	-	(12,508,123)	(1,974,670)
Net cash provided (used) by operating activities	6,662,230	3,874,342	(4,964)	10,531,608	479,338
<b>Cash flows from noncapital financing activities</b>					
Transfers to other funds	-	-	-	-	(15,224)
<b>Cash flows from capital and related financing activities</b>					
Proceeds from issuance of long-term debt	1,151,471	250,583	-	1,402,054	-
Purchases/construction of capital assets	(2,363,148)	(1,740,994)	-	(4,104,142)	(71,001)
Principal and interest paid on long-term debt	(2,609,609)	(1,709,743)	-	(4,319,352)	(12,684)
Contractual obligations to Saginaw-Midland Water Supply Corporation	-	(1,333,636)	-	(1,333,636)	-
Proceeds from sale of capital assets	4,909	2,208	-	7,117	89,870
Net cash provided (used) by capital and related financing activities	(3,816,377)	(4,531,582)	-	(8,347,959)	6,185
<b>Cash flows from investing activities</b>					
Purchases of investments	(12,678)	(1,576,209)	-	(1,588,887)	-
Interest received	28,930	163,761	-	192,691	2,981
Net cash provided (used) by investing activities	16,252	(1,412,448)	-	(1,396,196)	2,981
Net change in cash and cash equivalents	2,862,105	(2,069,688)	(4,964)	787,453	473,280
Cash and cash equivalents - beginning of year	7,026,634	10,161,630	49,719	17,237,983	5,081,866
Cash and cash equivalents - end 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>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

	Enterprise Funds				Internal Service Funds
	Sewer	Water	Nonmajor Boat Launch	Total	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ 6,962,234	\$ 7,394,415	\$ (4,647)	\$ 14,352,002	\$ 1,757,899
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation and amortization expense	5,412,902	1,779,798	-	7,192,700	246,951
Noncash change - net pension liability	(5,945,135)	(3,920,662)	-	(9,865,797)	(78,609)
Changes in assets and liabilities					
Receivables (net)	660,307	(269,777)	-	390,530	600
Due from other funds	1,000,000	-	-	1,000,000	(7,099)
Inventories	-	12,792	-	12,792	(31,086)
Prepaid items	479	229	-	708	(6,395)
Deferred outflows	(2,046,984)	(1,398,575)	-	(3,445,559)	(533,271)
Accounts payable	440,804	(8,367)	(317)	432,120	(40,300)
Accrued and other liabilities	(176,687)	2,719	-	(173,968)	(43,668)
Customer deposits payable	-	-	-	-	(773,569)
Other post employment benefit obligation	349,175	302,081	-	651,256	-
Compensated absences	5,135	(20,311)	-	(15,176)	(12,115)
Net cash provided (used) by operating activities	<u>\$ 6,662,230</u>	<u>\$ 3,874,342</u>	<u>\$ (4,964)</u>	<u>\$ 10,531,608</u>	<u>\$ 479,338</u>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2016**

---

	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 826,239	\$ 3,812,290
Investments		
Equity mutual funds	1,141,107	-
Accounts receivable	<u>-</u>	<u>9,192</u>
 Total assets	 <u>1,967,346</u>	 <u>\$ 3,821,482</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 141,201
Accrued and other liabilities	-	2,502,555
Due to other units of government	-	325,338
Claims payable	<u>-</u>	<u>852,388</u>
 Total liabilities	 <u>-</u>	 <u>\$ 3,821,482</u>
<b>Net position</b>		
Restricted for pension and other employee benefits	<u>\$ 1,967,346</u>	

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2016**

	<u>Pension and Other Employee Benefit Trust Funds</u>
<b>Additions</b>	
Contributions	
Employer	\$ 1,375,771
Current premium contributions	10,550,705
Plan members	<u>132,726</u>
Total contributions	<u>12,059,202</u>
Investment earnings	
Interest	18,346
Dividends	268,368
Mutual fund rebates	84,882
Change in fair value	(1,536,863)
Investment expenses	<u>(22,460)</u>
Total investment earnings (losses)	<u>(1,187,727)</u>
Total additions	<u>10,871,475</u>
<b>Deductions</b>	
Benefits	3,959
Transfer to MERS	51,447,937
Refunds of contributions	3,447,424
Retiree healthcare premium payments	10,951,840
Administrative expenses	<u>124,834</u>
Total deductions	<u>65,975,994</u>
Change in net position	(55,104,519)
Net position - beginning of year	<u>57,071,865</u>
Net position - end of year	<u><u>\$ 1,967,346</u></u>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2016**

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 31,282	\$ 130,596	\$ 3,948,973	\$ 541,211	\$ 289,680	\$ 4,941,742
Receivables	-	13,675	1,670	500	-	15,845
Notes and contracts receivable	-	-	-	2,100,647	-	2,100,647
 Total assets	 31,282	 144,271	 3,950,643	 2,642,358	 289,680	 7,058,234
<b>Liabilities</b>						
Accounts payable	-	14,329	-	1,554	762	16,645
<b>Net position</b>						
Unrestricted	<u>\$ 31,282</u>	<u>\$ 129,942</u>	<u>\$ 3,950,643</u>	<u>\$ 2,640,804</u>	<u>\$ 288,918</u>	<u>\$ 7,041,589</u>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Net (expense) revenue
TIFA Activities	\$ 4	\$ -	\$ -	\$ (4)
DDA Activities	148,367	-	116,432	(31,935)
LDFA Activities	96	-	-	(96)
Saginaw Economic Development Corporation	33,762	1,630	6,750	(25,382)
Brownfield Activities	31,354	-	-	(31,354)
Total component unit activities	<u>\$ 213,583</u>	<u>\$ 1,630</u>	<u>\$ 123,182</u>	<u>\$ (88,771)</u>

**Component Units**

	TIFA Activities	DDA Activities	LDFA Activities	Saginaw Economic Development Corporation	Brownfield Activities	Total
Changes in net position						
Net expense	<u>\$ (4)</u>	<u>\$ (31,935)</u>	<u>\$ (96)</u>	<u>\$ (25,382)</u>	<u>\$ (31,354)</u>	<u>\$ (88,771)</u>
General revenues:						
Property taxes	-	23,873	-	-	73,633	97,506
Unrestricted investment earnings	-	-	52	60,131	-	60,183
Miscellaneous	-	531	-	-	-	531
Total general revenues	<u>-</u>	<u>24,404</u>	<u>52</u>	<u>60,131</u>	<u>73,633</u>	<u>158,220</u>
Change in net position	(4)	(7,531)	(44)	34,749	42,279	69,449
Net position, beginning of year	<u>31,286</u>	<u>137,473</u>	<u>3,950,687</u>	<u>2,606,055</u>	<u>246,639</u>	<u>6,972,140</u>
Net position, end of year	<u>\$ 31,282</u>	<u>\$ 129,942</u>	<u>\$ 3,950,643</u>	<u>\$ 2,640,804</u>	<u>\$ 288,918</u>	<u>\$ 7,041,589</u>

See Accompanying Notes to the Financial Statements

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

**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 except the Saginaw Economic Development Corporation.

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

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

Downtown Development Authority (DDA) – Three component units – The members of the governing Board of the DDA are appointed by City Council and development agreements of the DDA districts are also approved by City Council. Districts were established for the Commerce Center, 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. Complete financial statements of the SEDC can be obtained at the



**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

City of Saginaw, 1315 S. Washington Avenue, Saginaw, Michigan, 48601.

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

**Joint venture – Saginaw-Midland Municipal Water Supply Corporation (SMWSC)**

The City of Saginaw purchases raw water from the SMWSC. 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 \$1,330,884 as nonoperating revenues. At June 30, 2016, total outstanding bonded debt and loans of the SMWSC was \$8,100,000. The City was obligated for \$4,332,558 of this total. During fiscal year 2016, the City paid the Corporation \$1,333,636 to finance its share of the contractual obligations. The City's equity of \$15,400,407 in the SMWSC 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, 2016, for the SMWSC is as follows:

Total assets and deferred outflows of resources	\$ 40,335,616
Total liabilities	<u>11,543,549</u>
Net position:	
City of Saginaw	15,400,408
City of Midland	<u>13,391,659</u>
Total net position	<u><u>\$ 28,792,067</u></u>
Total revenues	\$ 6,865,453
Total expenses	<u>4,377,278</u>
Net income	2,488,175
Net position at beginning of year	<u>26,303,892</u>
Total net position	<u><u>\$ 28,792,067</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 changes in net position) 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, 2016**

---

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, 2016**

---

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.

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

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

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

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

current portion of interfund loans). All other outstanding balances between funds are reported as “due to / from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

All 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 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

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

date. This amount will reduce net pension liability in the following year.

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 long-term liabilities in the governmental and business-type activities. AFSCME, SEIU and non-union management employees are paid for all of their accumulated PTO days, up to a maximum of 1,312 hours, upon death, termination or retirement. Fire fighters are paid for all of their accumulated PTO days, up to a maximum of 2,148 hours, upon death, termination or retirement. POAM union employees are paid for one-half of their accumulated unused sick days upon death or retirement up to a maximum of 1,312 hours in addition to their unused vacation hours. Certain employee groups are allowed to accumulate overtime hours and later use these accumulated hours as time off in lieu of a cash payment. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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. The City reports deferred inflows 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 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 the City of Saginaw Firemen Retirement System and additions to/deductions from MERS and the City of Saginaw Firemen Retirement System's fiduciary net position have been determined on the same basis as they are reported to the systems. 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 contributions,

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

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, 2016:

Arts and Enrichment Commission	\$ <u>157,577</u>
--------------------------------	-------------------

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the 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, 2015, presented for comparative purposes, is not intended to be a complete financial statement presentation.

**Reclassifications**

The Auto Theft Prevention Fund was previously reported as a special revenue fund. It is now included within the General Fund and as a result beginning fund balance was increased by \$3,290. The Boat Launch Fund was previously reported as a special revenue fund. It is now reported as a proprietary fund and as a result beginning net position of the fund was increased by \$1,028,892. This reclassification also resulted in a decrease in beginning net position of the governmental activities of \$1,074,806 and a corresponding increase in the beginning net position of the business-type activities of \$1,074,806.

**Adoption of new accounting standards**

The Governmental Accounting Standards Board (“The GASB”) has issued Statement No. 72 *Fair Value Measurements and Applications*. Statement 72 provides guidance for accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The guidance establishes a three level hierarchy of inputs for valuation of fair value. Statement 72 is effective for the year ending June 30, 2016.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

Statement is to identify the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement 76 is effective for the year ending June 30, 2016.

Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. Also, it establishes additional disclosure requirements for qualifying external investment pools that make that election and for governments that participate in such external investment pools. Statement 79 is effective for the year ending June 30, 2016.

Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers

to satisfy employee (plan member) contribution requirements. Statement 82 is effective for the year ending June 30, 2016.

**Upcoming accounting and reporting changes**

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses the other postemployment benefit plans (OPEB) – defined benefit and defined contribution – administered through trusts. This Statement will improve the financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts. This information will enhance the transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. Statement No. 74 is effective for the fiscal year ending June 30, 2017.

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. 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.

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

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.

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.

The City is evaluating the impact that the above GASBs 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 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.



**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

**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	\$ 1,543,238	\$ 1,552,523	\$ 9,285
Andersen Center Operation Fund	95,976	159,882	63,906
Arts and Enrichment Commission Fund	200,300	208,515	8,215
Economic Development Fund	-	10	10

**Fund Deficits**

The Andersen Center Operation Fund has a deficit fund balance of \$86,032.

**State construction code act**

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

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

Shortfall at July 1, 2015	\$ (5,229,814)
Current year building permit revenue	252,244
Related expenditures	<u>(1,005,619)</u>
Cumulative shortfall at June 30, 2016	<u><u>\$ (5,983,189)</u></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:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Investments</u>	<u>Total</u>
Governmental activities	\$ 12,964,149	\$ -	\$ 85,910	\$ 2,830,124	\$ 15,880,183
Business-type activities	17,460,213	5,629,994	565,223	-	23,655,430
Total primary government	30,424,362	5,629,994	651,133	2,830,124	39,535,613
Fiduciary funds	4,638,529	1,141,107	-	-	5,779,636
Component unit	4,941,742	-	-	-	4,941,742
Total	<u>\$ 40,004,633</u>	<u>\$ 6,771,101</u>	<u>\$ 651,133</u>	<u>\$ 2,830,124</u>	<u>\$ 50,256,991</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 31,067,345	\$ 4,638,529	\$ 4,941,742	\$ 40,647,616
Investments in securities, mutual funds and similar vehicles	8,460,118	1,141,107	-	9,601,225
Petty cash and cash on hand	8,150	-	-	8,150
	<u>\$ 39,535,613</u>	<u>\$ 5,779,636</u>	<u>\$ 4,941,742</u>	<u>\$ 50,256,991</u>

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

Investment	Carrying Value	Rating	Rating Organization
<b>Primary government</b>			
Money market funds	\$ 133,066	N/A	N/A
Fixed income mutual funds	5,689,530	N/A	N/A
U.S. government obligations			
FNMA	170,037	AAA	S&P
FHLMC	185,065	AAA	S&P
FHLMC	200,108	AAA	S&P
FHLB	200,200	AA+	S&P
FHLMC	150,059	AA+	S&P
FHLMC	229,439	AAA	S&P
FNMA	149,930	AA+	S&P
FHLMC	110,056	AA+	S&P
FFCB	242,010	AAA	S&P
FNMA	1,000,618	AAA	S&P
	<u>2,637,522</u>		
Total primary government	\$ <u>8,460,118</u>		
<b>Pension and other employee benefit funds</b>			
Equity mutual funds	\$ 1,141,107	Not rated	N/A

**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. The primary government has no investments with interest rate risk.

**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, \$40,027,314 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.

#### **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

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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, 2016:

- Equity mutual funds of \$1,141,107 are valued using quoted market prices (Level 1 inputs).
- Fixed income mutual funds of \$5,689,530 are valued using quoted market prices (Level 1 inputs).
- U.S. government obligations of \$2,637,522 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
<b>Primary government</b>			
Income taxes	\$ 1,474,940	\$ -	\$ -
Accounts	4,036,081	6,163,114	-
Accrued interest and other	11,905	2,363	-
Assessments			
Due within one year	166,782	282,286	-
Notes			
Due within one year	65,229	-	-
Due after one year	631,468	-	2,116,492
Total receivables	6,386,405	6,447,763	2,116,492
Less allowance	(1,928,426)	(190,965)	-
Total receivables, net	<u>\$ 4,457,979</u>	<u>\$ 6,256,798</u>	<u>\$ 2,116,492</u>
Intergovernmental	<u>\$ 3,244,925</u>	<u>\$ -</u>	<u>\$ -</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	\$ 420,623
General Fund	Community Development	959,309
Sewer Fund	General Fund	3,315,391
Internal Service Funds	Nonmajor	309,051
		<u>\$ 5,004,374</u>

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor	\$ 311,554
Community Development Fund	Nonmajor	198,250
Nonmajor	Nonmajor	72,466
Major Streets Fund	Nonmajor	178,750
Internal Service Funds	Nonmajor	15,224
		<u>\$ 776,244</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. Transfers from the Community Development Fund offset the costs of community police officers. Transfers from the Information Services Fund offset the costs of Celebrations Park. Transfers from the Major Streets Fund offset the costs of local road construction and

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

maintenance. Transfers from the Andersen Center Operations Fund account for the movement of a CD into the Arts and Enrichment Commission Fund.

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

**Note 7 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 14,245,703	\$ -	\$ -	\$ 14,245,703
Construction-in-progress	1,737,823	2,698,274	3,676,214	759,883
Total capital assets not being depreciated	15,983,526	2,698,274	3,676,214	15,005,586
Capital assets being depreciated				
Land improvements	1,407,044	117,642	-	1,524,686
Infrastructure	45,255,961	1,629,458	-	46,885,419
Buildings, additions and improvements	24,911,438	-	8,722	24,902,716
Machinery and equipment	10,412,790	3,503,272	13,835	13,902,227
Vehicles	11,828,902	786,143	990,914	11,624,131
Total capital assets being depreciated	93,816,135	6,036,515	1,013,471	98,839,179
Less accumulated depreciation for				
Land improvements	114,058	31,086	-	145,144
Infrastructure	30,789,543	1,614,457	-	32,404,000
Buildings, additions and improvements	19,285,024	314,936	8,722	19,591,238
Machinery and equipment	8,972,861	557,778	10,700	9,519,939
Vehicles	9,931,954	528,667	966,676	9,493,945
Total accumulated depreciation	69,093,440	3,046,924	986,098	71,154,266
Net capital assets being depreciated	24,722,695	2,989,591	27,373	27,684,913
Governmental activities capital assets, net	<u>\$ 40,706,221</u>	<u>\$ 5,687,865</u>	<u>\$ 3,703,587</u>	<u>\$ 42,690,499</u>

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 2,507,939	\$ -	\$ -	\$ 2,507,939
Construction-in-progress	3,985,755	1,884,970	3,896,597	1,974,128
Total capital assets not being depreciated	6,493,694	1,884,970	3,896,597	4,482,067
Capital assets being depreciated				
Buildings, additions and improvements	172,717,632	2,763,782	-	175,481,414
CSO Facility	100,386,900	571,600	-	100,958,500
Machinery and equipment	10,588,708	1,891,013	-	12,479,721
Vehicle equipment	2,012,058	889,375	50,356	2,851,077
Total capital assets being depreciated	285,705,298	6,115,770	50,356	291,770,712
Less accumulated depreciation for				
Buildings, additions and improvements	96,034,768	2,906,261	-	98,941,029
CSO facility	74,110,358	3,780,947	-	77,891,305
Machinery and equipment	7,090,416	344,756	-	7,435,172
Vehicle equipment	1,189,559	155,323	50,356	1,294,526
Total accumulated depreciation	178,425,101	7,187,287	50,356	185,562,032
Net capital assets being depreciated	107,280,197	(1,071,517)	-	106,208,680
Business-type capital assets, net	<u>\$ 113,773,891</u>	<u>\$ 813,453</u>	<u>\$ 3,896,597</u>	<u>\$ 110,690,747</u>

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Governmental activities**

General government	\$ 74,351
Administration	7,618
Public safety	398,053
Highways and streets	1,685,339
General services	595,293
Community services	39,319
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>246,951</u>

Total governmental activities	<u>3,046,924</u>
-------------------------------	------------------

**Business-type activities**

Sewer	5,412,902
Water	<u>1,774,385</u>

Total business-type activities	<u>7,187,287</u>
--------------------------------	------------------

Total primary government	<u><u>\$ 10,234,211</u></u>
--------------------------	-----------------------------

**Construction Commitments**

The City has active construction projects as of June 30, 2016, consisting of the following:

	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Commitment Remaining</u>
Window and Masonry	\$ 108,950	\$ 95,610	\$ 13,340
Niagara Design	99,541	98,412	1,129
1704 S. Jefferson Parking lot design	33,165	26,378	6,787
Genesee: Harold to Hess	862,858	786,766	76,092
Williamson Street Design	94,957	80,863	14,094
Niagara Genesee to Davenport	140,200	108,826	31,374
Throop and Niagara Regulator	6,600	5,395	1,205
Saw Grant	632,845	617,022	15,823
Sewer Cleaning and Televising	611,209	-	611,209
Mackinaw - construction	490,000	405,200	84,800
Mason - construction	725,000	383,685	341,315
Niagara - construction	140,200	108,826	31,374
Lapeer 11th to 14th Design	16,389	16,042	347
CDBG Lapeer - 11th to Vets Construction	1,323,218	286,529	1,036,689
Federal, Franklin and Baum Construction	554,949	47,625	507,324
Court Bridge Construction	269,400	-	269,400
Holland Bridge Construction	1,606	-	1,606
Center Bridge Construction	50,153	-	50,153
Warren Millard to E Genesee Construction	326,400	-	326,400
Total	<u>\$ 6,487,640</u>	<u>\$ 3,067,179</u>	<u>\$ 3,420,461</u>

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

**Note 8 - Unearned Revenue**

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

	<u>Unearned</u>
<b>Primary government</b>	
Grant receipts prior to meeting eligibility requirements	<u>\$ 440,025</u>



**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9 - Long-Term Debt**

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

Long-term obligation activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>							
Energy reduction revolving loan fund	2.50%	\$5,706 - \$7,894	\$ 82,879	\$ -	\$ 5,998	\$ 76,881	\$ 6,150
Notes payable	3.22 - 3.37%	\$29,530 - \$68,571	1,230,594	-	112,858	1,117,736	116,615
Capital Improvement Bonds	3.12%	\$344,289 - \$380,529	-	3,692,946	-	3,692,946	-
Total bonds and notes payable			1,313,473	3,692,946	118,856	4,887,563	122,765
Accrued sick and vacation payable			4,039,706	1,350,644	1,750,836	3,639,514	1,489,892
Capital Lease		\$10,715 - \$12,159	45,707	-	10,715	34,992	11,176
Total other long-term obligations			4,085,413	1,350,644	1,761,551	3,674,506	1,501,068
Total governmental activities			<u>\$ 5,398,886</u>	<u>\$ 5,043,590</u>	<u>\$ 1,880,407</u>	<u>\$ 8,562,069</u>	<u>\$ 1,623,833</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.

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>							
General obligation bonds							
Capital Improvement Bonds	3.12%	\$130,711 - \$144,471	\$ -	\$ 1,402,054	\$ -	\$ 1,402,054	\$ -
State of Michigan sewage disposal system bonds	2.50%	\$151,714 - \$1,100,000	8,631,362	-	1,100,000	7,531,362	1,130,000
State of Michigan wastewater treatment improvement bonds	1.625%	\$290,000 - \$517,813	5,942,726	-	450,000	5,492,726	460,000
State of Michigan sewage disposal system bonds	2.25%	\$412,138 - \$605,569	2,079,327	-	601,620	1,477,707	608,539
Refunding Drake/Douglas sewage general obligation bonds	2.13%	\$85,000 - \$105,000	745,000	-	85,000	660,000	85,000
Revenue bonds							
2008 water revenue bonds	4.00 - 5.25%	\$500,000 - \$900,000	8,800,000	-	500,000	8,300,000	500,000
2011 water revenue bonds	4.00 - 5.25%	\$410,000 - \$780,000	9,015,000	-	410,000	8,605,000	425,000
Less deferred amounts							
For bond discount			(69,920)	-	(5,413)	(64,507)	-
Total bonds payable			35,143,495	1,402,054	3,141,207	33,404,342	3,208,539
Accrued sick and vacation payable			1,183,689	701,065	716,241	1,168,513	581,568
Total business-type activities			<u>\$ 36,327,184</u>	<u>\$ 2,103,119</u>	<u>\$ 3,857,448</u>	<u>\$ 34,572,855</u>	<u>\$ 3,790,107</u>

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

The annual requirements to pay principal and interest on long-term obligations outstanding at June 30, 2016, 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
2017	\$ 122,765	\$ 152,967	\$ 3,208,539	\$ 1,108,823
2018	471,091	143,559	3,235,711	1,022,255
2019	475,261	128,646	3,351,656	933,640
2020	494,066	113,370	2,939,086	839,831
2021	502,141	97,669	2,027,591	750,554
2022 - 2026	2,433,817	238,450	11,090,168	2,574,673
2027 - 2031	388,422	6,043	7,319,384	671,277
2031 - 2033	-	-	296,714	11,211
	<u>\$ 4,887,563</u>	<u>\$ 880,704</u>	<u>\$ 33,468,849</u>	<u>\$ 7,912,264</u>

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

**Note 10 - Leases**

**Capital leases**

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

<u>Year ending June 30,</u>	
2017	\$ 12,683
2018	12,683
2019	<u>12,682</u>
Total minimum lease payments	38,048
Less amount representing interest	<u>3,056</u>
Present value of minimum lease payments	<u>\$ 34,992</u>
Asset	
Machinery and equipment	\$ 58,397
Less accumulated depreciation	<u>15,410</u>
Total	<u>\$ 42,987</u>

**Operating leases**

The City leases various IBM computer equipment under non-cancelable operating leases. Total costs for such leases were \$117,300 for the year ended June 30, 2016.

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

Year ending June 30,	
2017	\$ 138,000
2018	138,000
2019	138,000
2020	138,000
2021	138,000
	<u>\$ 690,000</u>

**Note 11 - 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 12 - 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 Torus National Insurance Company for an additional umbrella policy. The City is insured up to \$20 million with a \$250,000 deductible per occurrence for general and automobile liability and a \$25,000 deductible for automobile physical damage. There were no reductions of insurance coverage from the prior year.

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

The changes in the claims liability for the fiscal years ended June 30, 2016 and 2015 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2015	\$ 1,581,345	\$ 81,262	\$ (768,148)	\$ 894,459
6/30/2016	894,459	322,501	(731,352)	485,608

Other types of risk are covered by commercial insurance. There were no insurance settlements that exceeded coverage in the last three years.

**Health insurance**

The self-insurance program for health insurance is accounted for in the employee benefits agency fund, with any claims charged to the applicable departments within the City's other funds, and the Public Employee Healthcare Fund (trust fund). An independent administrator (Blue Cross) is hired to process the daily claims. The City is responsible for individual claims up to \$90,000 and Blue Cross is responsible for paying the claims above this amount. There were no

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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, 2016 and 2015 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2015	\$ 686,130	\$ 12,523,968	\$(12,443,300)	\$ 766,798
6/30/2016	766,798	13,130,605	(13,045,015)	852,388

**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, 2016 and 2015 are as follows:

	Beginning Claims Liability	Current Year Claims and Changes in Reserves	Claims Paid	Ending Claims Liability
6/30/2015	\$ 2,816,227	\$ 227,802	\$(512,138)	\$ 2,531,891
6/30/2016	2,531,891	122,255	(486,973)	2,167,173

**Note 13 - 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. Police officers and firemen were formerly included as part of the Policemen and Firemen Retirement System. 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 not covered under the Firemen Retirement System are covered under MERS if employed before June 30, 2000. After June 30, 2000, new permanent, full time employees not covered by the Policemen and Firemen Retirement System are covered under the defined contribution system that is held in trust by ICMA and MERS for the sole benefit of the participating employees or under the hybrid defined benefit and defined contribution plan in MERS. The Firemen pension plan is maintained as a Pension Trust Fund and is reported on herein as part of the City's reporting entity. The required supplementary 6-year historical

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

trend information provides information about the progress made in accumulating sufficient assets to pay benefits when due.

**Defined contribution pension plan**

The City of Saginaw Employees Defined Contribution Pension Plan (the "Plan") is a single employer defined contribution pension plan, established by the City and administered by an outside third-party administrator. All City employees hired after July 1, 2000, with the exception of certain bargaining units, are required to participate in the Plan. All IAFF union employees hired after July 1, 2001 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, 2016, there were 166 general city plan members and 31 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, 2016, amounted to \$1,018,045 and employee contributions were \$533,143.

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 have the option of joining the hybrid plan.

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, 2016, there were 34 public safety plan members. 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. 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, 2016, amounted to \$157,689 and employee contributions were \$96,558.

**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 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>.

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

Benefits provided – At the December 31, 2015 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:		
RS50% Percentage	5 years of service.	60%	N/A

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.

Employees covered by benefit terms – At the December 31, 2015 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	680
Inactive employees entitled to but not receiving benefits	23
Active employees	<u>118</u>
	<u>821</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

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

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 \$4,807,116.

Net pension liability – The employer's net pension liability was measured as of December 31, 2015, 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, 2015 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 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.



**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

	<u>2016</u>
<b>Total Pension Liability</b>	
Service cost	\$ 1,048,864
Interest on the total pension liability	19,616,632
Transfer in of police liability	105,033,295
Other changes	2,042,459
Experience differences	(1,859,583)
Changes in actuarial assumptions	7,774,598
Benefit payments and refunds	<u>(20,924,135)</u>
Net change in total pension liability	112,732,130
Total pension liability - beginning	<u>140,639,245</u>
Total pension liability - ending (a)	<u>\$ 253,371,375</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 18,787,296
Employee contributions	1,679,412
Pension plan net investment income (loss)	(1,354,036)
Benefit payments and refunds	(20,924,135)
Pension plan administrative expense	(313,371)
Transfer in of police assets	60,369,090
Other	<u>275,770</u>
Net change in plan fiduciary net position	58,520,026
Plan fiduciary net position - beginning	<u>65,959,249</u>
Plan fiduciary net position - ending (b)	<u>\$ 124,479,275</u>
Net pension liability (a-b)	<u>\$ 128,892,100</u>
Plan fiduciary net position as a percentage of total pension liability	49.13%
Covered employee payroll	6,255,078
Net pension liability as a percentage of covered employee payroll	2060.60%

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	\$ 277,356,465	\$ 253,371,375	\$ 232,880,114
Fiduciary net position	<u>124,479,275</u>	<u>124,479,275</u>	<u>124,479,275</u>
Net pension liability	<u>\$ 152,877,190</u>	<u>\$ 128,892,100</u>	<u>\$ 108,400,839</u>

Pension expense and deferred outflows of resources related to pensions – For the year ended June 30, 2016, the City recognized pension expense of \$8,514,482. The City reported deferred outflows related to pensions from the following sources:

	<u>Deferred outflows of resources</u>
Investment loss	\$ 10,151,818
Contributions subsequent to the measurement date*	<u>5,609,649</u>
Total	<u>\$ 15,761,467</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 2017.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer,

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

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

<u>Year ended,</u>	
2017	\$ 2,599,467
2018	2,599,467
2019	2,599,466
2020	<u>2,353,418</u>
	<u>\$ 10,151,818</u>

**Firemen retirement system**

Plan description and contribution information – The City has a single-employer defined benefit contributory pension plan which provides retirement, death and disability benefits covering Fire personnel hired prior to July 1, 2001. Membership of the plan consisted of the following at June 30, 2015, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	180
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>29</u>
Total	<u><u>209</u></u>

Eligible members of the Plan are required to contribute eight percent (8%) for the fire department members of their annual compensation to the Plan with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The annual required employer contribution is based upon a flat rate as determined by the actuary and was \$2,751,541 for the year ended June 30, 2016.

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

Plan amendments are under the authority of Ordinance D One, Chapter 5, Article One, of the Saginaw General Code which states all amendments are to be approved by City Council. Changes in required contributions are approved by the Firemen Pension Board. The Plan does not issue a separate financial report.

**Significant accounting policies**

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

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

There were no investments remaining in the Plan at June 30, 2016, as the Plan moves to consolidate into MERS.

**Long-term expected return on plan assets**

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in our actuarial valuation report as of June 30, 2015.

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

<b>Asset Allocation</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equities	35%	5.23%
International Equities	20%	5.57%
Fixed Income	25%	0.45%
Real Estate	10%	2.94%
Alternative Investments	10%	3.58%
Cash	0%	0.00%
<b>Total</b>	<b>100%</b>	

**Single discount rate**

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

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

	<b>Current minus 100 basis points 6.75%</b>	<b>Current single rate 7.75%</b>	<b>Current plus 100 basis points 8.75%</b>
Total pension liability	\$ 87,550,473	\$ 80,029,049	\$ 73,587,382
Plan fiduciary net position	54,642,623	54,642,623	54,642,623
Net pension liability	<u>\$ 32,907,850</u>	<u>\$ 25,386,426</u>	<u>\$ 18,944,759</u>

The employer reported deferred outflows related to pensions from the following sources:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Excess (deficit) investment returns	\$ 743,790	\$ 2,871,682
Contributions subsequent to the measurement date*	<u>3,017,514</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,761,304</u></b>	<b><u>\$ 2,871,682</u></b>

\*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 June 30, 2017.

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

Year ended,	
2017	\$ (771,279)
2018	(771,279)
2019	(771,280)
2020	<u>185,946</u>
	<u>\$ (2,127,892)</u>

**Annual pension cost**

The Plan's annual pension cost was \$3,017,514. The actuarial determined contribution was \$2,751,541.

**Actuarial methods and assumptions**

The annual required contribution for the current year was determined as part of a June 30, 2015, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.55% to 17.75% per year. Both (a) and (b) included an inflation component of 4.75%. The assumptions did not include postretirement benefits. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 18 years. The mortality assumptions are based on 1994 uninsured pensioner mortality tables.

**Funded status and funding progress**

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

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

**Changes in Net Pension Liability**

	<b>Total Pension Liability</b>	<b>Pension Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Opening balances	\$ 185,585,136	\$ 116,771,659	\$ 68,813,477
Changes for the year			
Service cost	606,973	-	606,973
Interest	5,781,766	-	5,781,766
Experience differences	(30,403)	-	(30,403)
Employer contributions	-	2,859,075	(2,859,075)
Employee contributions	-	254,787	(254,787)
Net investment income	-	3,208,446	(3,208,446)
Benefit payments, including refunds of employee contributions	(6,881,128)	(6,881,128)	-
Administrative expenses	-	(156,229)	156,229
Transfer of police	(105,033,295)	(60,369,090)	(44,664,205)
Other	-	(1,044,897)	1,044,897
Net changes	<u>(105,556,087)</u>	<u>(62,129,036)</u>	<u>(43,427,051)</u>
Ending balances	<u>\$ 80,029,049</u>	<u>\$ 54,642,623</u>	<u>\$ 25,386,426</u>

The City's annual money-weighted rate of return, net of investment expenses is 14.06%. The plans net position as a % of total pension liability is 68.28%. The City used June 30, 2015 as the measurement date. Subsequent to the June 30, 2015 measurement date, the remainder of the Plan was transferred from this plan to the MERS plan.

**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

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

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 \$3,145,815, a decrease of 12% from the prior fiscal year, as follows:

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
Health insurance	\$ 2,593,402	\$ 2,941,589	\$ (348,187)
Dental insurance	237,378	238,329	(951)
Life insurance	51,140	83,846	(32,706)
Short/long term disability	194,582	232,580	(37,998)
Vision care	<u>52,340</u>	<u>57,656</u>	<u>(5,316)</u>
Total payments	<u>\$ 3,128,842</u>	<u>\$ 3,554,000</u>	<u>\$ (425,158)</u>

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

**Other postemployment benefits**

Plan description and contribution information – In addition to the pension benefits described 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 \$10,550,705 were recognized for postemployment health care benefits, an increase of 3% from the prior fiscal year, as follows:

	<u>No. of Retirees</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Health insurance	713	\$ 10,490,525	\$ 10,137,300
Dental insurance	64	43,207	54,492
Life insurance	592	<u>16,973</u>	<u>16,829</u>
Total payments		<u>\$ 10,550,705</u>	<u>\$ 10,208,621</u>

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

**Significant accounting policies**

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

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

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

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, 2016, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2013. Such valuation computes the annual required contribution (ARC) that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB cost and net OPEB obligation – For fiscal year ended June 30, 2016, 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	\$ 16,518,407
Interest on net OPEB obligation	2,363,961
Adjustment to annual required contribution	<u>(3,880,189)</u>
Annual OPEB cost	15,002,179
Contribution made	<u>(10,550,705)</u>
Increase in net OPEB obligation	4,451,474
Net OPEB obligation, beginning of year	<u>59,163,579</u>
Net OPEB obligation, end of year	<u><u>\$ 63,615,053</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
6/30/2010	\$ 20,580,700	\$ 8,945,764	43.5%	\$ 23,871,690
6/30/2011	17,836,256	9,515,047	53.3%	32,192,899
6/30/2012	17,615,866	9,791,130	55.6%	40,017,635
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

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

Funded status – The funded status of the plan as of December 31, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 217,282,627
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 217,282,627</u>
Funded ratio	0.0%
Covered payroll (active plan members)	\$ 16,938,142
UAAL as a percentage of covered payroll	1283%

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. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is

projected to cover normal costs for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/2013
Actuarial cost method	Individual entry age
Amortization method for contributions	Level dollar
Remaining amortization period	26 years closed
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	4.3% - 17.0%
Healthcare inflation rate	9% (2014), grading to 4.0% (2023)
General inflation rate	3%

**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

Following are the financial statements for the Public Employee Healthcare Trust Fund for the year ended June 30, 2016:

**Statement of Plan Net Position**

<u>Assets</u>	
Cash and cash equivalents	\$ 826,239
Investments, at fair value	1,141,107
Total assets	<u>1,967,346</u>
Restricted for pension and other purposes	<u>\$ 1,967,346</u>

**Statement of Changes in Plan Net Position**

<u>Additions</u>	
Contributions:	
Current premium contributions	\$ 10,550,705
Investment income	
Interest	15,351
Net appreciation (depreciation) in fair value of investments	<u>(76,113)</u>
Total investment income (loss)	<u>(60,762)</u>
Total additions	<u>10,489,943</u>
<u>Deductions</u>	
Retiree premium payments	<u>10,951,840</u>
Net increase (decrease) for the year	(461,897)
Net position held in trust for pension benefits	
Beginning of year	<u>2,429,243</u>
End of year	<u>\$ 1,967,346</u>

**Note 14 - 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 15 - 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, 2015, levy was assessed at \$391,015,383 and personal property taxable value was assessed at \$82,511,800.

The City of Saginaw's operating tax rate for the fiscal year ended June 30, 2016, 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.



**City of Saginaw**  
**Notes to the Financial Statements**  
**June 30, 2016**

---

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

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

**Tax Limitation** – By general law, property taxes for City purposes are limited to two percent (2%) of the assessed valuation of all real and personal property in the municipality, provided that no such restriction shall prevent the levy of taxes required for the payment of general debt obligations. The charter of the City of Saginaw provided that City taxes shall be subject to the overall limitation (City, School and

County) imposed by Section 21, Article X, of the Michigan State Constitution, which is 1-1/2 percent of assessed value exclusive of debt incurred prior to December 8, 1932. Act No. 44, Public Acts of 1948, effective August 20, 1948, amended all Michigan city charters nullifying charter limitations and authorized that the levy for city purposes shall not exceed one percent (1%) of assessed valuation in any one year, unless and until a different tax rate limitation is provided by charter. State equalized valuations have been used in place of local assessed valuations.

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

#### **Note 16 - 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.

**City of Saginaw**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
General operating property taxes	\$ 3,582,658	\$ 3,582,658	\$ 3,466,510	\$ (116,148)
City income tax	11,765,000	11,855,868	12,625,121	769,253
State shared revenues	8,086,328	8,146,614	7,959,657	(186,957)
Licenses, permits and fees	1,681,035	1,646,035	1,597,859	(48,176)
Fines, penalties and forfeitures	555,925	564,420	430,856	(133,564)
Grants, donations and contributions	3,395,880	3,670,137	3,686,276	16,139
Interest	407,000	412,218	344,051	(68,167)
Rents and privileges	32,000	32,000	33,209	1,209
Sale of materials and services	1,465,822	1,512,405	1,245,300	(267,105)
Total revenues	30,971,648	31,422,355	31,388,839	(33,516)

**City of Saginaw**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
<b>Expenditures</b>				
General government	\$ 4,354,648	\$ 4,708,204	\$ 4,510,713	\$ (197,491)
Administration	2,883,070	2,883,070	2,652,271	(230,799)
Public safety	18,655,255	18,800,246	18,534,223	(266,023)
General services	3,294,480	3,342,195	3,181,890	(160,305)
Community services	1,458,609	1,543,238	1,552,523	9,285
Total expenditures	30,646,062	31,276,953	30,431,620	(845,333)
Excess (deficiency) of revenues over expenditures	325,586	145,402	957,219	811,817
<b>Other financing sources (uses)</b>				
Transfers out	(325,586)	(321,554)	(311,554)	(10,000)
Net change in fund balance	-	(176,152)	645,665	821,817
Fund balance - beginning of year, restated	1,905,946	1,905,946	1,905,946	-
Fund balance - end of year	\$ 1,905,946	\$ 1,729,794	\$ 2,551,611	\$ 821,817

**City of Saginaw**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Streets Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 20,500	\$ 20,500	\$ 20,580	\$ 80
State revenue sharing	3,479,794	3,479,794	3,758,053	278,259
Other state grants	592,775	1,135,089	1,251,555	116,466
Charges for services	12,000	12,000	130,780	118,780
Other revenue	53,300	172,535	176,473	3,938
Sale of fixed assets	-	-	905	905
Total revenues	<u>4,158,369</u>	<u>4,819,918</u>	<u>5,338,346</u>	<u>518,428</u>
<b>Expenditures</b>				
Public works				
Routine maintenance of roads and streets	1,174,040	1,645,153	1,536,612	(108,541)
Routine maintenance of bridges	109,746	109,746	101,257	(8,489)
Winter maintenance of roads and streets	232,473	198,447	196,623	(1,824)
Traffic services maintenance	526,817	512,155	474,739	(37,416)
State trunkline maintenance	494,405	467,589	384,694	(82,895)
Administration	857,032	910,742	862,096	(48,646)
Total public works expenditures	<u>3,394,513</u>	<u>3,843,832</u>	<u>3,556,021</u>	<u>(287,811)</u>
Capital outlay	<u>1,128,521</u>	<u>1,431,582</u>	<u>1,033,580</u>	<u>(398,002)</u>
Debt service				
Principal retirement	62,241	62,241	62,233	(8)
Interest and fiscal charges	22,460	22,460	22,336	(124)
Total debt service	<u>84,701</u>	<u>84,701</u>	<u>84,569</u>	<u>(132)</u>
Total expenditures	<u>4,607,735</u>	<u>5,360,115</u>	<u>4,674,170</u>	<u>(685,945)</u>
Excess (deficiency) of revenues over expenditures	(449,366)	(540,197)	664,176	1,204,373

**City of Saginaw**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Streets Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Other financing sources (uses)</b>				
Transfers out	\$ (178,750)	\$ (178,750)	\$ (178,750)	\$ -
Net change in fund balance	(628,116)	(718,947)	485,426	1,204,373
Fund balance - beginning of year	2,275,510	2,275,510	2,275,510	-
Fund balance - end of year	<u>\$ 1,647,394</u>	<u>\$ 1,556,563</u>	<u>\$ 2,760,936</u>	<u>\$ 1,204,373</u>

**City of Saginaw**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Community Development Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Federal grants	\$ 2,916,462	\$ 3,431,000	\$ 2,343,822	\$ (1,087,178)
Other state grants	31,500	78,750	78,750	-
Interest income	-	-	10,849	10,849
Loan repayments	40,000	40,000	31,635	(8,365)
Rental income	5,412	5,412	4,681	(731)
Miscellaneous	-	-	11,902	11,902
	<u>2,993,374</u>	<u>3,555,162</u>	<u>2,481,639</u>	<u>(1,073,523)</u>
<b>Expenditures</b>				
Current				
Economic development	<u>2,761,617</u>	<u>3,323,405</u>	<u>2,498,870</u>	<u>(824,535)</u>
	<u>231,757</u>	<u>231,757</u>	<u>(17,231)</u>	<u>(248,988)</u>
Excess (deficiency) of revenues over expenditures				
<b>Other financing sources (uses)</b>				
Transfers in	31,091	31,091	-	(31,091)
Transfers out	<u>(262,848)</u>	<u>(262,848)</u>	<u>(198,250)</u>	<u>64,598</u>
	<u>(231,757)</u>	<u>(231,757)</u>	<u>(198,250)</u>	<u>33,507</u>
Total other financing sources (uses)				
	-	-	(215,481)	(215,481)
Net change in fund balance				
Fund balance - beginning of year (deficit)	<u>(666,872)</u>	<u>(666,872)</u>	<u>(666,872)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (666,872)</u>	<u>\$ (666,872)</u>	<u>\$ (882,353)</u>	<u>\$ (215,481)</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, 2016**

	2016	2015
<b>Total Pension Liability</b>		
Service cost	\$ 1,048,864	\$ 575,614
Interest on the total pension liability	19,616,632	11,155,106
Transfer of police liability	105,033,295	-
Other changes	2,042,459	1
Experience differences	(1,859,583)	-
Changes in actuarial assumptions	7,774,598	-
Benefit payments and refunds	(20,924,135)	(12,034,147)
Net change in total pension liability	112,732,130	(303,426)
Total pension liability - beginning	140,639,245	140,942,671
Total pension liability - ending (a)	<u>\$ 253,371,375</u>	<u>\$ 140,639,245</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 18,787,296	\$ 10,025,340
Employee contributions	1,679,412	209,067
Pension plan net investment income (loss)	(1,354,036)	3,964,552
Benefit payments and refunds	(20,924,135)	(12,034,147)
Pension plan administrative expense	(313,371)	(145,308)
Transfer of police assets	60,369,090	-
Other	275,770	-
Net change in plan fiduciary net position	58,520,026	2,019,504
Plan fiduciary net position - beginning	65,959,249	63,939,745
Plan fiduciary net position - ending (b)	<u>\$ 124,479,275</u>	<u>\$ 65,959,249</u>
Net pension liability (a-b)	<u>\$ 128,892,100</u>	<u>\$ 74,679,996</u>
Plan fiduciary net position as a percentage of total pension liability	49.13%	46.90%
Covered employee payroll	\$ 6,255,078	\$ 4,379,041
Net pension liability as a percentage of covered employee payroll	2060.60%	1,705.40%

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 Employers' Net Pension Liability**  
**June 30, 2016**

<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%

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, 2016**

Actuarial Valuation Date	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2006	\$ 4,273,124	\$ 4,273,124	\$ -	\$ 8,307,523	51.44%
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%

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

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	9-23 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	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**  
**Firemen Retirement System**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**June 30, 2016**

	2016	2015
<b>Total Pension Liability</b>		
Service cost	\$ 606,973	\$ 1,543,581
Interest on the total pension liability	5,781,766	13,844,678
Transfer of police liabilities	(105,033,295)	-
Experience differences	(30,403)	-
Benefit payments and refunds	(6,881,128)	(15,344,667)
Net change in total pension liability	(105,556,087)	43,592
Total pension liability - beginning	185,585,136	185,541,544
Total pension liability - ending (a)	<u>\$ 80,029,049</u>	<u>\$ 185,585,136</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 2,859,075	\$ 6,046,358
Employee contributions	254,787	529,843
Pension plan net investment income	3,208,446	13,172,694
Benefit payments and refunds	(6,881,128)	(15,344,667)
Pension plan administrative expense	(156,229)	(489,395)
Transfer of police assets	(60,369,090)	
Other	(1,044,897)	28,476
Net change in plan fiduciary net position	(62,129,036)	3,943,309
Plan fiduciary net position - beginning	116,771,659	112,828,350
Plan fiduciary net position - ending (b)	<u>\$ 54,642,623</u>	<u>\$ 116,771,659</u>
Net pension liability (a-b)	<u>\$ 25,386,426</u>	<u>\$ 68,813,477</u>
Plan fiduciary net position as a percentage of total pension liability	68.28%	62.92%
Covered employee payroll	\$ 2,082,028	\$ 4,879,892
Net pension liability as a percentage of covered employee payroll	1,219.31%	1,410.14%

Note: Data will be added as information is available until 10 years of such data is available.

**City of Saginaw**  
**Required Supplementary Information**  
**Firemen Retirement System**  
**Schedule of Employers' Net Pension Liability**  
**June 30, 2016**

---

<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	\$ 185,585,136	\$ 116,771,659	\$ 68,813,477	62.92%	\$ 4,879,892	1410.14%
2016	80,029,049	54,642,623	25,386,426	68.28%	2,082,028	1219.31%

Note: Data will be added as information is available until 10 years of such data is available.

**City of Saginaw**  
**Required Supplementary Information**  
**Firemen Retirement System**  
**Schedule of Contributions**  
**June 30, 2016**

Fiscal year ended June 30,	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	\$ 4,842,384	\$ 4,842,384	\$ -	\$ 9,263,203	52.28%
2008	4,740,074	4,740,074	-	8,890,222	53.32%
2009	4,931,700	4,931,700	-	8,619,331	57.22%
2010	4,453,364	4,453,364	-	Unavailable	Unavailable
2011	4,469,001	4,469,001	-	7,263,659	61.53%
2012	5,685,585	5,685,585	-	6,337,174	89.72%
2013	5,845,642	5,845,642	-	Unavailable	Unavailable
2014	6,046,388	6,046,358	30	4,879,892	123.90%
2015	6,110,074	6,110,120	(46)	2,082,028	293.47%
2016	2,751,541	3,017,514	(265,973)	1,646,566	1.832610415

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

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Price inflation	3.50%
Wage inflation	4.75%
Salary increases	5.55% to 17.75% including inflation
Investment rate of return	7.75%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	1994 Uninsured Pensioner Mortality Table (post-retirement disabled mortality is set forward 10 years).

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

**City of Saginaw**  
**Required Supplementary Information**  
**Firemen Retirement System**  
**Schedule of Investment Return**  
**June 30, 2016**

---

<u>Fiscal year ending June 30,</u>	<u>Annual Return (1)</u>
2007	15.63%
2008	-6.09%
2009	-16.15%
2010	17.97%
2011	23.35%
2012	-1.94%
2013	11.02%
2014	14.06%
2015	3.93%
2016	N/A

Note:

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

**City of Saginaw**  
**Required Supplementary Information**  
**Other Postemployment Benefits**  
**June 30, 2016**

**Schedule of Employer Contributions**

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

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

	December 31,		
	2013	2011	2009
Actuarial accrued liabilities (AAL)	\$ 217,282,627	\$ 223,750,256	\$ 204,084,283
Actuarial value of plan assets	-	3,494,511	2,651,169
Unfunded actuarial accrued liability (UAAL)	<u>\$ 217,282,627</u>	<u>\$ 220,255,745</u>	<u>\$ 201,433,114</u>
Funded ratio	0.0%	1.6%	1.3%
Covered payroll (active plan members)	\$ 15,435,397	\$ 14,750,338	N/A
UAAL as a percentage of covered payroll	1,408%	1,493%	N/A

**City of Saginaw**  
**Other Supplementary Information**  
**General Fund**  
**Balance Sheet**  
**June 30, 2016**

(With Comparative Actual Amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,092,161	\$ 2,912,641
Receivables		
Taxes receivable	1,474,940	1,435,084
Customers	120,680	127,852
Special assessments	145,132	178,813
Accrued interest and other	9,751	9,751
Due from other units of government	1,361,872	1,404,485
Due from other funds	1,379,932	1,611,445
Inventories	189,596	220,325
Prepaid items	53,738	38,494
Restricted assets		
Investments	<u>297,818</u>	<u>-</u>
 Total assets	 <u>\$ 7,125,620</u>	 <u>\$ 7,938,890</u>

**City of Saginaw**  
**Other Supplementary Information**  
**General Fund**  
**Balance Sheet**  
**June 30, 2016**

(With Comparative Actual Amounts for June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>Liabilities</b>		
Accounts payable	\$ 367,749	\$ 281,900
Accrued and other liabilities	799,922	1,319,680
Due to other funds	3,315,391	4,315,391
Due to other units of government	19,854	35,431
Unearned revenue	<u>10,488</u>	<u>10,488</u>
Total liabilities	<u>4,513,404</u>	<u>5,962,890</u>
<b>Deferred inflows of resources</b>		
Accounts receivable	48,858	24,811
Grants	<u>11,747</u>	<u>48,533</u>
Total deferred inflows of resources	<u>60,605</u>	<u>73,344</u>
<b>Fund balances</b>		
Non-spendable		
Inventories	189,596	220,325
Prepaid items	53,738	38,494
Restricted for		
Public safety	9,724	110,869
Economic development	5,648	-
Unassigned	<u>2,292,905</u>	<u>1,532,968</u>
Total fund balances	<u>2,551,611</u>	<u>1,902,656</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,125,620</u>	<u>\$ 7,938,890</u>



**City of Saginaw**  
**Other Supplementary Information**  
**Schedule of Departmental and Miscellaneous Revenues**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses				
Business and occupational	\$ 113,000	\$ 113,000	\$ 94,767	\$ (18,233)
Rental housing	303,000	303,000	298,567	(4,433)
Total licenses	416,000	416,000	393,334	(22,666)
Construction and other permits	267,850	267,850	243,023	(24,827)
Fees				
Property tax administration	257,476	257,476	219,869	(37,607)
Gun registration	3,560	3,560	982	(2,578)
Zoning code	6,000	6,000	3,970	(2,030)
Witness	3,200	3,200	520	(2,680)
Hazmat clean up	33,000	33,000	28,639	(4,361)
Fire department	1,500	1,500	4,754	3,254
Parking system	115,000	80,000	74,983	(5,017)
Cable television	577,449	577,449	627,785	50,336
Total fees	997,185	962,185	961,502	(683)
Fines, penalties and forfeitures				
Traffic violations (non-parking)	150,000	150,000	97,107	(52,893)
Traffic violations - parking	275,000	275,000	236,452	(38,548)
Penalties on property taxes	110,000	110,000	79,337	(30,663)
Other	1,000	9,495	8,241	(1,254)
Transfer affidavit fines	19,925	19,925	9,719	(10,206)
Total fines, penalties and forfeitures	555,925	564,420	430,856	(133,564)

**City of Saginaw**  
**Other Supplementary Information**  
**Schedule of Departmental and Miscellaneous Revenues**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Grants, donations and contributions				
City/county/school liaison	\$ 15,000	\$ 50,000	\$ 50,000	\$ -
Indirect costs	2,777,880	2,742,359	2,738,702	(3,657)
Reimbursement for police overtime	103,000	109,960	104,490	(5,470)
Other grants	500,000	767,818	793,084	25,266
Total grants, donations and contributions	3,395,880	3,670,137	3,686,276	16,139
Interest				
Investments	54,000	59,218	5,291	(53,927)
Deferred special assessments	3,000	3,000	1,535	(1,465)
City income taxes	350,000	350,000	337,225	(12,775)
Total interest	407,000	412,218	344,051	(68,167)
Rents and privileges				
Land and buildings	32,000	32,000	33,209	1,209
Sale of materials and services				
Cemetery services and markers	394,000	394,000	329,833	(64,167)
Cemetery grave spaces	112,000	112,000	113,207	1,207
Police department services	190,300	190,300	92,880	(97,420)
Fire department services	10,000	17,669	12,881	(4,788)
Election services	90	90	458	368
Engineering plans and specifications	50	50	106	56
Sale of asset	4,750	7,800	13,447	5,647
Insurance proceeds	14,500	14,500	2,099	(12,401)
Other	740,132	775,996	680,389	(95,607)
Total sale of materials and services	1,465,822	1,512,405	1,245,300	(267,105)
Total departmental and miscellaneous revenues and transfers in	\$ 7,537,662	\$ 7,837,215	\$ 7,337,551	\$ (499,664)

**City of Saginaw**  
**Other Supplementary Information**  
**Schedule of Appropriations and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Expenditures</b>				
General government				
City council	\$ 84,598	\$ 84,598	\$ 68,345	\$ (16,253)
City manager	415,051	415,051	367,823	(47,228)
Cable television operations	52,024	70,098	64,187	(5,911)
Employee services	593,551	593,551	567,573	(25,978)
City clerk	343,946	343,946	306,632	(37,314)
Elections	254,005	257,575	235,211	(22,364)
City attorney	201,300	201,300	156,544	(44,756)
Unemployment compensation	40,430	40,334	20,992	(19,342)
Retiree health insurance and contributions	1,991,376	2,323,384	2,376,955	53,571
Office of management and budget	337,800	337,800	305,884	(31,916)
Geographical information system charges	40,567	40,567	40,567	-
Total general government	<u>4,354,648</u>	<u>4,708,204</u>	<u>4,510,713</u>	<u>(197,491)</u>
Fiscal services				
Administration	490,794	479,203	415,094	(64,109)
Controller	308,250	319,841	319,558	(283)
Treasurer/income tax	1,185,415	1,180,415	1,056,427	(123,988)
Assessor	677,894	682,894	646,115	(36,779)
Purchasing	220,717	220,717	215,077	(5,640)
Total fiscal services	<u>2,883,070</u>	<u>2,883,070</u>	<u>2,652,271</u>	<u>(230,799)</u>
Administration	<u>100,000</u>	<u>100,000</u>	<u>92,600</u>	<u>(7,400)</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Schedule of Appropriations and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Police department				
Administration	\$ 905,476	\$ 913,022	\$ 837,259	\$ (75,763)
Patrol	6,108,616	6,026,961	5,952,114	(74,847)
Investigation	1,475,978	1,486,588	1,536,785	50,197
Building and property management	779,518	908,283	775,870	(132,413)
Technical services	1,021,287	1,036,571	938,659	(97,912)
Total police department	10,290,875	10,371,425	10,040,687	(330,738)
Fire department				
Administration	7,485,949	7,492,568	7,658,329	165,761
Fire technical	213,006	224,191	209,093	(15,098)
Prevention	227,477	233,427	219,419	(14,008)
Apparatus operation and maintenance	337,948	378,635	314,095	(64,540)
Total fire department	8,264,380	8,328,821	8,400,936	72,115
Total public safety	18,655,255	18,800,246	18,534,223	(266,023)
General services				
Public works and engineering	46,477	46,477	47,997	1,520
Street lighting	835,481	693,086	648,552	(44,534)
Public improvements	380,361	396,368	387,082	(9,286)
Traffic engineering	27,074	27,074	23,423	(3,651)
Abatement of nuisances	262,516	293,544	291,789	(1,755)
Cemeteries operation and maintenance	713,208	765,086	743,989	(21,097)
Japanese tea house and cultural center	46,601	91,401	84,572	(6,829)
Building and grounds maintenance	982,762	1,029,159	954,486	(74,673)
Total general services	3,294,480	3,342,195	3,181,890	(160,305)

**City of Saginaw**  
**Other Supplementary Information**  
**Schedule of Appropriations and Expenditures**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Community services				
Inspections and zoning	\$ 1,044,182	\$ 1,044,592	\$ 1,023,187	\$ (21,405)
Demolitions	150,000	231,373	231,136	(237)
Planning and economic development	263,427	266,177	297,104	30,927
Contributions to other organizations	1,000	1,096	1,096	-
Total community services	<u>1,458,609</u>	<u>1,543,238</u>	<u>1,552,523</u>	<u>9,285</u>
Transfers out				
Clean energy coalition	40,000	40,000	30,000	(10,000)
Celebrations park	60,894	60,894	60,894	-
Police grants	<u>224,692</u>	<u>220,660</u>	<u>220,660</u>	<u>-</u>
Total transfers out	<u>325,586</u>	<u>321,554</u>	<u>311,554</u>	<u>(10,000)</u>
Total appropriations, expenditures, and transfers out	<u>\$ 30,971,648</u>	<u>\$ 31,598,507</u>	<u>\$ 30,743,174</u>	<u>\$ (855,333)</u>

# **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.

### **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, 2016**

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
<b>Assets</b>					
Cash and cash equivalents	\$ 712,114	\$ 399,841	\$ -	\$ -	\$ 26,867
Receivables					
Customers	-	-	-	1,739,524	-
Special assessments	-	-	-	21,650	-
Accrued interest and other	-	-	-	-	-
Due from other units of government	170,895	-	208,934	-	-
Prepaid items	-	-	-	174,865	-
Restricted assets					
Investments	-	-	-	-	-
 Total assets	 <u>\$ 883,009</u>	 <u>\$ 399,841</u>	 <u>\$ 208,934</u>	 <u>\$ 1,936,039</u>	 <u>\$ 26,867</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds					
	Police Grants Funds					Drug Forfeiture
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	
<b>Assets</b>						
Cash and cash equivalents	\$ 60,161	\$ 10	\$ 9,496	\$ 13,827	\$ 15,412	\$ 576,528
Receivables						
Customers	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest and other	-	-	-	-	-	-
Due from other units of government	-	-	-	19,410	-	-
Prepaid items	-	-	-	-	-	-
Restricted assets						
Investments	-	-	-	-	-	-
 Total assets	 <u>\$ 60,161</u>	 <u>\$ 10</u>	 <u>\$ 9,496</u>	 <u>\$ 33,237</u>	 <u>\$ 15,412</u>	 <u>\$ 576,528</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Andersen Center Operation	Arts and Enrichment Commission	Economic Development	Celebration Park	Capital Projects	Permanent Fund	
<b>Assets</b>							
Cash and cash equivalents	\$ 200	\$ 158,567	\$ 64,095	\$ 39,456	\$ 338,502	\$ 265,163	\$ 2,680,239
Receivables							
Customers	-	-	-	-	-	-	1,739,524
Special assessments	-	-	-	-	-	-	21,650
Accrued interest and other	2,154	-	-	-	-	-	2,154
Due from other units of government	-	-	-	-	-	-	399,239
Prepaid items	-	-	-	-	-	-	174,865
Restricted assets							
Investments	-	-	-	-	-	2,532,306	2,532,306
 Total assets	 <u>\$ 2,354</u>	 <u>\$ 158,567</u>	 <u>\$ 64,095</u>	 <u>\$ 39,456</u>	 <u>\$ 338,502</u>	 <u>\$ 2,797,469</u>	 <u>\$ 7,549,977</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
<b>Liabilities</b>					
Accounts payable	\$ 16,144	\$ -	\$ -	\$ 297,145	\$ 22,995
Accrued and other liabilities	7,585	45,504	15,423	14,555	130
Due to other funds	-	-	193,511	309,051	-
Total liabilities	<u>23,729</u>	<u>45,504</u>	<u>208,934</u>	<u>620,751</u>	<u>23,125</u>
<b>Deferred inflows of resources</b>					
Accounts receivable	-	-	-	1,109,422	-
Grants	-	-	208,934	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>208,934</u>	<u>1,109,422</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>23,729</u>	<u>45,504</u>	<u>417,868</u>	<u>1,730,173</u>	<u>23,125</u>
<b>Fund balances</b>					
Non-spendable					
Prepaid items	-	-	-	174,865	-
Endowments	-	-	-	-	-
Restricted	859,280	354,337	-	31,001	3,742
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	(208,934)	-	-
Total fund balances (deficit)	<u>859,280</u>	<u>354,337</u>	<u>(208,934)</u>	<u>205,866</u>	<u>3,742</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 883,009</u>	<u>\$ 399,841</u>	<u>\$ 208,934</u>	<u>\$ 1,936,039</u>	<u>\$ 26,867</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds					
	Police Grants Funds					
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture
<b>Liabilities</b>						
Accounts payable	\$ 253	\$ -	\$ -	\$ 290	\$ 521	\$ 480
Accrued and other liabilities	5,687	-	-	2,012	1,110	348,939
Due to other funds	-	-	-	30,935	-	111,595
Total liabilities	5,940	-	-	33,237	1,631	461,014
<b>Deferred inflows of resources</b>						
Accounts receivable	-	-	-	-	-	-
Grants	-	-	-	8,726	-	-
Total deferred inflows	-	-	-	8,726	-	-
Total liabilities and deferred inflows of resources	5,940	-	-	41,963	1,631	461,014
<b>Fund balances</b>						
Non-spendable						
Prepaid items	-	-	-	-	-	-
Endowments	-	-	-	-	-	-
Restricted	54,221	10	9,496	-	13,781	115,514
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	(8,726)	-	-
Total fund balances (deficit)	54,221	10	9,496	(8,726)	13,781	115,514
Total liabilities, deferred inflows of resources and fund balances	\$ 60,161	\$ 10	\$ 9,496	\$ 33,237	\$ 15,412	\$ 576,528

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Andersen Center Operation	Arts and Enrichment Commission	Economic Development	Celebration Park	Capital Projects	Permanent Fund	
<b>Liabilities</b>							
Accounts payable	\$ 3,154	\$ -	\$ -	\$ 3,849	\$ 76,766	\$ -	\$ 421,597
Accrued and other liabilities	650	990	-	1,634	-	-	444,219
Due to other funds	84,582	-	-	-	-	-	729,674
Total liabilities	88,386	990	-	5,483	76,766	-	1,595,490
<b>Deferred inflows of resources</b>							
Accounts receivable	-	-	-	-	-	-	1,109,422
Grants	-	-	-	-	-	-	217,660
Total deferred inflows	-	-	-	-	-	-	1,327,082
Total liabilities and deferred inflows of resources	88,386	990	-	5,483	76,766	-	2,922,572
<b>Fund balances</b>							
Non-spendable							
Prepaid items	-	-	-	-	-	-	174,865
Endowments	-	-	-	-	-	2,532,306	2,532,306
Restricted	-	-	64,095	33,973	261,736	265,163	2,066,349
Assigned	-	157,577	-	-	-	-	157,577
Unassigned (deficit)	(86,032)	-	-	-	-	-	(303,692)
Total fund balances (deficit)	(86,032)	157,577	64,095	33,973	261,736	2,797,469	4,627,405
Total liabilities, deferred inflows of resources and fund balances	\$ 2,354	\$ 158,567	\$ 64,095	\$ 39,456	\$ 338,502	\$ 2,797,469	\$ 7,549,977

**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, 2016**

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
<b>Revenues</b>					
Taxes	\$ -	\$ 2,921,306	\$ -	\$ 4,438	\$ -
Federal grants	-	-	648,102	-	-
State revenue sharing	1,039,039	-	-	-	-
Other state grants	-	-	-	-	-
Local contributions	-	-	-	-	-
Charges for services	-	-	-	3,746,257	-
Fines and forfeitures	-	-	-	-	-
Interest income	-	-	-	68,841	-
Rental income	-	-	-	-	-
Other revenue	-	-	-	1,570	21,801
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,570</u>	<u>21,801</u>
Total revenues	<u>1,039,039</u>	<u>2,921,306</u>	<u>648,102</u>	<u>3,821,106</u>	<u>21,801</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, 2016**

	Special Revenue Funds					
	Police Grants Funds					
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	118,494	-	13,982	-	-
State revenue sharing	-	-	-	-	-	-
Other state grants	-	-	10,484	-	-	-
Local contributions	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	2,975
Interest income	-	-	-	-	-	1,073
Rental income	-	-	-	-	-	-
Other revenue	-	-	-	-	56,433	51,236
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,433</u>	<u>51,236</u>
Total revenues	-	118,494	10,484	13,982	56,433	55,284



**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, 2016**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Andersen Center Operation	Arts and Enrichment Commission	Economic Development	Celebration Park	Capital Projects	Permanent Fund	
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,925,744
Federal grants	-	-	-	-	-	-	780,578
State revenue sharing	-	-	-	-	-	-	1,039,039
Other state grants	-	-	-	6,693	-	-	17,177
Local contributions	19,750	173,165	-	-	-	-	192,915
Charges for services	-	375	-	-	-	40,755	3,787,387
Fines and forfeitures	-	-	-	-	-	-	2,975
Interest income	-	615	-	-	61	88,977	159,567
Rental income	47,734	-	-	-	-	-	47,734
Other revenue	-	37,808	-	-	-	-	168,848
Total revenues	67,484	211,963	-	6,693	61	129,732	9,121,964

**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, 2016**

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
<b>Expenditures</b>					
Current					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	2,717,718	857,036	-	-
Public works					
Highways and streets	1,289,674	-	-	-	-
Garbage and rubbish	-	-	-	3,562,943	43,213
Economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Other functions	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	21,089	5,985
Interest and fiscal charges	-	-	-	7,294	2,016
 Total expenditures	 1,289,674	 2,717,718	 857,036	 3,591,326	 51,214
 Excess (deficiency) of revenues over expenditures	 (250,635)	 203,588	 (208,934)	 229,780	 (29,413)

**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, 2016**

	Special Revenue Funds					
	Police Grants Funds					
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture
<b>Expenditures</b>						
Current						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	392,177	118,494	5,601	22,708	63,887	128,411
Public works						
Highways and streets	-	-	-	-	-	-
Garbage and rubbish	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Other functions	-	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>392,177</u>	<u>118,494</u>	<u>5,601</u>	<u>22,708</u>	<u>63,887</u>	<u>128,411</u>
Excess (deficiency) of revenues over expenditures	<u>(392,177)</u>	<u>-</u>	<u>4,883</u>	<u>(8,726)</u>	<u>(7,454)</u>	<u>(73,127)</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, 2016**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Andersen Center Operation	Arts and Enrichment Commission	Economic Development	Celebration Park	Capital Projects	Permanent Fund	
<b>Expenditures</b>							
Current							
General government	\$ -	\$ -	\$ -	\$ -	\$ 91,452	\$ -	\$ 91,452
Public safety	-	-	-	-	-	-	4,306,032
Public works							
Highways and streets	-	-	-	-	1,933,416	-	3,223,090
Garbage and rubbish	-	-	-	-	1,081,019	-	4,687,175
Economic development	-	-	10	48,838	-	-	48,848
Recreation and culture	87,416	208,515	-	-	-	-	295,931
Other functions	-	-	-	-	314,894	-	314,894
Debt service							
Principal retirement	-	-	-	-	-	-	27,074
Interest and fiscal charges	-	-	-	-	10,490	-	19,800
 Total expenditures	 87,416	 208,515	 10	 48,838	 3,431,271	 -	 13,014,296
 Excess (deficiency) of revenues over expenditures	 (19,932)	 3,448	 (10)	 (42,145)	 (3,431,210)	 129,732	 (3,892,332)

**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, 2016**

	Special Revenue Funds				
	Local Street	Public Safety Millage	SAFER Grant	Rubbish Collection	Clean Energy Coalition
<b>Other financing sources (uses)</b>					
Transfers in	\$ 178,750	\$ -	\$ -	\$ -	\$ 30,000
Transfers out	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and uses	178,750	-	-	-	30,000
Net change in fund balance	(71,885)	203,588	(208,934)	229,780	587
Fund balance - beginning of year (deficit)	931,165	150,749	-	(23,914)	3,155
Fund balance - end of year (deficit)	\$ 859,280	\$ 354,337	\$ (208,934)	\$ 205,866	\$ 3,742

**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, 2016**

	Special Revenue Funds					
	Police Grants Funds					
	Community Policing	Local Law Enforcement	Police Training	Police ELERV Grant	Youth Initiative Grant	Drug Forfeiture
<b>Other financing sources (uses)</b>						
Transfers in	\$ 418,910	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	1,000
Issuance of debt	-	-	-	-	-	-
Total other financing sources and uses	418,910	-	-	-	-	1,000
Net change in fund balance	26,733	-	4,883	(8,726)	(7,454)	(72,127)
Fund balance - beginning of year (deficit)	27,488	10	4,613	-	21,235	187,641
Fund balance - end of year (deficit)	<u>\$ 54,221</u>	<u>\$ 10</u>	<u>\$ 9,496</u>	<u>\$ (8,726)</u>	<u>\$ 13,781</u>	<u>\$ 115,514</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, 2016**

	<u>Special Revenue Funds</u>						Total Nonmajor Governmental Funds
	<u>Andersen Center Operation</u>	<u>Arts and Enrichment Commission</u>	<u>Economic Development</u>	<u>Celebration Park</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	
<b>Other financing sources (uses)</b>							
Transfers in	\$ -	\$ 72,466	\$ -	\$ 76,118	\$ -	\$ -	\$ 776,244
Transfers out	(72,466)	-	-	-	-	-	(72,466)
Insurance recoveries	-	-	-	-	-	-	1,000
Issuance of debt	-	-	-	-	3,692,946	-	3,692,946
Total other financing sources and uses:	<u>(72,466)</u>	<u>72,466</u>	<u>-</u>	<u>76,118</u>	<u>3,692,946</u>	<u>-</u>	<u>4,397,724</u>
Net change in fund balance	(92,398)	75,914	(10)	33,973	261,736	129,732	505,392
Fund balance - beginning of year (deficit)	<u>6,366</u>	<u>81,663</u>	<u>64,105</u>	<u>-</u>	<u>-</u>	<u>2,667,737</u>	<u>4,122,013</u>
Fund balance - end of year (deficit)	<u>\$ (86,032)</u>	<u>\$ 157,577</u>	<u>\$ 64,095</u>	<u>\$ 33,973</u>	<u>\$ 261,736</u>	<u>\$ 2,797,469</u>	<u>\$ 4,627,405</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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
State revenue sharing	\$ 961,166	\$ 1,039,161	\$ 77,995
Interest income	10	75	65
Other revenue	500	-	(500)
Transfers in	178,750	178,750	-
	<u>1,140,426</u>	<u>1,217,986</u>	<u>77,560</u>
Total revenues			
	<u>1,140,426</u>	<u>1,217,986</u>	<u>77,560</u>
<b>Expenditures</b>			
Public works			
Routine maintenance of roads and streets	547,528	486,728	(60,800)
Winter maintenance of roads and streets	119,711	97,745	(21,966)
Traffic services maintenance	244,453	221,001	(23,452)
Administration	530,699	484,397	(46,302)
	<u>1,442,391</u>	<u>1,289,871</u>	<u>(152,520)</u>
Total public works expenditures			
	<u>1,442,391</u>	<u>1,289,871</u>	<u>(152,520)</u>
Excess (deficiency) of revenues over expenditures	(301,965)	(71,885)	230,080
Fund balance - beginning of year	931,165	931,165	-
	<u>931,165</u>	<u>931,165</u>	<u>-</u>
Fund balance - end of year	\$ 629,200	\$ 859,280	\$ 230,080
	<u>\$ 629,200</u>	<u>\$ 859,280</u>	<u>\$ 230,080</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, 2016**

---

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ 2,892,604	\$ 2,921,306	\$ 28,702
<b>Expenditures</b>			
Public safety			
Police patrol	1,909,075	1,771,066	(138,009)
Fire suppression	983,529	946,652	(36,877)
Total public safety expenditures	2,892,604	2,717,718	(174,886)
Excess of revenues over expenditures	-	203,588	203,588
Fund balance - beginning of year	150,749	150,749	-
Fund balance - end of year	\$ 150,749	\$ 354,337	\$ 203,588

**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, 2016**

---

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Federal grants	\$ 1,088,875	\$ 648,102	\$ (440,773)
<b>Expenditures</b>			
Public safety			
Fire suppression	1,088,875	857,036	(231,839)
Excess (deficiency) of revenues over expenditures	-	(208,934)	(208,934)
Fund balance - beginning of year	-	-	-
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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ 3,994	\$ 4,438	\$ 444
Charges for services	3,681,940	3,746,257	64,317
Interest income	38,000	68,841	30,841
Other revenue	-	1,570	1,570
	<u>3,723,934</u>	<u>3,821,106</u>	<u>97,172</u>
Total revenues			
<b>Expenditures</b>			
Public works			
Administration	585,545	560,066	(25,479)
Rubbish collection and disposal	2,178,214	1,965,046	(213,168)
Brush collection and disposal	221,840	198,187	(23,653)
Recycling and composting	669,820	736,898	67,078
Other functions	40,000	102,746	62,746
Debt service			
Principal retirement	21,090	21,089	(1)
Interest and fiscal charges	7,425	7,294	(131)
	<u>3,723,934</u>	<u>3,591,326</u>	<u>(132,608)</u>
Total public works expenditures			
Excess (deficiency) of revenues over expenditures	-	229,780	229,780
Fund balance - beginning of year	<u>(23,914)</u>	<u>(23,914)</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ (23,914)</u>	<u>\$ 205,866</u>	<u>\$ 229,780</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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Other revenue	\$ 21,805	\$ 21,801	\$ (4)
Transfers in	<u>40,000</u>	<u>30,000</u>	<u>(10,000)</u>
Total revenues	<u>61,805</u>	<u>51,801</u>	<u>(10,004)</u>
<b>Expenditures</b>			
Public works			
Contractual services	<u>53,802</u>	<u>43,213</u>	<u>(10,589)</u>
Debt service			
Principal retirement	5,986	5,985	(1)
Interest and fiscal charges	<u>2,017</u>	<u>2,016</u>	<u>(1)</u>
Total debt service	<u>8,003</u>	<u>8,001</u>	<u>(2)</u>
Total expenditures	<u>61,805</u>	<u>51,214</u>	<u>(10,591)</u>
Excess of revenues over expenditures	-	587	587
Fund balance - beginning of year	<u>3,155</u>	<u>3,155</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 3,155</u></u>	<u><u>\$ 3,742</u></u>	<u><u>\$ 587</u></u>

**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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Federal grants	\$ 187,057	\$ 132,476	\$ (54,581)
Other state grants	14,000	10,484	(3,516)
Other revenue	92,770	56,433	(36,337)
Transfers in	<u>542,275</u>	<u>418,910</u>	<u>(123,365)</u>
Total revenues	<u>836,102</u>	<u>618,303</u>	<u>(217,799)</u>
<b>Expenditures</b>			
Public safety	<u>836,102</u>	<u>602,867</u>	<u>(233,235)</u>
Excess of revenues over expenditures	-	15,436	15,436
Fund balance - beginning of year (restated)	<u>53,346</u>	<u>53,346</u>	<u>-</u>
Fund balance - end of year	<u>\$ 53,346</u>	<u>\$ 68,782</u>	<u>\$ 15,436</u>

**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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Fines and forfeitures	\$ 2,400	\$ 2,975	\$ 575
Interest income	1,987	1,073	(914)
Other revenue	30,827	51,236	20,409
Insurance recoveries	1,000	1,000	-
	<u>36,214</u>	<u>56,284</u>	<u>20,070</u>
Total revenues			
<b>Expenditures</b>			
Public safety	<u>171,670</u>	<u>128,411</u>	<u>(43,259)</u>
Excess (deficiency) of revenues over expenditures	(135,456)	(72,127)	63,329
Fund balance - beginning of year	<u>187,641</u>	<u>187,641</u>	<u>-</u>
Fund balance - end of year	<u>\$ 52,185</u>	<u>\$ 115,514</u>	<u>\$ 63,329</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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Local contributions	\$ 48,644	\$ 19,750	\$ (28,894)
Interest income	145	-	(145)
Rental income	44,187	47,734	3,547
Other revenue	3,000	-	(3,000)
	<u>95,976</u>	<u>67,484</u>	<u>(28,492)</u>
Total revenues			
<b>Expenditures</b>			
Recreation and culture			
Recreation and culture	95,976	87,416	(8,560)
Transfers out	-	72,466	72,466
	<u>95,976</u>	<u>159,882</u>	<u>63,906</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	-	(92,398)	(92,398)
Fund balance - beginning of year	<u>6,366</u>	<u>6,366</u>	<u>-</u>
Fund balance - end of year (deficit)	<u>\$ 6,366</u>	<u>\$ (86,032)</u>	<u>\$ (92,398)</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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Local contributions	\$ 163,500	\$ 173,165	\$ 9,665
Charges for services	1,000	375	(625)
Interest income	500	615	115
Other revenue	35,300	37,808	2,508
Transfers in	-	72,466	72,466
	<u>200,300</u>	<u>284,429</u>	<u>84,129</u>
<b>Total revenues</b>			
	<u>200,300</u>	<u>208,515</u>	<u>8,215</u>
<b>Expenditures</b>			
Recreation and culture	<u>200,300</u>	<u>208,515</u>	<u>8,215</u>
	<u>200,300</u>	<u>208,515</u>	<u>8,215</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	75,914	75,914
<b>Fund balance - beginning of year</b>	<u>81,663</u>	<u>81,663</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u><u>\$ 81,663</u></u>	<u><u>\$ 157,577</u></u>	<u><u>\$ 75,914</u></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, 2016**

---

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures</b>			
Current			
Economic development	\$ -	\$ 10	\$ 10
Excess (deficiency) of revenues over expenditures	-	(10)	(10)
Fund balance - beginning of year	<u>64,105</u>	<u>64,105</u>	<u>-</u>
Fund balance - end of year	<u>\$ 64,105</u>	<u>\$ 64,095</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, 2016**

	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Other state grants	\$ -	\$ 6,700	\$ 6,700
Transfers in	<u>86,267</u>	<u>76,118</u>	<u>(10,149)</u>
Total revenues	<u>86,267</u>	<u>82,818</u>	<u>(3,449)</u>
<b>Expenditures</b>			
Economic development	<u>86,267</u>	<u>48,845</u>	<u>(37,422)</u>
Excess (deficiency) of revenues over expenditures	-	33,973	33,973
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ 33,973</u></u>	<u><u>\$ 33,973</u></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, 2016**

	Information Services	GIS	Motor Pool	Radio
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 375,691	\$ 55,009	\$ 443,955	\$ 560,891
Accounts receivable	-	1,914	-	-
Due from other funds	-	-	-	-
Inventories	-	-	225,389	-
Prepaid items	-	-	-	-
	<u>375,691</u>	<u>56,923</u>	<u>669,344</u>	<u>560,891</u>
Total current assets				
	<u>375,691</u>	<u>56,923</u>	<u>669,344</u>	<u>560,891</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	<u>50,146</u>	<u>4,248</u>	<u>177,660</u>	<u>282,182</u>
	<u>50,146</u>	<u>4,248</u>	<u>177,660</u>	<u>282,182</u>
Total assets	<u>425,837</u>	<u>61,171</u>	<u>847,004</u>	<u>843,073</u>
	<u>425,837</u>	<u>61,171</u>	<u>847,004</u>	<u>843,073</u>
<b>Deferred outflows of resources</b>				
Deferred amount of pension expense related to net pension liability - MERS	<u>239,528</u>	<u>178,011</u>	<u>428,194</u>	<u>15,791</u>
	<u>239,528</u>	<u>178,011</u>	<u>428,194</u>	<u>15,791</u>
Total assets and deferred outflows of resources	<u>665,365</u>	<u>239,182</u>	<u>1,275,198</u>	<u>858,864</u>
	<u>665,365</u>	<u>239,182</u>	<u>1,275,198</u>	<u>858,864</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 1,535,363	\$ 2,371,752	\$ 212,485	\$ 5,555,146
Accounts receivable	-	-	-	1,914
Due from other funds	-	309,051	-	309,051
Inventories	-	-	-	225,389
Prepaid items	49,272	21,525	-	70,797
	<u>1,584,635</u>	<u>2,702,328</u>	<u>212,485</u>	<u>6,162,297</u>
Total current assets				
	<u>1,584,635</u>	<u>2,702,328</u>	<u>212,485</u>	<u>6,162,297</u>
Noncurrent assets				
Capital assets, net of accumulated depreciation	-	-	-	514,236
	<u>-</u>	<u>-</u>	<u>-</u>	<u>514,236</u>
Total assets	<u>1,584,635</u>	<u>2,702,328</u>	<u>212,485</u>	<u>6,676,533</u>
<b>Deferred outflows of resources</b>				
Deferred amount of pension expense related to net pension liability - MERS	16,061	30,515	81,376	989,476
	<u>16,061</u>	<u>30,515</u>	<u>81,376</u>	<u>989,476</u>
Total assets and deferred outflows of resources	<u>1,600,696</u>	<u>2,732,843</u>	<u>293,861</u>	<u>7,666,009</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**

	Information Services	GIS	Motor Pool	Radio
<b>Liabilities</b>				
Accounts payable	\$ 17,711	\$ 103	\$ 79,768	\$ 189
Accrued and other liabilities	6,892	5,667	9,945	505
Current portion of noncurrent liabilities	<u>11,176</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>35,779</u>	<u>5,770</u>	<u>89,713</u>	<u>694</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	-	-	-
Insurance claims payable	-	-	-	-
Compensated absences	71,494	25,906	65,533	4,849
Net pension liability	1,109,711	829,434	2,351,248	73,256
Long-term debt net of current portion	<u>23,816</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>1,205,021</u>	<u>855,340</u>	<u>2,416,781</u>	<u>78,105</u>
Total liabilities	<u>1,240,800</u>	<u>861,110</u>	<u>2,506,494</u>	<u>78,799</u>
<b>Net position</b>				
Net investment in capital assets	15,154	4,248	177,660	282,182
Unrestricted (deficit)	<u>(590,589)</u>	<u>(626,176)</u>	<u>(1,408,956)</u>	<u>497,883</u>
Total net position	<u>\$ (575,435)</u>	<u>\$ (621,928)</u>	<u>\$ (1,231,296)</u>	<u>\$ 780,065</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2016**

	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Public Works Building</u>	<u>Total</u>
<b>Liabilities</b>				
Accounts payable	\$ 10,946	\$ 2,251	\$ 11,005	\$ 121,973
Accrued and other liabilities	456	746	2,724	26,935
Current portion of noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,176</u>
Total current liabilities	<u>11,402</u>	<u>2,997</u>	<u>13,729</u>	<u>160,084</u>
Noncurrent liabilities				
Workers' compensation claims payable	-	2,167,173	-	2,167,173
Insurance claims payable	485,608	-	-	485,608
Compensated absences	2,494	7,155	10,910	188,341
Net pension liability	74,364	142,183	379,161	4,959,357
Long-term debt net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,816</u>
Total noncurrent liabilities	<u>562,466</u>	<u>2,316,511</u>	<u>390,071</u>	<u>7,824,295</u>
Total liabilities	<u>573,868</u>	<u>2,319,508</u>	<u>403,800</u>	<u>7,984,379</u>
<b>Net position</b>				
Net investment in capital assets	-	-	-	479,244
Unrestricted (deficit)	<u>1,026,828</u>	<u>413,335</u>	<u>(109,939)</u>	<u>(797,614)</u>
Total net position	<u>\$ 1,026,828</u>	<u>\$ 413,335</u>	<u>\$ (109,939)</u>	<u>\$ (318,370)</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, 2016**

	Information Services	GIS	Motor Pool	Radio
<b>Operating revenue</b>				
User charges	\$ 1,359,825	\$ 566,302	\$ 2,121,167	\$ 133,560
Other revenue	1,168	1,800	997	-
Total operating revenue	<u>1,360,993</u>	<u>568,102</u>	<u>2,122,164</u>	<u>133,560</u>
<b>Operating expenses</b>				
Salaries and benefits	237,861	177,684	1,305,584	11,631
Supplies	72,566	3,780	304,328	13,989
Contractual services	552,700	106,980	381,279	5,201
Claims	-	-	-	-
Utilities	-	-	4,431	148
Repairs and maintenance	10,961	-	80,073	868
Other expenses	38	8	743	19,635
Depreciation	51,784	609	123,946	70,612
Total operating expenses	<u>925,910</u>	<u>289,061</u>	<u>2,200,384</u>	<u>122,084</u>
Operating income (loss)	<u>435,083</u>	<u>279,041</u>	<u>(78,220)</u>	<u>11,476</u>
<b>Nonoperating revenue (expenses)</b>				
Interest income	-	-	-	-
Proceeds on sale of assets	-	-	78,192	-
Interest expense	(1,968)	-	-	-
Total nonoperating revenues (expenses)	<u>(1,968)</u>	<u>-</u>	<u>78,192</u>	<u>-</u>
Income (loss) before transfers out	433,115	279,041	(28)	11,476
Transfers out	<u>(15,224)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	417,891	279,041	(28)	11,476
Net position - beginning of year	<u>(993,326)</u>	<u>(900,969)</u>	<u>(1,231,268)</u>	<u>768,589</u>
Net position - end of year	<u>\$ (575,435)</u>	<u>\$ (621,928)</u>	<u>\$ (1,231,296)</u>	<u>\$ 780,065</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, 2016**

	Self Insurance	Workers' Compensation	Public Works Building	Total
<b>Operating revenue</b>				
User charges	\$ 1,107,334	\$ 1,055,997	\$ 473,874	\$ 6,818,059
Other revenue	343,645	341	-	347,951
Total operating revenue	<u>1,450,979</u>	<u>1,056,338</u>	<u>473,874</u>	<u>7,166,010</u>
<b>Operating expenses</b>				
Salaries and benefits	13,165	15,807	82,537	1,844,269
Supplies	-	897	14,837	410,397
Contractual services	873,553	336,720	56,149	2,312,582
Claims	-	332,453	-	332,453
Utilities	-	-	98,071	102,650
Repairs and maintenance	-	-	26,678	118,580
Other expenses	19,787	-	18	40,229
Depreciation	-	-	-	246,951
Total operating expenses	<u>906,505</u>	<u>685,877</u>	<u>278,290</u>	<u>5,408,111</u>
Operating income (loss)	<u>544,474</u>	<u>370,461</u>	<u>195,584</u>	<u>1,757,899</u>
<b>Nonoperating revenue (expenses)</b>				
Interest income	-	2,981	-	2,981
Proceeds on sale of assets	-	-	-	78,192
Interest expense	-	-	-	(1,968)
Total nonoperating revenues (expenses)	<u>-</u>	<u>2,981</u>	<u>-</u>	<u>79,205</u>
Income (loss) before transfers out	544,474	373,442	195,584	1,837,104
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,224)</u>
Change in net position	544,474	373,442	195,584	1,821,880
Net position - beginning of year	<u>482,354</u>	<u>39,893</u>	<u>(305,523)</u>	<u>(2,140,250)</u>
Net position - end of year	<u>\$ 1,026,828</u>	<u>\$ 413,335</u>	<u>\$ (109,939)</u>	<u>\$ (318,370)</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2016**

	Information Services	GIS	Motor Pool	Radio	Self Insurance	Workers' Compensation	Public Works Building	Total
<b>Cash flows from operating activities</b>								
Receipts from interfund users	\$ 1,360,993	\$ 568,702	\$ 2,122,164	\$ 133,560	\$ 1,450,979	\$ 1,056,338	\$ 473,874	\$ 7,166,610
Payments to suppliers	(746,960)	(209,381)	(1,005,775)	(47,925)	(1,414,067)	(1,082,781)	(205,713)	(4,712,602)
Payments to employees	(490,261)	(360,603)	(812,956)	(27,880)	(30,659)	(46,140)	(206,171)	(1,974,670)
Net cash provided (used) by operating activities	123,772	(1,282)	303,433	57,755	6,253	(72,583)	61,990	479,338
<b>Cash flows from noncapital financing activities</b>								
Transfers to other funds	(15,224)	-	-	-	-	-	-	(15,224)
<b>Cash flows from capital and related financing activities</b>								
Purchases/construction of capital assets	-	-	(68,202)	(2,799)	-	-	-	(71,001)
Principal and interest paid on long-term debt	(12,684)	-	-	-	-	-	-	(12,684)
Proceeds from sale of capital assets	-	-	89,870	-	-	-	-	89,870
Net cash provided (used) by capital and related financing activities	(12,684)	-	21,668	(2,799)	-	-	-	6,185
<b>Cash flows from investing activities</b>								
Interest received	-	-	-	-	-	2,981	-	2,981
Net change in cash and cash equivalents	95,864	(1,282)	325,101	54,956	6,253	(69,602)	61,990	473,280
Cash and cash equivalents - beginning of year	279,827	56,291	118,854	505,935	1,529,110	2,441,354	150,495	5,081,866
Cash and cash equivalents - end of year	\$ 375,691	\$ 55,009	\$ 443,955	\$ 560,891	\$ 1,535,363	\$ 2,371,752	\$ 212,485	\$ 5,555,146
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>								
Operating income (loss)	\$ 435,083	\$ 279,041	\$ (78,220)	\$ 11,476	\$ 544,474	\$ 370,461	\$ 195,584	\$ 1,757,899
Adjustments to reconcile operating income to net cash from operating activities								
Depreciation and amortization expense	51,784	609	123,946	70,612	-	-	-	246,951
Noncash change - pension liability	(255,957)	(177,893)	500,960	(16,617)	(17,272)	(30,501)	(81,329)	(78,609)
Changes in assets and liabilities								
Receivables (net)	-	600	-	-	-	-	-	600
Due from other funds	-	-	-	-	-	(7,099)	-	(7,099)
Inventories	-	-	(31,086)	-	-	-	-	(31,086)
Prepaid items	-	-	-	-	(4,895)	(1,500)	-	(6,395)
Deferred outflows	(115,862)	(86,794)	(260,644)	(7,653)	(7,763)	(14,878)	(39,677)	(533,271)
Accounts payable	16,161	(231)	69,915	178	(98,300)	(23,262)	(4,761)	(40,300)
Accrued and other liabilities	(10,994)	(11,588)	(13,106)	(609)	(918)	(1,254)	(5,199)	(43,668)
Claims payable	-	-	-	-	(408,851)	(364,718)	-	(773,569)
Compensated absences	3,557	(5,026)	(8,332)	368	(222)	168	(2,628)	(12,115)
Net cash provided (used) by operating activities	\$ 123,772	\$ (1,282)	\$ 303,433	\$ 57,755	\$ 6,253	\$ (72,583)	\$ 61,990	\$ 479,338

## **FIDUCIARY FUNDS**

### ***PUBLIC EMPLOYEE HEALTHCARE FUND***

This fund was established to start funding the unfunded health insurance premiums that are fully paid for all City retirees. The unfunded liability is estimated at \$220 million.

### ***FIREMEN PENSION FUND***

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

### ***AGENCY FUNDS***

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

**City of Saginaw**  
**Other Supplementary Information**  
**Employee Pension and Other Employee Benefits Trust Funds**  
**Combining Statement of Plan Net Position**  
**June 30, 2016**

---

	Firemen Pension	Public Employee Healthcare	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 826,239	\$ 826,239
Investments			
Equity mutual funds	-	1,141,107	1,141,107
Total assets	-	1,967,346	1,967,346
<b>Net position</b>			
Restricted for healthcare	\$ -	\$ 1,967,346	\$ 1,967,346

**City of Saginaw**  
**Other Supplementary Information**  
**Employee Pension and Other Employee Benefits Trust Funds**  
**Combining Statement of Changes in Plan Net Position**  
**For the Year Ended June 30, 2016**

	Firemen Pension	Public Employee Healthcare	Total
<b>Additions</b>			
Contributions			
Employer	\$ 1,375,771	\$ -	\$ 1,375,771
Current premium contributions	-	10,550,705	10,550,705
Plan members	132,726	-	132,726
Total contributions	<u>1,508,497</u>	<u>10,550,705</u>	<u>12,059,202</u>
Investment earnings (losses)			
Interest	2,995	15,351	18,346
Dividends	268,368	-	268,368
Mutual fund rebates	84,882	-	84,882
Change in fair value	(1,460,750)	(76,113)	(1,536,863)
Investment expenses	<u>(22,460)</u>	<u>-</u>	<u>(22,460)</u>
Total investment earnings (losses)	<u>(1,126,965)</u>	<u>(60,762)</u>	<u>(1,187,727)</u>
Total additions	<u>381,532</u>	<u>10,489,943</u>	<u>10,871,475</u>
<b>Deductions</b>			
Benefits - police	3,959	-	3,959
Transfer to MERS	51,447,937	-	51,447,937
Benefits - fire	3,447,424	-	3,447,424
Retiree healthcare premium payments	-	10,951,840	10,951,840
Administrative expenses	<u>124,834</u>	<u>-</u>	<u>124,834</u>
Total deductions	<u>55,024,154</u>	<u>10,951,840</u>	<u>65,975,994</u>
Change in net position	(54,642,622)	(461,897)	(55,104,519)
Net position - beginning of year	<u>54,642,622</u>	<u>2,429,243</u>	<u>57,071,865</u>
Net position - end of year	<u>\$ -</u>	<u>\$ 1,967,346</u>	<u>\$ 1,967,346</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Agency Funds**  
**June 30, 2016**

	PILOT	Delinquent Tax Collection	Undistributed Tax Collection	Employee Benefits	Saginaw County Land Bank	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 279,575	\$ -	\$ 45,737	\$ 3,485,692	\$ 1,286	\$ 3,812,290
Receivables						
Customers	-	-	26	9,166	-	9,192
Total assets	<u>\$ 279,575</u>	<u>\$ -</u>	<u>\$ 45,763</u>	<u>\$ 3,494,858</u>	<u>\$ 1,286</u>	<u>\$ 3,821,482</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 139,915	\$ 1,286	\$ 141,201
Accrued and other liabilities	-	-	-	2,502,555	-	2,502,555
Claims payable	-	-	-	852,388	-	852,388
Due to other units of government	<u>279,575</u>	<u>-</u>	<u>45,763</u>	<u>-</u>	<u>-</u>	<u>325,338</u>
Total liabilities	<u>\$ 279,575</u>	<u>\$ -</u>	<u>\$ 45,763</u>	<u>\$ 3,494,858</u>	<u>\$ 1,286</u>	<u>\$ 3,821,482</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets**  
**and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>PILOT</b>				
Assets				
Cash and cash equivalents	\$ 90,862	\$ 256,715	\$ 68,002	\$ 279,575
Taxes receivable	<u>44,539</u>	<u>212,174</u>	<u>256,713</u>	<u>-</u>
Total assets	<u>\$ 135,401</u>	<u>\$ 468,889</u>	<u>\$ 324,715</u>	<u>\$ 279,575</u>
Liabilities				
Due to other governmental units	<u>\$ 135,401</u>	<u>\$ 212,176</u>	<u>\$ 68,002</u>	<u>\$ 279,575</u>
 <b>Delinquent Tax Collection</b>				
Assets				
Cash and cash equivalents	<u>\$ 176,869</u>	<u>\$ 26,626</u>	<u>\$ 203,495</u>	<u>\$ -</u>
Liabilities				
Due to other governmental units	<u>\$ 176,869</u>	<u>\$ 27,259</u>	<u>\$ 204,128</u>	<u>\$ -</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets**  
**and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>Undistributed Tax Collection</b>				
Assets				
Cash and cash equivalents	\$ 106,032	\$ 50,875,448	\$ 50,935,743	\$ 45,737
Accounts receivable	57,358	140	57,472	26
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 163,390</u>	<u>\$ 50,875,588</u>	<u>\$ 50,993,215</u>	<u>\$ 45,763</u>
Liabilities				
Accounts payable	\$ 163,390	\$ 171,092	\$ 334,482	\$ -
Due to other governmental units	-	33,596,195	33,550,432	45,763
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 163,390</u>	<u>\$ 33,767,287</u>	<u>\$ 33,884,914</u>	<u>\$ 45,763</u>
 <b>Employee Benefits</b>				
Assets				
Cash and cash equivalents	\$ 1,907,852	\$ 40,272,341	\$ 38,694,501	\$ 3,485,692
Accounts receivable	9,969	93,526	94,329	9,166
Prepays	27,883	-	27,883	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,945,704</u>	<u>\$ 40,365,867</u>	<u>\$ 38,816,713</u>	<u>\$ 3,494,858</u>
Liabilities				
Accounts payable	\$ 125,045	\$ 1,619,717	\$ 1,604,847	\$ 139,915
Claims payable	766,798	85,590	-	852,388
Other current liabilities	1,053,861	40,683,318	39,234,624	2,502,555
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 1,945,704</u>	<u>\$ 42,388,625</u>	<u>\$ 40,839,471</u>	<u>\$ 3,494,858</u>



**City of Saginaw**  
**Other Supplementary Information**  
**Combining Statement of Changes in Assets**  
**and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>Saginaw County Land Bank</b>				
Assets				
Cash and cash equivalents	\$ 1,286	\$ 15,261	\$ 15,261	\$ 1,286
Liabilities				
Accounts payable	\$ 1,286	\$ 30,524	\$ 30,524	\$ 1,286
 <b>Total Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 2,282,901	\$ 91,446,391	\$ 89,917,002	\$ 3,812,290
Accounts receivable	67,327	93,666	151,801	9,192
Prepaid insurance	27,883	-	27,883	-
Taxes receivable	44,539	212,174	256,713	-
 Total assets	<u>\$ 2,422,650</u>	<u>\$ 91,752,231</u>	<u>\$ 90,353,399</u>	<u>\$ 3,821,482</u>
Liabilities				
Accounts payable	\$ 288,435	\$ 1,790,809	\$ 1,939,329	\$ 139,915
Due to other governmental units	313,556	33,866,154	33,853,086	326,624
Claims payable	766,798	85,590	-	852,388
Other current liabilities	1,053,861	40,683,318	39,234,624	2,502,555
 Total liabilities	<u>\$ 2,422,650</u>	<u>\$ 76,425,871</u>	<u>\$ 75,027,039</u>	<u>\$ 3,821,482</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**TIFA Component Units**  
**June 30, 2016**

---

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Net Position
<b>Assets</b>					
Cash and cash equivalents	\$ 5,185	\$ 26,097	\$ 31,282	\$ -	\$ 31,282
<b>Fund balances</b>					
Restricted for TIFA/LDFA projects	\$ 5,185	\$ 26,097	\$ 31,282	(31,282)	-
Net position - unrestricted				\$ 31,282	\$ 31,282

**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, 2016**

---

	Saginaw Division TIFA	Morley TIFA	Total	Adjustments	Statement of Activities
<b>Expenditures</b>					
Current					
Community and economic development	\$ -	\$ 4	\$ 4	\$ -	\$ 4
Excess (deficiency) of revenues over expenditures	-	(4)	(4)	-	(4)
Fund balance/net position - beginning of year	<u>5,185</u>	<u>26,101</u>	<u>31,286</u>	<u>-</u>	<u>31,286</u>
Fund balance/net position - end of year	<u>\$ 5,185</u>	<u>\$ 26,097</u>	<u>\$ 31,282</u>	<u>\$ -</u>	<u>\$ 31,282</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**DDA Component Units**  
**June 30, 2016**

	Commerce Center DDA	Downtown Development Authority	Downtown Development Authority 2011	Total	Adjustments	Statement of Net Position
<b>Assets</b>						
Cash and cash equivalents	\$ 65,195	\$ 64,687	\$ 714	\$ 130,596	\$ -	\$ 130,596
Receivables						
Customers	<u>-</u>	<u>13,675</u>	<u>-</u>	<u>13,675</u>	<u>-</u>	<u>13,675</u>
Total assets	<u>\$ 65,195</u>	<u>\$ 78,362</u>	<u>\$ 714</u>	<u>\$ 144,271</u>	<u>-</u>	<u>144,271</u>
<b>Liabilities</b>						
Accounts payable	<u>\$ -</u>	<u>\$ 14,329</u>	<u>\$ -</u>	<u>\$ 14,329</u>	<u>-</u>	<u>14,329</u>
<b>Fund Balances</b>						
Restricted for DDA projects	<u>65,195</u>	<u>64,033</u>	<u>714</u>	<u>129,942</u>	<u>(129,942)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 65,195</u>	<u>\$ 78,362</u>	<u>\$ 714</u>	<u>\$ 144,271</u>		
Net position - unrestricted					<u>\$ 129,942</u>	<u>\$ 129,942</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, 2016**

	Commerce Center DDA	Downtown Development Authority	Downtown Development Authority 2011	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Taxes	\$ 23,159	\$ -	\$ 714	\$ 23,873	\$ -	\$ 23,873
Federal grants	-	34,173	-	34,173	-	34,173
Other state grants	-	82,259	-	82,259	-	82,259
Other revenue	-	531	-	531	-	531
Total revenues	<u>23,159</u>	<u>116,963</u>	<u>714</u>	<u>140,836</u>	<u>-</u>	<u>140,836</u>
<b>Expenditures</b>						
Current						
Community and economic development	<u>22,875</u>	<u>125,492</u>	<u>-</u>	<u>148,367</u>	<u>-</u>	<u>148,367</u>
Excess (deficiency) of revenues over expenditures	284	(8,529)	714	(7,531)	-	(7,531)
Fund balance/net position - beginning of year	<u>64,911</u>	<u>72,562</u>	<u>-</u>	<u>137,473</u>	<u>-</u>	<u>137,473</u>
Fund balance/net position - end of year	<u>\$ 65,195</u>	<u>\$ 64,033</u>	<u>\$ 714</u>	<u>\$ 129,942</u>	<u>\$ -</u>	<u>\$ 129,942</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**LDFA Component Units**  
**June 30, 2016**

	Thomson LDFA	Sexton LDFA	Baker Perkins LDFA	Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Net Position
<b>Assets</b>									
Cash and cash equivalents	\$ 3,200,756	\$ 465,785	\$ 98,074	\$ 80,033	\$ 4,365	\$ 99,960	\$ 3,948,973	\$ -	\$ 3,948,973
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>\$ 3,202,426</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>
<b>Fund Balances</b>									
Restricted for TIFA/LDFA projects	<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>(3,950,643)</u>	<u>-</u>
Total liabilities and fund balances	<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>		
Net position - unrestricted								<u>\$ 3,950,643</u>	<u>\$ 3,950,643</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Statement of Activities and Governmental Fund Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**LDFA Component Units**  
**For the Year Ended June 30, 2016**

	Thompson LDFA	Sexton LDFA	Baker Perkins LDFA	Treasure Island LDFA	Saginaw Machine Systems LDFA	Saginaw Tool and Die LDFA	Total	Adjustments	Statement of Activities
<b>Revenues</b>									
Interest income	\$ 52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52	\$ -	\$ 52
<b>Expenditures</b>									
Current									
Community and economic development	-	69	14	12	1	-	96	-	96
Excess (deficiency) of revenues over expenditures	52	(69)	(14)	(12)	(1)	-	(44)	-	(44)
Fund balance/net position - beginning of year	3,202,374	465,854	98,088	80,045	4,366	99,960	3,950,687	-	3,950,687
Fund balance/net position - end 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>

**City of Saginaw**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**Saginaw Economic Development Corporation**  
**June 30, 2016**

	Saginaw Economic Development Corporation	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 541,211	\$ -	\$ 541,211
Accounts receivable	500	-	500
Notes and contracts receivable	<u>2,273,250</u>	<u>(172,603)</u>	<u>2,100,647</u>
 Total assets	 <u>\$ 2,814,961</u>	 <u>(172,603)</u>	 <u>2,642,358</u>
<b>Liabilities</b>			
Accounts payable	<u>\$ 1,554</u>	<u>-</u>	<u>1,554</u>
<b>Deferred inflows of resources</b>			
Contracts	<u>2,225,404</u>	<u>(2,225,404)</u>	<u>-</u>
 Total liabilities and deferred inflows of resources	 <u>2,226,958</u>	 <u>(2,225,404)</u>	 <u>1,554</u>
<b>Fund balances/net position</b>			
Restricted for specific projects	<u>588,003</u>	<u>(588,003)</u>	<u>-</u>
 Total liabilities and fund balances	 <u>\$ 2,814,961</u>		
 Net position - unrestricted		 <u>\$ 2,813,407</u>	 <u>\$ 2,640,804</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, 2016**

---

	Saginaw Economic Development Corporation	Adjustments	Statement of Activities
<b>Revenues</b>			
Charges for services	\$ 1,630	\$ -	\$ 1,630
Interest income	60,131	-	60,131
Fees and loan repayments	<u>251,184</u>	<u>(244,434)</u>	<u>6,750</u>
Total revenues	<u>312,945</u>	<u>(244,434)</u>	<u>68,511</u>
<b>Expenditures</b>			
Current			
Community and economic development	<u>592,265</u>	<u>(558,503)</u>	<u>33,762</u>
Excess (deficiency) of revenues over expenditures	(279,320)	314,069	34,749
Fund balance/net position - beginning of year	<u>867,323</u>	<u>1,738,732</u>	<u>2,606,055</u>
Fund balance/net position - end of year	<u>\$ 588,003</u>	<u>\$ 2,052,801</u>	<u>\$ 2,640,804</u>

**City of Saginaw**  
**Other Supplementary Information**  
**Statement of Net Position and Governmental Fund Balance Sheet**  
**Brownfield Component Unit**  
**June 30, 2016**

---

	Brownfield Authority SRRF	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 289,680	\$ -	\$ 289,680
<b>Liabilities</b>			
Accounts payable	\$ 762	-	762
<b>Fund balances/net position</b>			
Restricted for specific projects	288,918	(288,918)	-
Total liabilities and fund balance	\$ 289,680		
Net position - unrestricted		\$ 288,918	\$ 288,918

**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, 2016**

---

	Brownfield Authority SRRF	Adjustments	Statement of Activities
<b>Revenues</b>			
Taxes	\$ 73,633	\$ -	\$ 73,633
<b>Expenditures</b>			
Current			
Community and economic development	31,354	-	31,354
Excess (deficiency) of revenues over expenditures	42,279	-	42,279
Fund balance/net position - beginning of year	246,639	-	246,639
Fund balance/net position - end of year	\$ 288,918	\$ -	\$ 288,918

## 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,**

	<u>2007</u>	<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>
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 45,625,909	\$ 44,021,349	\$ 43,412,648	\$ 42,357,901	\$ 43,653,689	\$ 43,056,592	\$ 42,480,896	\$ 41,522,452	\$ 40,458,812	\$ 38,106,561
Restricted	3,308,444	5,503,153	5,726,440	4,855,840	3,794,989	4,552,729	4,772,251	7,177,028	7,871,497	3,278,435
Unrestricted	<u>8,840,328</u>	<u>5,639,120</u>	<u>(4,288,914)</u>	<u>(13,847,085)</u>	<u>(24,064,137)</u>	<u>(38,431,452)</u>	<u>(42,695,487)</u>	<u>(50,040,252)</u>	<u>(147,334,573)</u>	<u>(160,903,354)</u>
Total net position	<u>57,774,681</u>	<u>55,163,622</u>	<u>44,850,174</u>	<u>33,366,656</u>	<u>23,384,541</u>	<u>9,177,869</u>	<u>4,557,660</u>	<u>(1,340,772)</u>	<u>(99,004,264)</u>	<u>(119,518,358)</u>
<b>Business Type Activities:</b>										
Net investment in capital assets	75,854,872	70,941,541	72,449,928	77,177,910	82,280,202	73,202,779	76,740,286	78,362,788	78,165,624	77,851,628
Restricted	8,616,819	8,083,872	999,026	995,343	-	-	-	-	-	-
Unrestricted	<u>17,211,864</u>	<u>24,924,823</u>	<u>27,555,338</u>	<u>24,125,802</u>	<u>24,700,068</u>	<u>40,146,861</u>	<u>39,911,213</u>	<u>37,878,295</u>	<u>(2,697,609)</u>	<u>12,708,301</u>
Total net position	<u>101,683,555</u>	<u>103,950,236</u>	<u>101,004,292</u>	<u>102,299,055</u>	<u>106,980,270</u>	<u>113,349,640</u>	<u>116,651,499</u>	<u>116,241,083</u>	<u>75,468,015</u>	<u>90,559,929</u>
<b>Primary government in total:</b>										
Net investment in capital assets	121,480,781	114,962,890	115,862,576	119,535,811	125,933,891	116,259,371	119,221,182	119,885,240	118,624,436	115,958,189
Restricted	11,925,263	13,587,025	6,725,466	5,851,183	3,794,989	4,552,729	4,772,251	7,177,028	7,871,497	3,278,435
Unrestricted	<u>26,052,192</u>	<u>30,563,943</u>	<u>23,266,424</u>	<u>10,278,717</u>	<u>635,931</u>	<u>1,715,409</u>	<u>(2,784,274)</u>	<u>(12,161,957)</u>	<u>(150,032,182)</u>	<u>(148,195,053)</u>
Total net position	<u>\$ 159,458,236</u>	<u>\$ 159,113,858</u>	<u>\$ 145,854,466</u>	<u>\$ 135,665,711</u>	<u>\$ 130,364,811</u>	<u>\$ 122,527,509</u>	<u>\$ 121,209,159</u>	<u>\$ 114,900,311</u>	<u>\$ (23,536,249)</u>	<u>\$ (28,958,429)</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>2007</u>	<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>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,270	\$ 4,257	\$ 8,108	\$ 4,959	\$ 3,441	\$ 5,321	\$ 4,247	\$ 4,047	\$ 3,058	\$ 7,434
Administration	2,332	2,391	2,431	2,422	2,590	3,835	2,082	2,785	2,925	2,939
Public Safety	25,321	24,814	32,375	31,688	32,191	31,454	28,578	26,475	25,630	34,732
Highways and streets	-	-	-	-	-	-	-	-	5,982	7,748
General services	13,919	13,735	12,877	15,855	16,086	13,006	14,917	13,854	8,392	9,510
Community services	1,999	2,476	2,325	2,121	1,862	1,847	1,588	1,789	1,788	2,536
Economic development	3,263	2,843	2,914	6,141	9,061	10,791	10,063	2,801	3,190	3,156
Interest on long-term debt	66	61	28	4	-	-	2	2	8	81
Total governmental activities expenses	<u>51,170</u>	<u>50,577</u>	<u>61,058</u>	<u>63,190</u>	<u>65,231</u>	<u>66,254</u>	<u>61,477</u>	<u>51,753</u>	<u>50,973</u>	<u>68,136</u>
Business-type activities:										
Sewer	17,203	17,392	19,050	19,245	19,279	19,008	20,260	21,636	20,220	13,540
Water	11,637	11,859	13,513	13,872	13,670	14,566	14,559	15,838	15,747	10,328
Parking	359	359	481	421	407	-	-	-	-	28
Wave Pool	927	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>30,126</u>	<u>29,610</u>	<u>33,044</u>	<u>33,538</u>	<u>33,356</u>	<u>33,574</u>	<u>34,819</u>	<u>37,474</u>	<u>35,967</u>	<u>23,896</u>
Total primary government expenses	<u>\$ 81,296</u>	<u>\$ 80,187</u>	<u>\$ 94,102</u>	<u>\$ 96,728</u>	<u>\$ 98,587</u>	<u>\$ 99,828</u>	<u>\$ 96,296</u>	<u>\$ 89,227</u>	<u>\$ 86,940</u>	<u>\$ 92,032</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>2007</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 1,077	\$ 988	\$ 1,107	\$ 1,176	\$ 1,373	\$ 1,878	\$ 3,240	\$ 3,783	\$ 2,077	\$ 1,867
Administration	2,351	2,738	2,484	2,930	3,031	2,305	1,233	1,071	2,672	2,739
Public safety	262	213	650	360	535	775	785	657	516	544
Highways and streets	-	-	-	-	-	-	-	-	193	291
General services	2,786	1,681	2,929	2,423	2,010	3,821	3,812	3,630	3,909	3,792
Community services	854	(89)	789	832	824	782	800	671	665	630
Economic development	220	131	199	163	241	941	875	316	340	20
Operating grants and contributions	10,162	9,633	10,309	13,117	15,943	13,018	14,121	10,307	9,953	10,122
Capital grants and contributions	65	-	-	-	-	-	-	66	32	-
Total governmental activities program revenues	<u>17,777</u>	<u>15,295</u>	<u>18,467</u>	<u>21,001</u>	<u>23,957</u>	<u>23,520</u>	<u>24,866</u>	<u>20,501</u>	<u>20,357</u>	<u>20,005</u>
Business-type activities:										
Charges for services										
Sewer	18,239	16,664	16,739	20,733	21,602	22,474	22,283	20,646	20,864	20,363
Water	12,553	12,305	12,112	13,630	14,991	16,611	15,554	15,440	15,049	15,874
Boat Launch	-	-	-	-	-	-	-	-	-	23
Parking	309	255	287	302	278	-	-	-	-	-
Operating grants and contributions	-	-	-	102	-	-	119	-	-	-
Capital grants and contributions	2,507	2,291	402	-	995	-	-	-	-	-
Total business-type activities program revenues	<u>33,608</u>	<u>31,515</u>	<u>29,540</u>	<u>34,767</u>	<u>37,866</u>	<u>39,085</u>	<u>37,956</u>	<u>36,086</u>	<u>35,913</u>	<u>36,260</u>
Total primary government program revenues	<u>\$ 51,385</u>	<u>\$ 46,810</u>	<u>\$ 48,007</u>	<u>\$ 55,768</u>	<u>\$ 61,823</u>	<u>\$ 62,605</u>	<u>\$ 62,822</u>	<u>\$ 56,587</u>	<u>\$ 56,270</u>	<u>\$ 56,265</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (33,393)	\$ (35,282)	\$ (42,591)	\$ (42,189)	\$ (41,274)	\$ (42,734)	\$ (36,611)	\$ (31,252)	\$ (30,616)	\$ (48,131)
Business-type activities	<u>3,482</u>	<u>1,905</u>	<u>(3,504)</u>	<u>1,229</u>	<u>4,510</u>	<u>5,511</u>	<u>3,137</u>	<u>(1,388)</u>	<u>(54)</u>	<u>12,364</u>
Total primary government net expense	<u>\$ (29,911)</u>	<u>\$ (33,377)</u>	<u>\$ (46,095)</u>	<u>\$ (40,960)</u>	<u>\$ (36,764)</u>	<u>\$ (37,223)</u>	<u>\$ (33,474)</u>	<u>\$ (32,640)</u>	<u>\$ (30,670)</u>	<u>\$ (35,767)</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>2007</u>	<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>
<b>General revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 9,928	\$ 9,659	\$ 9,281	\$ 9,072	\$ 7,757	\$ 7,419	\$ 6,458	\$ 6,767	\$ 6,757	\$ 6,701
Income taxes	13,526	12,776	12,359	11,803	12,236	12,533	12,257	12,309	12,252	12,625
Unrestricted grants and contributions	9,885	10,190	10,660	9,299	10,661	8,117	7,766	8,089	8,483	8,768
Unrestricted investment earnings	784	657	438	419	473	438	347	400	404	516
Miscellaneous	83	84	138	104	27	86	91	55	3	69
Gain on disposal of capital assets	44	88	69	-	256	1	88	46	313	13
Transfers	-	(40)	(421)	-	(29)	-	14	22	141	-
Total governmental activities	<u>34,250</u>	<u>33,414</u>	<u>32,524</u>	<u>30,697</u>	<u>31,381</u>	<u>28,594</u>	<u>27,021</u>	<u>27,688</u>	<u>28,353</u>	<u>28,692</u>
Business -type activities:										
Unrestricted investment earnings	351	322	146	74	43	10	29	65	55	184
Miscellaneous	-	-	-	-	-	782	150	935	1,019	1,469
Transfers	-	40	421	-	28	-	(14)	(22)	(141)	-
Total business-type activities	<u>351</u>	<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>1,653</u>
Total primary government	<u>\$ 34,601</u>	<u>\$ 33,776</u>	<u>\$ 33,091</u>	<u>\$ 30,771</u>	<u>\$ 31,452</u>	<u>\$ 29,386</u>	<u>\$ 27,186</u>	<u>\$ 28,666</u>	<u>\$ 29,286</u>	<u>\$ 30,345</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 857	\$ (1,868)	\$ (10,067)	\$ (11,492)	\$ (9,893)	\$ (14,140)	\$ (9,590)	\$ (3,564)	\$ (2,263)	\$ (19,439)
Business-type activities	<u>3,833</u>	<u>2,267</u>	<u>(2,937)</u>	<u>1,303</u>	<u>4,581</u>	<u>6,303</u>	<u>3,302</u>	<u>(410)</u>	<u>879</u>	<u>14,017</u>
Total primary government	<u>\$ 4,690</u>	<u>\$ 399</u>	<u>\$ (13,004)</u>	<u>\$ (10,189)</u>	<u>\$ (5,312)</u>	<u>\$ (7,837)</u>	<u>\$ (6,288)</u>	<u>\$ (3,974)</u>	<u>\$ (1,384)</u>	<u>\$ (5,422)</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)**

	<u>2007</u>	<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>
General Fund:										
Reserved	\$ 45	\$ 137	\$ 46	\$ 59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,626	1,574	1,498	1,513	-	-	-	-	-	-
Non-spendable	-	-	-	-	143	240	212	166	259	243
Restricted	-	-	-	-	1	10	10	332	111	15
Assigned	-	-	-	-	1,036	-	-	-	-	-
Unassigned	-	-	-	-	2,685	998	46	1,029	1,533	2,294
Total general fund	<u>\$ 7,671</u>	<u>\$ 1,711</u>	<u>\$ 1,544</u>	<u>\$ 1,572</u>	<u>\$ 3,865</u>	<u>\$ 1,248</u>	<u>\$ 268</u>	<u>\$ 1,527</u>	<u>\$ 1,903</u>	<u>\$ 2,552</u>
All other governmental funds:										
Reserved	\$ 3,459	\$ 6,642	\$ 6,284	\$ 5,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	990	(719)	1,215	1,934	-	-	-	-	-	-
Capital projects funds	101	101	101	101	-	-	-	-	-	-
Permanent fund	217	92	85	79	-	-	-	-	-	-
Non-spendable	-	-	-	-	2,974	2,870	2,853	2,981	2,809	2,875
Restricted	-	-	-	-	1,338	2,213	2,312	4,011	3,704	4,659
Assigned	-	-	-	-	379	286	157	151	134	158
Unassigned	-	-	-	-	(790)	(2,904)	(1,863)	(1,017)	(867)	(1,186)
Total all other governmental funds	<u>\$ 4,767</u>	<u>\$ 6,116</u>	<u>\$ 7,685</u>	<u>\$ 7,780</u>	<u>\$ 3,901</u>	<u>\$ 2,465</u>	<u>\$ 3,459</u>	<u>\$ 6,126</u>	<u>\$ 5,780</u>	<u>\$ 6,506</u>

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)**

	<u>2007</u>	<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>
<b>Revenue</b>										
General operating property taxes	\$ 9,305	\$ 9,218	\$ 8,695	\$ 8,401	\$ 7,303	\$ 7,088	\$ 6,122	\$ 6,442	\$ 6,436	\$ 6,392
Special assessments	45	83	296	160	119	(25)	158	36	-	-
City income tax	13,526	12,776	12,359	11,803	12,236	12,533	12,257	12,309	12,252	12,625
State shared revenues	14,797	14,809	14,863	13,661	13,682	11,422	11,747	12,456	12,452	12,757
Licenses, permits, and fees	3,450	2,649	3,550	2,975	3,114	5,777	5,498	5,584	4,570	5,415
Fines, penalties, and forfeitures	356	293	788	582	518	741	600	550	443	434
Grants, donations, and contributions	7,596	7,713	8,600	11,758	16,058	11,799	14,871	8,912	8,886	8,351
Interest on loans and investments	682	597	431	439	497	475	401	420	404	514
Rents and privileges	1	104	31	37	27	79	93	78	87	86
Sale of materials and services	1,540	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	159	104	35	123	90	282	55	53	167	32
Miscellaneous	-	-	-	13	126	-	385	267	354	479
Total revenue	<u>51,457</u>	<u>49,627</u>	<u>51,256</u>	<u>51,500</u>	<u>55,446</u>	<u>52,884</u>	<u>54,276</u>	<u>48,661</u>	<u>47,805</u>	<u>48,331</u>
<b>Expenditures</b>										
General government	3,901	3,882	4,266	4,647	4,646	4,589	4,207	4,017	3,118	4,602
Administration	3,199	3,280	3,308	3,151	3,492	2,657	2,699	2,792	3,010	2,652
Public safety	24,834	24,862	26,279	25,360	28,195	28,075	25,593	22,888	23,731	22,811
Highway and streets	5,930	5,984	5,067	4,600	5,931	4,651	4,657	4,683	5,958	7,813
General services	6,590	6,752	6,361	6,022	6,653	6,833	7,112	6,658	7,665	8,184
Community services	1,512	2,143	1,986	1,767	1,763	1,598	1,589	1,753	1,755	1,848
Economic development	2,029	1,835	1,785	4,696	7,213	9,566	10,014	2,698	3,219	2,548
Capital outlay	843	542	557	657	510	-	-	-	-	-
Debt service										
Principal	576	430	450	470	-	-	5	6	66	119
Interest and other fees	59	40	26	9	-	-	2	2	8	42
Total expenditures	<u>49,473</u>	<u>49,750</u>	<u>50,085</u>	<u>51,379</u>	<u>58,403</u>	<u>57,969</u>	<u>55,878</u>	<u>45,497</u>	<u>48,530</u>	<u>50,619</u>
Excess of revenues over (under) expenditures	1,984	(123)	1,171	121	(2,957)	(5,085)	(1,602)	3,164	(725)	(2,288)

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

	<u>2007</u>	<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>
<b>Other financing sources (uses)</b>										
Proceeds from installment contract	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 695	\$ -	\$ -
Sale of fixed assets	-	-	-	-	-	-	40	-	-	-
Insurance recoveries	-	-	-	-	-	-	2	-	-	1
Transfers in	1,686	1,388	2,121	1,145	4,239	2,023	2,946	1,156	1,197	776
Transfers from component units	-	-	-	-	-	-	-	-	-	-
Transfers (out)	(1,686)	(5,133)	(1,632)	(1,145)	(1,809)	(1,196)	(1,371)	(1,091)	(1,038)	(761)
Issuance of debt	-	-	-	-	-	-	-	-	596	3,693
Total other financing sources (uses)	<u>-</u>	<u>(3,745)</u>	<u>489</u>	<u>-</u>	<u>2,430</u>	<u>927</u>	<u>1,617</u>	<u>760</u>	<u>755</u>	<u>3,709</u>
Net change in fund balances	<u>\$ 1,984</u>	<u>\$ (3,868)</u>	<u>\$ 1,660</u>	<u>\$ 121</u>	<u>\$ (527)</u>	<u>\$ (4,158)</u>	<u>\$ 15</u>	<u>\$ 3,924</u>	<u>\$ 30</u>	<u>\$ 1,421</u>
Debt service as a percentage of noncapital expenditures	1.31%	0.96%	0.96%	0.94%	- %	- %	0.01%	0.02%	0.15%	0.32%

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>
2007	\$ 9,305,384
2008	9,218,163
2009	8,695,585
2010	8,401,434
2011	7,303,409
2012	7,087,879
2013	6,121,874
2014	6,664,472
2015	6,436,153
2016	6,392,254

**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					
2007	\$ 523,100	\$ 97,118	\$ 48,985	\$ 122,749	\$ 791,952	14.2130	\$ 1,583,904	50.00%
2008	531,883	97,356	48,942	117,554	795,735	14.1233	1,591,470	50.00%
2009	497,613	97,173	47,740	105,909	748,435	14.2588	1,496,870	50.00%
2010	452,724	95,695	47,162	98,106	693,687	14.5381	1,387,374	50.00%
2011	389,861	94,607	32,054	93,643	610,165	15.2508	1,220,330	50.00%
2012	352,600	93,167	30,490	97,508	573,765	14.2290	1,147,530	50.00%
2013	334,664	85,274	29,259	93,911	543,108	14.5637	1,086,216	50.00%
2014	318,230	79,682	27,781	88,335	514,028	14.8830	1,028,056	50.00%
2015	305,201	77,454	27,295	87,578	497,528	14.8830	995,056	50.00%
2016	292,296	78,215	25,238	82,509	478,258	14.8830	956,680	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	
2007	5.2598	2.9532	6.0000	14.2130	27.9000	3.9947	2.0427	2.0872	3.0000	7.5265	60.7641
2008	5.1701	2.9532	6.0000	14.1233	27.9000	3.9947	2.0427	2.0695	3.0000	7.5349	60.6651
2009	5.3056	2.9532	6.0000	14.2588	27.9000	3.9947	2.0427	2.1046	3.0000	7.5508	60.8516
2010	5.5849	2.9532	6.0000	14.5381	27.9000	3.9947	2.0427	2.0872	3.0000	7.6048	61.1675
2011	6.2976	2.9532	6.0000	15.2508	27.9000	3.9947	2.0427	2.0872	3.0000	7.7284	62.0038
2012	6.7290	0.0000	7.5000	14.2290	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.1728
2013	7.0637	0.0000	7.5000	14.5637	29.3000	3.9947	2.0427	2.0872	3.0000	8.5192	63.5075
2014	7.3830	0.0000	7.5000	14.8830	29.3000	3.9947	2.0427	2.0872	3.0000	8.3007	63.6083
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

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>	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Consumers Energy	\$ 28,213,802	1	5.90%	\$ 16,452,212	3	2.08%
Linear Motion, LLC	5,608,056	2	1.17%	5,311,224	5	0.67%
General Motors, LLC	4,194,746	3	0.88%	45,768,523	1	5.78%
Charter Communications, II, LP	3,623,400	4	0.76%			
Hausbeck Pickle Company	3,506,897	5	0.73%			
Community Hospital Services	3,229,460	6	0.68%			
Riverfront Medical Realty, LLC	2,988,160	7	0.62%			
BBC Saginaw, LLC	2,107,370	8	0.44%			
AT & T Services, Inc.	2,036,300	9	0.43%			
Meredith Corporation	1,982,979	10	0.41%			
Delphi Corporation				33,476,478	2	4.23%
Enterprise Automotive				7,487,900	4	0.95%
CMI - Schneible Company				4,748,700	6	0.60%
Machining Enterprises				4,382,400	7	0.55%
SSP Associates, Inc.				4,225,963	8	0.53%
Eaton Corporation				3,982,928	9	0.50%
Corvus Nodular Interest				3,564,841	10	0.45%
Totals	<u>\$ 57,491,170</u>		<u>12.02%</u>	<u>\$ 129,401,169</u>		<u>16.34%</u>

Source: City of Saginaw Assessor's Office

**City of Saginaw**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Amounts expressed in thousands)**

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 9,272,645	\$ 8,787,931	94.77%	\$ 484,714	\$ 9,272,645	100.00%
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%	6,903	8,526,668	93.23%
2010	8,944,519	8,869,275	99.16%	19,801	8,889,076	99.38%
2011	8,283,083	8,219,048	99.23%	10,506	8,229,554	99.35%
2012	7,022,671	7,010,636	99.83%	9,403	7,020,039	99.96%
2013	6,901,651	6,861,236	99.41%	11,516	6,872,752	99.58%
2014**	6,848,972	6,770,877	98.86%	14,175	6,785,052	99.07%
2015**	6,678,759	6,609,227	98.96%	3,450	6,612,677	99.01%
2016	6,457,334	6,388,770	98.94%	-	6,388,770	98.94%

Source: City Treasurer'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			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 Discount	General Obligation Bonds			
2007	\$ 150,000	\$ 197,769	\$ 1,350,000	\$ -	\$ -	\$ 1,165,000	\$ -	\$ 46,329,795	\$ 49,192,564	6.33%	\$ 874
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	-	-	-	88,729	-	18,615,000	(75,333)	20,680,307	39,308,703	5.37%	789
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	-	82,879	34,992	16,905,000	(64,507)	16,563,849	38,332,895	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 2016 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)
2007	\$ 46,479,795	\$ -	\$ -	\$ 46,479,795	5.87%	\$ 826
2008	44,058,341	-	-	44,058,341	5.54%	855
2009	41,895,580	-	-	41,895,580	5.60%	818
2010	36,858,387	-	-	36,858,387	5.31%	716
2011	31,864,706	-	-	31,864,706	5.22%	622
2012	28,170,711	-	-	28,170,711	4.91%	555
2013	24,217,673	-	-	24,217,673	4.46%	481
2014	20,680,307	-	-	20,680,307	4.02%	415
2015	17,398,415	-	-	17,398,415	3.50%	353
2016	20,256,795	-	-	20,256,795	4.24%	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**  
**Last Ten Fiscal Years**

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Overlapping Debt
Direct debt - City of Saginaw	\$ 4,922,555	100.00%	\$ <u>4,922,555</u>
Indirect debt:			
Saginaw County	128,539	100.00%	128,539
Multi-Authority	4,332,558	100.00%	<u>4,332,558</u>
Total indirect debt			<u>4,461,097</u>
Overlapping debt:			
Saginaw School District	50,470,000	67.78%	34,208,566
Saginaw County	75,548,403	9.33%	7,048,666
Saginaw ISD	1,335,000	9.45%	126,158
Delta Community College	<u>-</u>	4.07%	<u>-</u>
Total overlapping debt			<u>41,383,390</u>
Total direct and overlapping debt			<u><u>\$ 50,767,042</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>2007</u>	<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>
Debt Limit	\$ 79,195	\$ 79,574	\$ 74,844	\$ 69,369	\$ 61,017	\$ 57,377	\$ 54,311	\$ 51,403	\$ 49,753	\$ 47,826
Total net debt applicable to limit	<u>13,210</u>	<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>
Legal debt margin	<u>\$ 65,985</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	16.68%	14.14%	13.89%	22.03%	22.18%	7.75%	13.74%	15.51%	14.39%	19.62%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed valuation, December 31, 2015	\$ 478,258
Debt limit (10% of assessed valuation)	47,826
Debt applicable to limit:	\$ 9,384
Total amount of debt applicable to debt limit:	<u>9,384</u>
Legal Debt Margin	<u>\$ 38,442</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)		Net Available Revenue	Debt Service		Total	Coverage
						Principal	Interest		
2007	\$	12,828,771	\$	9,186,953	\$ 3,641,818	\$ 1,515,000	\$ 143,963	\$ 1,658,963	2.20
2008		12,553,474		9,822,603	2,730,871	1,165,000	147,743	1,312,743	2.08
2009		12,359,914		10,236,107	2,123,807	-	506,000	506,000	4.20
2010		13,665,066		10,925,125	2,739,941	250,000	493,000	743,000	3.69
2011		14,956,126		10,610,636	4,345,490	250,000	481,000	731,000	5.94
2012		16,683,411		11,190,078	5,493,333	300,000	439,130	739,130	7.43
2013		15,564,405		11,119,751	4,444,654	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

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.

**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)
2007	56,263	\$ 777,329,608	\$ 13,816	10,427	12.30%
2008	51,518	727,500,472	14,121	10,080	14.80%
2009	51,218	727,500,472	14,204	9,970	22.40%
2010	51,508	724,614,544	14,068	9,302	20.50%
2011	51,230	743,859,600	14,520	8,022	17.10%
2012	50,790	737,470,800	14,520	7,691	15.30%
2013	50,303	727,079,562	14,454	7,355	16.10%
2014	49,844	732,058,828	14,687	7,737	13.90%
2015	49,347	746,472,069	15,127	6,880	10.40%
2016	(4)	(4)	(4)	6,356	8.50%

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**  
**2016 and 2007**

2016				2007			
<u>Employer</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Covenant Medical Center	4,711	1	5.20%	Covenant Medical Center	4,468	1	4.52%
Ascension Health/St. Mary's of MI	1,892	2	2.09%	Motors Liquidation	3,510	2	3.55%
General Motors, LLC	988	3	1.09%	Ascension Health/St. Mary's of M	2,582	3	2.61%
Saginaw County	903	4	1.00%	Delphi Automotive Systems	2,436	4	2.47%
School District City of Saginaw	885	5	0.98%	School District City of Saginaw	2,220	5	2.25%
Nexteer Automotive Corporation	850	6	0.94%	Saginaw County	977	6	0.99%
Quality Temporary Services, Inc.	650	4	0.72%	Department of Veterans Affairs	807	7	0.82%
Meijer Great Lakes LTD PT	584	8	0.64%	State of Michigan	754	8	0.76%
Department of Veterans' Affairs	581	9	0.64%	City of Saginaw	598	9	0.61%
State of Michigan	570	10	0.63%	United States Postal Service	575	10	0.58%
City of Saginaw	520	11	0.57%	Delphi Automotive Systems	286	11	0.29%
 Totals	 <u>13,134</u>		 <u>14.49%</u>		 <u>19,213</u>		 <u>19.45%</u>
Total Employment (2)	90,647			Total Employment (2)	98,772		

Data Sources:

(1) City of Saginaw Income Tax Department

(2) Michigan Labor Market Information, Data Explorer

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

Function/Program	<u>2007</u>	<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>
General government	25	25	26	25	26	26	26	23	24	31
Fiscal services	30	32	27	26	27	27	28	30	36	29
Public safety										
Police	155	155	140	142	140	139	136	93	89	89
Fire	69	69	70	72	70	67	58	36	53	52
Highways and streets	33	28	20	21	27	26	19	19	18	18
General services	73	64	52	52	46	46	49	56	53	53
Community services	16	19	18	18	18	18	20	20	19	19
Economic development	11	11	11	10	7	7	11	7	7	7
Parking system	2	2	2	2	1	1	-	-	-	-
Water	65	65	71	68	61	61	61	61	61	61
Sewer	76	80	99	94	83	84	88	88	89	88
Total	<u>555</u>	<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>

Source: City of Saginaw Annual Budget



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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>										
Elections										
Number of registered voters			40,158	40,224	39,788	40,599	40,211	38,855	37,134	36,756
<b>Public Safety</b>										
Police Department										
Number of citations issued		8,534	11,121	9,947	9,596	6,414	6,970	2,582	3,602	3,276
Number of complaints filed						8,638	7,953	7,354	6,715	9,034
Number of calls for service	41,176	42,640	43,378	44,764	44,245	44,737	57,625	52,198	47,729	52,024
Number of DUI offenses							69	49	39	59
Fire Department										
Number of emergency runs			1,918	1,678	1,835	1,898	2,429	4,034	4,126	3,154
<b>Public Works</b>										
Streets										
Tons of salt used			2,218							
<b>Recreated and Culture</b>										
Park acreage maintained			308	308	308	308	308	308	308	308
Special events			60	61	57	53	53	66	72	71
Shelter rentals			35	61	57	58	15	25	28	33
Block parties			11	16	16	15	16	9	14	15
Street trees planted							177	43	106	79
Street trees trimmed						178	596	456	922	270
Street trees removal						432	417	329	679	378
<b>Community and Economic Development</b>										
Housing units rehabilitated			16	11	14	12	3	4	3	6
Basic needs and 50/50			32	7	9	11	9	14	15	23
<b>Sewer System</b>										
Sanitary and storm sewer (miles)	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9	303.9
Daily average treatment (million gallons)	22.0	22.0	22.0	17.0	23.3	20.1	22.9	19.6	21.6	22.9
Maximum daily capacity (million gallons)	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75	75.0
<b>Water System</b>										
Miles of water mains			419.7	419.7	419.7	419.7	420.0	411.0	411.0	411.0
Daily average consumption (million gallons)	21.5	21.5	20.3	19.4	19.2	19.5	20.0	18.1	17.0	17.3
Maximum daily treatment (million gallons)	37.4	34.5	29.6	28.1	30.5	31.3	32.3	27.2	23.7	26.3
<b>Cemetery</b>										
Interments				401	342	353	386	326	366	337
Grave sales				303	240	252	145	153	266	260
Foundations set				257	203	243	149	199	209	229
<b>Marina</b>										
Boat launch			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**

---

<u>Function/Program</u>	<u>2007</u>	<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>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles			69	72	74	74	72	70	73	62
Fire										
Stations	4	4	4	4	4	4	4	4	4	4
Vehicles					21	21	19	18	25	24
Public Works										
Streets (miles)										
Major	99	99	99	99	96	96	96	96	96	96
Local	184	184	184	184	182	182	182	182	182	182
State highways	32	32	32	32	36	36	36	36	36	36
Recreation and culture										
Park Areas			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.