

# COUNTY OF SAGINAW, MICHIGAN

For the Fiscal  
Year Ended  
September 30,  
2011

Financial  
Statements and  
Single Audit

Prepared by: The Financial Services Department of the  
Controller's Office

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# COUNTY OF SAGINAW, MICHIGAN

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**INDEPENDENT AUDITORS' REPORT**

March 19, 2012

Board of Commissioners  
County of Saginaw  
Saginaw, Michigan

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 *County of Saginaw, Michigan* (the "County"), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the *County of Saginaw's* management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County of Saginaw Road Commission, which represents 63% of the assets, and 23% of the revenues of the aggregate discretely presented component units of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the County of Saginaw Road Commission is based on the report of the other auditors.

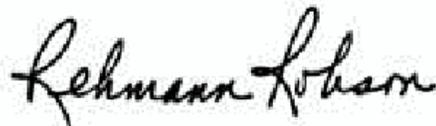
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, based on our audit and the report of other auditors, 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 County of Saginaw, Michigan, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and each major special revenue fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2012, on our consideration of the *County of Saginaw, Michigan's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the historical pension and other postemployment benefits supplementary information for the Saginaw County Employees Retirement Plan listed in the table of contents on pages 4-15, the Schedule of Funding Progress and Employer Contribution for Municipal Employees Retirement System of Michigan on page 71 and Schedule of Funding Progress and Employer Contribution for Postemployment Health Benefits on page 72 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *County of Saginaw, Michigan's* basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## COUNTY OF SAGINAW, MICHIGAN

### Management's Discussion and Analysis

As management of the *County of Saginaw, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

#### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$81,980,109 (net assets). Of this amount, \$41,015,124 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$5,687,736 during 2011.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, debt service, capital projects, and permanent funds) reported combined ending fund balances of \$36,233,624, an decrease of \$1,265,431 in comparison with the prior year. Approximately 73.2 percent of this total amount, or \$26,536,665, is *available for spending* at the government's discretion (*committed or assigned fund balance*). This amount is inclusive of both the *committed* amount, which has been designated based upon either County policy or for a specific purpose, and the *assigned* amount.
- At the end of the current fiscal year, the general fund did not have an unassigned fund balance. The committed fund balance for the general fund was \$13,648,176, or 37.8 percent of total general fund expenditures. Total fund balance for the general fund was \$14,093,176.
- The County's total bonded debt increased by \$7,769,502 during the current fiscal year.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County'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 County's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the County 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 County include legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, and recreation and culture. The business-type activities of the County include the Delinquent Tax Revolving Fund, Delinquent Property Tax Foreclosure Fund, Building Authority Event Center, Building Authority Administration, Parking System, Harry W. Browne Airport, and Inmate Services operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Road Commission, a legally separate Brownfield Redevelopment Authority, a legally separate Department of Public Works, a legally separate Drain Commission, a legally separate Economic Development Corporation, a legally separate Land Bank Authority, and a legally separate Saginaw County Community Mental Health Authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. Financial statements for the Road Commission and Saginaw County Community Mental Health Authority were issued separately from the County and other component units. The County of Saginaw Building Authority, although legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 17 - 19 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 County, 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 County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains 44 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, Health Department Fund, and Michigan Works! Fund, each of which is considered to be major funds. Data from the other 41 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 County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 20 - 27 of this report.

**Proprietary funds.** The County 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 County uses enterprise funds to account for its Delinquent Tax Revolving Fund, Delinquent Property Tax Foreclosure Fund, Building Authority Event Center, Building Authority Administration, Parking System, Harry W. Browne Airport, and Inmate Services operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County of Saginaw uses internal service funds to account for its MERS (DB) Retirement System, MERS (DC) Retirement System, Information Systems and Services operations, Equipment Revolving (computer equipment maintenance and replacement) activities, Mailing Services, Motor Pool operations, Risk Management program, Investment Pool, Employee Benefits, and Retiree Health Savings Plan. Because these services predominately benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

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 Delinquent Tax Revolving Fund, and Building Authority Event Center, each of which are considered to be major funds. Data from the other proprietary funds are combined and presented in two separate columns distinguishing between *business-type activities* and *governmental activities*. 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 28 - 31 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 County'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 32 - 33 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 40 - 69 of this report.

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. This includes the combining and individual fund financial statements and schedules. Combining and individual fund statements and schedules can be found on pages 71 - 124 of this report.

#### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Saginaw, as the following table demonstrates, assets exceeded liabilities by \$81,980,109 at the close of the most recent fiscal year.

#### *Saginaw County Net Assets*

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current and other assets	92,141,794	\$ 94,344,756	31,431,227	26,948,235	123,573,021	121,292,991
Capital assets, net	25,182,899	27,458,091	15,654,248	16,029,480	40,837,147	43,487,571
Total assets	<u>117,324,693</u>	<u>121,802,847</u>	<u>47,085,475</u>	<u>42,977,715</u>	<u>164,410,168</u>	<u>164,780,562</u>
<b>Liabilities</b>						
Long term liabilities outstanding	47,592,401	43,933,221	23,176,513	20,916,025	70,768,914	64,849,246
Other liabilities	10,690,329	11,224,793	970,816	1,038,678	11,661,145	12,263,471
Total liabilities	<u>58,282,730</u>	<u>55,158,014</u>	<u>24,147,329</u>	<u>21,954,703</u>	<u>82,430,059</u>	<u>77,112,717</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	21,967,379	25,203,082	15,654,248	14,234,480	37,621,627	39,437,562
Restricted	3,343,358	2,306,516	-	-	3,343,358	2,306,516
Unrestricted (deficit)	33,731,226	39,135,235	7,283,898	6,788,532	41,015,124	45,923,767
Total net assets	<u>\$ 59,041,963</u>	<u>\$ 66,644,833</u>	<u>\$ 22,938,146</u>	<u>\$ 21,023,012</u>	<u>\$ 81,980,109</u>	<u>\$ 87,667,845</u>

One of the largest portions of the County's net assets, \$37,621,627 (45.9 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, vehicles); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$3,343,358 (4.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$41,015,124 (50.0 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

*Saginaw County Changes in Net Assets*

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 24,820,364	\$ 24,113,748	\$ 8,237,805	\$ 6,824,070	\$ 33,058,169	\$ 30,937,818
Operating grants and contributions	43,072,765	44,949,262	-	-	43,072,765	44,949,262
Capital grants and contributions			50,404	1,574	50,404	1,574
General revenues:						
Property taxes	34,187,103	34,246,199	2,570,060	2,651,093	36,757,163	36,897,292
Accommodations tax	1,878,169	1,693,910	-	-	1,878,169	1,693,910
Grants and contributions not restricted to specific programs	577,535	543,188	270,039	-	847,574	543,188
Other revenue	813,917	440,850	703,576	430,898	1,517,493	871,748
<b>Total revenues</b>	<b>105,349,853</b>	<b>105,987,157</b>	<b>11,831,884</b>	<b>9,907,635</b>	<b>117,181,737</b>	<b>115,894,792</b>
<b>Expenses</b>						
Legislative	734,532	792,252	-	-	734,532	792,252
Judicial	18,001,300	18,210,878	-	-	18,001,300	18,210,878
General government	17,421,306	13,155,514	-	-	17,421,306	13,155,514
Public safety	23,995,965	23,201,328	-	-	23,995,965	23,201,328
Public works	1,001,916	986,833	-	-	1,001,916	986,833
Health and welfare	48,106,528	49,994,651	-	-	48,106,528	49,994,651
Community and economic development	2,764,152	2,541,916	-	-	2,764,152	2,541,916
Recreation and culture	2,135,610	2,170,250	-	-	2,135,610	2,170,250
Interest on long-term debt	1,702,171	1,642,702	-	-	1,702,171	1,642,702
Delinquent tax revolving	-	-	492,200	686,700	492,200	686,700
Delinquent tax foreclosure	-	-	718,761	634,010	718,761	634,010
Building Authority Event Center	-	-	4,518,023	3,862,403	4,518,023	3,862,403
Building Authority administration	-	-	155,402	34,225	155,402	34,225
Parking system	-	-	107,247	99,887	107,247	99,887
Harry W. Browne Airport	-	-	540,781	569,230	540,781	569,230
Inmate services	-	-	473,579	414,715	473,579	414,715
<b>Total expenses</b>	<b>115,863,480</b>	<b>112,696,324</b>	<b>7,005,993</b>	<b>6,301,170</b>	<b>122,869,473</b>	<b>118,997,494</b>
Change in net assets before transfers	(10,513,627)	(6,709,167)	4,825,891	3,606,465	(5,687,736)	(3,102,702)

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Transfers	2,910,757	2,545,808	(2,910,757)	(2,545,808)	-	-
Change in net assets	(7,602,870)	(4,163,359)	1,915,134	1,060,657	(5,687,736)	(3,102,702)
Net assets, beginning of year	66,644,833	70,808,192	21,023,012	19,962,355	87,667,845	90,770,547
Net assets, end of year	\$ 59,041,963	\$ 66,644,833	\$ 22,938,146	\$ 21,023,012	\$ 81,980,109	\$ 87,667,845

The County's net assets decreased by \$5,687,736 during the current fiscal year; a \$7,602,870 decrease for governmental activities and a \$1,915,134 increase for business-type activities.

**Governmental activities.** Governmental activities decreased the County's net assets by \$7,602,870 thereby accounting for the majority of the total decrease in the government's net assets during the year. Key elements of this decrease are as follows:

- Revenues were fairly stagnant from FY 2010 to FY 2011 showing a small decrease of \$637,000 (less than 1 percent). The County saw less revenue in the areas of operating grants and contributions, property taxes, and investment income. The County Treasurer continues to be conservative in investments to keep them in 100% FDIC insured accounts which typically pay a slightly lower rate for principal.
- Expenses increased during the year as compared to the prior year by approximately \$3,167,000 (2.8 percent). This was mainly in the area of general government due to the bond issuance during FY 2011 for energy efficiency upgrades at all County-owned facilities.

**Business-type activities.** Business-type activities increased the County's net assets by \$1,915,134. Key elements of this increase are as follows:

- Revenues increased 19.4 percent, or \$1,924,000 mainly in the area of charges for services.
- Expenses increased 11.2 percent, or \$705,000, as a result of increased activity within the delinquent property tax foreclosure activities, building authority event center fund, building authority administration fund, the parking system, and the inmate services fund.
- Transfers netted out to an increase of approximately \$365,000 or 14.3 percent. This is a result of additional activity in the delinquent property tax foreclosure fund of which all proceeds are transferred out to the land reutilization fund.

#### Financial Analysis of the Government's Funds

As noted earlier, Saginaw County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$36,233,624, a decrease of \$1,265,431 in comparison with the prior year. Approximately 73.2 percent of this total amount (\$26,536,665) constitutes *committed and assigned fund balance*, which is available for spending at the government's discretion. However, this fund balance amount is further separated into *committed fund balance* (\$16,912,127) and *assigned fund balance* (\$9,564,539). The underlying distinction between the two is that *committed fund balance* has been designated based upon either the County's Fund Balance Policy or for a specific purpose. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to: 1) specific purposes (\$7,669,503), 2) pay debt service (\$1,502,279), 3) for permanent trusts (\$41,246), or 4) for restricted donations (\$38,931).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the committed fund balance of the general fund was \$13,648,176, while total fund balance amounted to \$14,093,176. As a measure of the general fund's liquidity, it may be useful to compare both committed fund balance and total fund balance to total fund expenditures. Committed fund balance represents 37.8 percent of total general fund expenditures, while total fund balance represents 39.1 percent of that same amount.

The fund balance of the County's general fund decreased by \$1,380,660 during the current fiscal year. Key factors in this decrease are as follows:

- Property tax revenue remained stagnant with a slight decrease of \$318,080 (1.3 percent).
- State grants increased by \$464,717 (6.8 percent) due to an increase in Revenue Sharing from the State offset with a decrease in Court Equity funds received from the State.
- Investment income decreased by \$34,984 (25.8 percent).
- Other revenue decreased by \$100,399 (71.3 percent) due to the sale of the Morley Building to the Saginaw Community Foundation and the County no longer receiving rental payments.
- Expenditures remained relatively flat with a small increase of \$577,380 (1.6 percent) mainly in the areas of judicial, and public safety.
- Transfers in decreased by \$228,739 (11.1 percent) mainly due to the reduction in amount from the Delinquent Tax Revolving fund (\$50,000) and Motor Pool fund (\$190,000).
- Transfers out decreased by \$143,136 (1.7 percent) mainly in the appropriations to Animal Control (\$590,559) due to the passing of a millage, Law Library fund and Soldiers Relief fund (\$50,040 and \$13,709, respectively) due to the new GASB requirements of having to combine these two funds into the General Fund for reporting purposes. These decreases were offset by an increase in an appropriation to the Friend of the Court fund (\$380,321).

The Health Department fund had an increase in fund balance for the current year of \$304,175, for an ending total of \$2,228,298. This increase was primarily the result of a decrease in the amount expenditures.

The debt service funds have a total fund balance of \$1,502,279 which is entirely restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service funds was \$506,421.

The capital projects funds have a total fund balance of \$1,584,780 of which \$31,963 is restricted for the Saginaw Valley Rail Trail Development Phase IV project overseen by the Parks and Recreation Commission. The remaining amount of \$9,196 is assigned for energy efficiency upgrades and \$1,543,621 is assigned for public improvement projects as approved by the Board of Commissioners.

The permanent fund has a fund balance of \$41,246, which is entirely restricted for maintenance of the Saginaw Valley Rail Trail and \$6,246 is available for spending at the end of the year.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Delinquent Tax Revolving Fund at the end of the year amounted to \$5,742,345, while those for the Building Authority Event Center amounted to \$703,518. The combined unrestricted net assets of the nonmajor enterprise funds and the internal service funds were \$804,578 and \$6,474,670, respectively, at the end of the year. The Delinquent Tax Revolving Fund had an increase in net assets for the year of \$639,309, whereas the Building Authority Event Center had an increase of \$1,509,643. The combined decrease in net assets of the nonmajor enterprise funds was \$241,521 and the combined increase in net assets of the internal service funds was \$24,397 for the year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund budgetary highlights. The differences between the original budget and final amended budget for expenditures resulted in a 0.07 percent decrease (\$245,000 decrease in appropriations); whereas the difference between the original budget and final amended budget for revenues resulted in a 0.02 percent decrease (\$11,304 decrease in revenues). All of these budgetary adjustments were offset by either an adjustment to other expenditures and transfers out or to revenues and transfers in and use of fund balance.

The budgetary differences are summarized as follows:

- In the beginning of the year, a \$671,446 decrease was allocated to transfers out to Animal Control that was offset with a decrease in the use of fund balance due to the appropriation no longer being necessary. The voters of the County approved a millage to fund Animal Control in November 2010 resulting in no General Fund money needed to support these operations.
- During the middle of the year, a \$75,000 decrease was allocated to transfers out to the Law Enforcement fund that was offset with an increase in the elections budget to cover a portion of the May 3, 2011 special election regarding a Sheriff Operations Millage, which was passed by the voters in Saginaw County.
- A \$320,000 increase was allocated to transfers out to the Health Department that was offset with a decrease in Contributions to Other Agencies. This adjustment was made to adjust for the decreased amount available by the State of Michigan to match for DSH payments made to support resident county hospitalization.

Overall during the year, actual general fund revenues and transfers in were higher than the amended budgetary estimates and expenditures and transfers out were less than the amended budget, resulting in an actual decrease in fund balance that was less than the final amended budget amount to use fund balance.

The significant budgetary variances between the final amended budget and actual results for the General Fund can be summarized as follows:

- The positive variance in property taxes of \$997,456 occurred due to an unexpected increase in the values for personal property taxes from exemptions expiring as well as additional valuation being placed on the tax rolls.
- The favorable variance in state grants of \$419,276 is due to more Revenue Sharing being received from the State than originally anticipated.
- The favorable variance in charges for services of \$440,649 is due to higher than anticipated revenue received from the collection of District Court costs.
- The favorable variance in fines and forfeitures of \$252,155 is a result of aggressive collections made by District Court for outstanding traffic violations.
- The favorable variance in reimbursements of \$276,995 is a result higher than anticipated revenue received from the Department of Corrections for the detaining of diverted felons and parole holds.
- The unfavorable variance in other revenue of \$97,316 is a result the sale of the Morley Building in December 2010 and the County no longer receiving rental payments.
- The majority of the favorable variances in expenditures occurred as a result of lapsed salaries and benefits because of delays in the filling of vacancies. The exception to this would be in the area of judicial and the Circuit Court where there is an unfavorable variance of \$225,417 and the area of Public Safety and the Sheriff's Jail Division where there is an unfavorable variance of \$95,848. The unfavorable variance in Circuit Court is due to higher than anticipated costs associated with court appointed attorneys and the appeals process. The unfavorable variance in the Jail Division is due to high medical costs of the inmates held at the Saginaw County Jail.
- The favorable variances in both transfers in and transfers out occurred also as a result of lapsed salaries and benefits because of the delays in the filling of vacancies within the funds that the general fund provides additional support to. These unneeded general fund dollars were recovered at year end.

General Fund balance. The following schedule presents a comparative summary of changes in the fund balance of the General Fund for the fiscal years ended September 30, 2011, and September 30, 2010, along with the amount and percentage of increases and decreases in relation to the 2010 fund balance:

	2011	2010	Variance from 2010	Percent Increase/ (Decrease)
Revenues	\$ 40,969,255	\$ 40,379,488	\$ 589,767	1.46%
Expenditures	(36,082,063)	(35,504,683)	(577,380)	1.63%
Revenues over expenditures	4,887,192	4,874,805	12,387	
Other Financing Sources (Uses):				
Transfers in	1,835,964	2,064,703	(228,739)	-11.08%
Transfers out	(8,103,816)	(8,246,952)	143,136	-1.74%
Net change in fund balances	(1,380,660)	(1,307,444)	(73,216)	
Fund balance, beginning of year	15,473,836	16,781,280	(1,307,444)	
Fund balance, end of year	\$ 14,093,176	\$ 15,473,836	\$ (1,380,660)	-8.92%

The following schedule enumerates the particular changes in the classifications of fund balance.

*General Fund Balance Analysis*

	Nonspendable Reserve for Advances to Other Funds	Committed for Future Use	Unreserved	Total Fund Balance
Fund balance, beginning of year	\$ 445,000	\$ 15,028,836	\$ -	\$ 15,473,836
2010/2011 Transactions:				
Excess revenue over expenditures	-	4,887,192	-	4,887,192
Total other financing sources (uses)	-	(6,267,852)	-	(6,267,852)
2010/2011 net increase (decrease)	-	(1,380,660)	-	(1,380,660)
Fund balance, end of year	\$ 445,000	\$ 13,648,176	\$ -	\$ 14,093,176

The Committed for Future Use classification shown above is comprised of two different components: Employee Payroll Reserve and Budget Stabilization.

The Board of Commissioners approved the Fund Balance Policy within the Saginaw County Policy Book which establishes an Employee Payroll Reserve and a Budget Stabilization Reserve in the General Fund. The policy authorizes earmarking a minimum of fifty percent of the most current Board approved General Fund budget for property tax collections for the Employee Payroll Reserve and a minimum of five percent of the most current Board approved General Fund budget for the Budget Stabilization Reserve.

The current balance for Employee Payroll Reserve is \$11,478,795 or 50.0 percent and the current balance for Budget Stabilization is \$2,169,381 or 4.9 percent.

Enterprise operations. The enterprise operations of the County include the use of seven enterprise funds: the Delinquent Tax Revolving Fund, the Delinquent Property Tax Foreclosure Fund, the Building Authority Event Center Fund, the Building Authority Administration Fund, the Parking System Fund, the Harry W. Browne Airport Fund and the Inmate Services Fund.

The Delinquent Tax Revolving Fund accounts for the purchase of delinquent taxes from other local taxing units. Money for the operation of this fund is supplied from limited general obligation bonds or notes, delinquent tax collections, interest earnings from investments, and interest and collection fees from delinquent taxes.

The Delinquent Property Tax Foreclosure Fund accounts for the operations of the tax foreclosure process within Saginaw County. Money for the operation of this fund is supplied through the collection of fees and interest attached to forfeited delinquent real property taxes as well as any proceeds from the sale of foreclosed properties.

The Building Authority Event Center Fund accounts for the operations of the County-owned facility that includes an arena, theater, and conference center. Prior to acquisition by the County, the facility was slated for closure by the previous owner, the City of Saginaw. In May 2001, County voters approved a 10-year millage of 0.45 mills to improve and operate the Event Center. The renovations of the Event Center started in early 2002, financed with a \$14.3 million bond issue, and were completed in November 2003. In November 2010, County voters approved a 10-year extension of the millage of up to 0.225 mills through 2020.

The Building Authority Administration Fund accounts for the administration of the Saginaw County Building Authority and its numerous buildings. Its purpose is to accumulate sufficient funds to cover major repairs on the buildings as they are required. Revenue for operation of this fund is received from maintenance fees charged on the various Building Authority buildings.

The Parking System Fund accounts for revenues, expenses and transactions relating to the operation of the municipal parking lots located around the Courthouse. A full-time parking attendant patrols the lots and issues parking tickets for violations. Approximately 71.8 percent of the Parking System revenue is attributable to the fines received from the tickets.

The Harry W. Browne Airport Fund accounts for the operation of the Harry W. Browne Airport, including hangar and farm land rentals, and the sale of aircraft fuel.

The Inmate Services Fund is used to account for the operations of the inmates' concession service and for projects/activities contributing to the well-being of the inmates and their environment.

Fiduciary operations. The fiduciary operations of the County include the use of six agency funds: a Trust and Agency Fund, the State Education Tax Fund, the Library Penal Fine Fund, the Hospital Millage Fund, the Dependent Care Fund and the Medical Spending Reimbursement Fund.

The State Education Tax Fund accounts for the collection and distribution of the State Education Tax. The Library Penal Fine Fund accounts for the collection of fines imposed for State law violations and distributes them to the libraries at the discretion of the State Library Board. The Hospital Millage Fund accounts for the collection and distribution of tax collections for the operations of HealthSource of Saginaw.

The Dependent Care and the Medical Spending Reimbursement Funds account for the collection and distribution of pre-tax monies used for dependent care and medical spending by employees of the County. The remaining fiduciary fund included is the Post Employment Health Benefits Trust Fund.

**Capital Asset and Debt Administration**

Capital assets. The County’s investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounted to \$40,837,147 (net of accumulated depreciation). This investment in capital assets includes land, air rights, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles. The total decrease in the County’s investment in capital assets for the current fiscal year was 6.1 percent (a 8.3 percent decrease for governmental activities and a 2.3 percent decrease for business-type activities).

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

- The Morley Building was sold to the Saginaw Community Foundation having an original value of \$1,614,944 plus land improvements of \$23,200.
- Construction began at the Dow Event Center for a solar project at a cost of \$270,039.
- Construction began at the Harry W. Browne Airport for the installation of a fuel farm card reader as well as airfield crack sealing at a cost of \$51,697.
- The parking lot at the Juvenile Detention center was completely replaced at a cost of \$194,349 with an original cost of \$54,991.
- A pump track was installed at Haithco Park at a cost of \$18,571.
- Several printers, scanners, and servers were purchased for various departments at a cost of \$172,618. Also, a new telephone system was purchased for the health department totaling \$69,257.
- Several vehicles were replaced in various county departments at a total cost of \$227,394.
- A new moveable filing system was purchased by the Clerk's Office Circuit Court for \$57,381.

*County of Saginaw's Capital Assets (net of depreciation)*

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,550,857	\$ 3,550,857	\$ 1,053,248	\$ 1,053,248	\$ 4,604,105	\$ 4,604,105
Air rights	-	-	117,761	117,761	117,761	117,761
Construction in progress	-	-	322,532	796	322,532	796
Land improvements	6,264,029	6,308,562	-	-	6,264,029	6,308,562
Buildings and improvements	12,906,107	14,798,378	11,608,680	11,928,488	24,514,787	26,726,866
Leasehold improvements	-	-	-	-	-	-
Planning and development	-	-	1,925,419	2,261,612	1,925,419	2,261,612
Equipment	1,815,932	2,164,594	565,762	623,822	2,381,694	2,788,416
Office furniture and fixtures	95,319	54,782	37,408	40,728	132,727	95,510
Vehicles	550,655	580,918	23,438	3,025	574,093	583,943
<b>Total</b>	<b>\$ 25,182,899</b>	<b>\$ 27,458,091</b>	<b>\$ 15,654,248</b>	<b>\$ 16,029,480</b>	<b>\$ 40,837,147</b>	<b>\$ 43,487,571</b>

Additional information on the County’s capital assets can be found in note 6. on pages 50 - 53 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$84,903,505. Of this amount, \$52,613,833 comprises debt backed by the full faith and credit of the government and \$2,009,672 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the County debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

*County of Saginaw's Outstanding Debt*

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
<b>Primary Government</b>						
General obligation bonds	\$ 33,495,520	\$ 33,200,009	\$ -	\$ 1,795,000	\$ 33,495,520	\$ 34,995,009
2009 GOL delinquent tax notes	-	-	71,000	3,554,000	71,000	3,554,000
2010 GOL delinquent tax notes	-	-	7,500,000	15,500,000	7,500,000	15,500,000
2011 GOL delinquent tax notes	-	-	15,500,000	-	15,500,000	-
<b>Component Units</b>						
Revolving loans	1,228,181	383,453	-	-	1,228,181	383,453
Capital Lease	302,393	110,242	-	-	302,393	110,242
General obligation bonds and notes	26,806,410	22,591,299	-	-	26,806,410	22,591,299
<b>Total</b>	<b>\$ 61,832,504</b>	<b>\$ 56,285,003</b>	<b>\$ 23,071,000</b>	<b>\$ 20,849,000</b>	<b>\$ 84,903,504</b>	<b>\$ 77,134,003</b>

During the year, the County of Saginaw issued the following tax-exempt bonds and notes:

	Amount	Issue	Rate
2011 Series GOL Delinquent Tax Notes	\$ 15,500,000	5/10/2011	1.20% to 1.50%
Qualified Energy Construction Bonds, Series 2010	2,088,779	12/20/2010	5.75%
Kochville Township Interceptor 2010A	2,076,000	12/17/2010	3.00%
2011 Series Building Authority Refund 1999 Bonds	1,190,000	9/28/2011	1.74%
Kochville Township Sewage Disposal Bonds RZEDB	1,100,000	12/21/2010	1.50% to 5.90%

The County's total debt increased by \$7,769,502 (10.1 percent) during the fiscal year.

The County maintains an "A+" bond rating with Standard & Poor's and an "A2" rating with Moody's for its general obligation debt. The County also maintains an "A1" bond rating with Standard & Poor's and an "MIG1" bond rating with Moody's for its delinquent tax notes.

State statute (Article 7, Section 11, Michigan Constitution of 1963) limits 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 County is \$540,533,901, which is significantly higher than the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 9 on pages 56 - 59 of this report.

## Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2012 fiscal year:

- Property Taxes - Estimates received from the County Equalization Department anticipated that property tax revenue for the General Fund would decrease by 2.66% for fiscal 2012 while property tax revenue for the special millage funds would decrease by 1.0% for fiscal 2012.
- Wages and Fringe Benefits - The County's authorized staff count remained consistent from 2011 to 2012 with 665.45 F.T.E.'s. The wage rates for these positions were frozen without increase for fiscal 2012. Certain fringe benefits are fixed in terms of actual dollar amounts per employee, while others vary as a percentage of the employee's compensation. Fixed fringe benefits include: illustrative premiums for health, dental, life, and vision, and retiree health reserve contributions. Illustrative health premiums on average either remained consistent or showed a slight decrease while contributions to the retiree health reserve went up from \$8,700 to \$9,000 per covered employee. This slight increase in contributions to the retiree health reserve fund were made in an effort to contend with the ongoing structural budget deficit and were offset with a use of reserves in the retiree health care fund. All other fixed fringe benefits remained constant due to favorable negotiations and competitive bidding. Variable benefits include: social security tax, workers' compensation insurance, retirement contributions, retiree health savings contributions, and disability insurance. None of the actual or illustrative rates for these items rose, however, costs associated with these items rose in proportion to any compensation increases.
- Use of Reserves - Structural Deficit - The structural budget deficit situation was fortunately not an issue for fiscal 2012 as anticipated due to mid year staff reductions in fiscal 2011. However, we anticipate through our five year financial forecast that the County will need to use reserves in future budget cycles to maintain current staffing levels and to balance anticipated revenues with expenditures.
- Inflationary trends in the region were expected to compare favorably to national indices. Non personnel costs were either held steady or budgeted to increase by inflationary trends.

## Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County of Saginaw's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Saginaw Controller's Office, 111 S. Michigan Ave., Saginaw, Michigan 48602.

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## BASIC FINANCIAL STATEMENTS

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Assets

September 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investment pool	\$ 41,117,517	\$ 16,511,182	\$ 57,628,699	\$ 27,719,536
Receivables (net)	48,506,717	15,856,505	64,363,222	34,003,070
Internal balances	1,030,567	(1,030,567)	-	-
Inventory	-	77,974	77,974	2,624,278
Other assets	151,391	16,133	167,524	690,339
Net pension asset	1,335,602	-	1,335,602	-
Capital assets, net:				
Assets not being depreciated	3,550,857	1,493,541	5,044,398	2,185,498
Assets being depreciated	21,632,042	14,160,707	35,792,749	198,955,307
<b>Total assets</b>	<b>117,324,693</b>	<b>47,085,475</b>	<b>164,410,168</b>	<b>266,178,028</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	8,988,018	940,860	9,928,878	8,202,134
Unearned revenue	1,702,311	29,956	1,732,267	3,194,048
Long-term liabilities:				
Due within one year	4,011,805	12,579,700	16,591,505	1,980,320
Due in more than one year	32,471,137	10,500,000	42,971,137	28,407,537
Other noncurrent liability - net other postemployment benefit liability	11,109,459	96,813	11,206,272	-
<b>Total liabilities</b>	<b>58,282,730</b>	<b>24,147,329</b>	<b>82,430,059</b>	<b>41,784,039</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	21,967,379	15,654,248	37,621,627	192,817,667
Restricted for:				
Debt service	1,502,279	-	1,502,279	621,482
Acquisition/construction of capital assets	1,760,902	-	1,760,902	11,604,569
Postemployment health benefits	-	-	-	4,807,364
Restricted contributions	38,931	-	38,931	2,059,253
Endowment				
Expendable	6,246	-	6,246	-
Nonexpendable	35,000	-	35,000	-
Unrestricted	33,731,226	7,283,898	41,015,124	12,483,654
<b>Total net assets</b>	<b>\$ 59,041,963</b>	<b>\$ 22,938,146</b>	<b>\$ 81,980,109</b>	<b>\$ 224,393,989</b>

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2011

FUNCTIONS / PROGRAMS	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue	
			Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary government</b>						
Governmental activities:						
Legislative	\$ 734,532	\$ -	\$ -	\$ -	\$ -	\$ (734,532)
Judicial	17,549,068	452,232	3,767,306	5,108,154	-	(9,125,840)
General government	19,128,958	(1,707,652)	3,023,447	5,853,283	-	(8,544,576)
Public safety	23,927,985	67,980	9,792,478	1,814,795	-	(12,388,692)
Public works	993,953	7,963	522,673	-	-	(479,243)
Health and welfare	46,993,233	1,113,295	7,474,332	29,488,408	-	(11,143,788)
Community and economic development	2,746,033	18,119	87,184	792,697	-	(1,884,271)
Recreation and culture	2,103,979	31,631	152,944	15,428	-	(1,967,238)
Interest on long-term debt	1,702,171	-	-	-	-	(1,702,171)
<b>Total governmental activities</b>	<b>115,879,912</b>	<b>(16,432)</b>	<b>24,820,364</b>	<b>43,072,765</b>	<b>-</b>	<b>(47,970,351)</b>
Business-type activities:						
Delinquent tax revolving	492,200	-	2,348,139	-	-	1,855,939
Delinquent tax foreclosure	718,761	-	1,273,596	-	-	554,835
Building Authority Event Center	4,518,023	-	3,328,904	-	-	(1,189,119)
Building Authority administration	155,402	-	17,401	-	-	(138,001)
Parking system	107,247	-	117,605	-	-	10,358
Harry W. Browne Airport	540,781	-	231,958	-	50,404	(258,419)
Inmate services	470,570	3,009	920,202	-	-	446,623
<b>Total business-type activities</b>	<b>7,002,984</b>	<b>3,009</b>	<b>8,237,805</b>	<b>-</b>	<b>50,404</b>	<b>1,282,216</b>
<b>Total primary government</b>	<b>\$ 122,882,896</b>	<b>\$ (13,423)</b>	<b>\$ 33,058,169</b>	<b>\$ 43,072,765</b>	<b>\$ 50,404</b>	<b>\$ (46,688,135)</b>
<b>Component Units</b>						
Road Commission	\$ 20,613,393	\$ -	\$ 83,683	\$ 22,656,216	\$ -	\$ 2,126,506
Brownfield Redevelopment Authority	286,775	-	-	287,219	-	444
Department of Public Works	7,955,999	-	46,954	16,312	8,077,207	184,474
Drain Commission	1,899,859	-	33,251	-	529,833	(1,336,775)
Economic Development Corporation	2,739,394	-	8,700	2,724,455	-	(6,239)
Land Bank Authority	1,771,527	-	1,200	3,747,427	-	1,977,100
Saginaw County Community Mental Health Authority	59,601,554	-	1,494,870	59,564,216	566,322	2,023,854
<b>Total component units</b>	<b>\$ 94,868,501</b>	<b>\$ -</b>	<b>\$ 1,668,658</b>	<b>\$ 88,995,845</b>	<b>\$ 9,173,362</b>	<b>\$ 4,969,364</b>

(continued)

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities (Continued)

For the Year Ended September 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net assets				
Net (expense) revenue	\$ (47,970,351)	\$ 1,282,216	\$ (46,688,135)	\$ 4,969,364
General revenues:				
Property taxes	34,187,103	2,570,060	36,757,163	72,339
Accommodations tax	1,878,169	-	1,878,169	-
Grants and contributions not restricted to specific programs	577,535	270,039	847,574	-
Investment income - interest earned	302,527	703,576	1,006,103	561,234
Gain on sale of capital assets	511,390	-	511,390	-
Transfers	2,910,757	(2,910,757)	-	-
Total general revenues and transfers	40,367,481	632,918	41,000,399	633,573
Change in net assets	(7,602,870)	1,915,134	(5,687,736)	5,602,937
Net assets, beginning of year	66,644,833	21,023,012	87,667,845	218,791,052
Net assets, end of year	\$ 59,041,963	\$ 22,938,146	\$ 81,980,109	\$ 224,393,989

(concluded)

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

COUNTY OF SAGINAW, MICHIGAN

**Balance Sheet**  
 Governmental Funds  
 September 30, 2011

	General	Health Department	Michigan Works!	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investment pool	\$ 11,564,803	\$ 2,113,642	\$ 651,563	\$ 18,942,344	\$ 33,272,352
Receivables (net):					
Taxes	4,896,852	-	-	196,873	5,093,725
Accounts	154,290	676,161	4,895	2,364,809	3,200,155
Notes	-	-	-	3,603,936	3,603,936
Accrued interest	23,231	-	663	28,008	51,902
Due from other funds	343,458	-	-	1,581,546	1,925,004
Due from other governmental units	871,343	505,136	1,579,445	2,605,905	5,561,829
Advances to other funds	45,000	-	-	-	45,000
Advances to component units	400,000	-	-	-	400,000
Other assets	4,329	10,653	45,074	45,762	105,818
<b>Total assets</b>	<b>\$ 18,303,306</b>	<b>\$ 3,305,592</b>	<b>\$ 2,281,640</b>	<b>\$ 29,369,183</b>	<b>\$ 53,259,721</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 722,867	\$ 339,509	\$ 2,054,912	\$ 2,900,959	\$ 6,018,247
Accrued liabilities	637,094	147,095	29,295	822,302	1,635,786
Deposits payable	-	40,180	-	123,238	163,418
Due to other funds	4,085	13,367	-	673,131	690,583
Due to other governmental units	-	16,506	-	291,842	308,348
Advances from other governmental units	-	-	-	80,000	80,000
Deferred revenue	2,846,084	520,637	197,433	4,565,561	8,129,715
<b>Total liabilities</b>	<b>4,210,130</b>	<b>1,077,294</b>	<b>2,281,640</b>	<b>9,457,033</b>	<b>17,026,097</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Advances	445,000	-	-	-	445,000
Restricted for:					
General government	-	-	-	724,043	724,043
Public safety	-	-	-	89,574	89,574
Public works	-	-	-	1,059,178	1,059,178
Health and welfare	-	-	-	3,883,645	3,883,645
Community and economic development	-	-	-	1,543,100	1,543,100
Recreation	-	-	-	369,963	369,963
Donations	-	-	-	38,931	38,931
Debt service	-	-	-	1,502,279	1,502,279
Permanent trusts	-	-	-	41,246	41,246
Committed for:					
Employee payroll reserve	11,478,795	-	-	1,768,493	13,247,288
Budget stabilization	2,169,381	-	-	502,878	2,672,259
Public safety	-	-	-	1,052,580	1,052,580
Assigned					
General government	-	-	-	835,344	835,344
Public safety	-	-	-	2,092,508	2,092,508
Health and welfare	-	2,228,298	-	2,647,486	4,875,784
Capital projects	-	-	-	1,760,902	1,760,902
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances</b>	<b>14,093,176</b>	<b>2,228,298</b>	<b>-</b>	<b>19,912,150</b>	<b>36,233,624</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,303,306</b>	<b>\$ 3,305,592</b>	<b>\$ 2,281,640</b>	<b>\$ 29,369,183</b>	<b>\$ 53,259,721</b>

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

## COUNTY OF SAGINAW, MICHIGAN

### Reconciliation

Fund Balances for Governmental Funds  
To Net Assets of Governmental Activities  
September 30, 2011

Fund balances - total governmental funds	\$ 36,233,624
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets	46,704,701
Deduct - accumulated depreciation	(21,731,650)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are either deferred or otherwise not recorded in the funds.	
Add - deferred revenue on taxes receivable	3,042,456
Add - deferred revenue on notes receivable	3,384,948
Add - net pension asset	1,335,602
Add - long-term receivable for repayment of debt service	30,280,000
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	6,651,070
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Deduct - bonds payable	(33,495,520)
Deduct - other postemployment benefit obligation	(11,109,459)
Deduct - accrued interest on bonds payable	(655,354)
Deduct - accrued compensated absences	(1,598,455)
Net assets of governmental activities	<u>\$ 59,041,963</u>

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2011

	General	Health Department	Michigan Works!	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 23,324,374	\$ -	\$ -	\$ 10,820,122	\$ 34,144,496
Accommodations tax	-	-	-	1,878,169	1,878,169
Licenses and permits	262,657	328,631	-	24,129	615,417
Federal grants	346,347	6,552,205	15,842,184	5,832,543	28,573,279
State grants	7,254,411	1,641,771	113,001	4,586,869	13,596,052
Local grants and contributions	6,500	686,471	-	317,845	1,010,816
Charges for services	5,183,350	1,983,303	-	7,089,558	14,256,211
Fines and forfeitures	1,067,955	-	-	97,672	1,165,627
Investment income	100,515	-	1,813	144,511	246,839
Rental revenue	-	-	-	272,662	272,662
Donations	-	110,089	7,764	352,798	470,651
Reimbursements	3,382,684	1,672,429	1,814,936	2,964,695	9,834,744
Other revenue	40,462	514,684	15,428	142,842	713,416
<b>Total revenues</b>	<b>40,969,255</b>	<b>13,489,583</b>	<b>17,795,126</b>	<b>34,524,415</b>	<b>106,778,379</b>
<b>Expenditures</b>					
<b>Current:</b>					
Legislative	653,886	-	-	-	653,886
Judicial	12,255,005	-	-	4,345,197	16,600,202
General government	11,218,306	-	-	5,118,348	16,336,654
Public safety	9,387,337	-	-	13,461,115	22,848,452
Public works	267,298	-	-	655,109	922,407
Health and welfare	2,081,001	14,090,316	17,795,126	12,367,106	46,333,549
Community and economic development	219,230	-	-	3,661,795	3,881,025
Recreation and culture	-	-	-	1,978,306	1,978,306
Other	-	-	-	-	-
Capital outlay	-	14,138	-	935,374	949,512
<b>Debt service:</b>					
Principal	-	-	-	2,983,268	2,983,268
Interest and fiscal charges	-	-	-	1,717,621	1,717,621
<b>Total expenditures</b>	<b>36,082,063</b>	<b>14,104,454</b>	<b>17,795,126</b>	<b>47,223,239</b>	<b>115,204,882</b>
<b>Revenues over (under) expenditures</b>	<b>4,887,192</b>	<b>(614,871)</b>	<b>-</b>	<b>(12,698,824)</b>	<b>(8,426,503)</b>
<b>Other financing sources (uses)</b>					
Transfers in	1,835,964	919,046	-	9,533,660	12,288,670
Transfers out	(8,103,816)	-	-	(852,561)	(8,956,377)
Proceeds from issuance of debt	-	-	-	3,278,779	3,278,779
Proceeds from sale of capital assets	-	-	-	550,000	550,000
<b>Total other financing sources (uses)</b>	<b>(6,267,852)</b>	<b>919,046</b>	<b>-</b>	<b>12,509,878</b>	<b>7,161,072</b>
<b>Net change in fund balances</b>	<b>(1,380,660)</b>	<b>304,175</b>	<b>-</b>	<b>(188,946)</b>	<b>(1,265,431)</b>
Fund balance, beginning of year	15,473,836	1,924,123	-	20,101,096	37,499,055
<b>Fund balance, end of year</b>	<b>\$ 14,093,176</b>	<b>\$ 2,228,298</b>	<b>\$ -</b>	<b>\$ 19,912,150</b>	<b>\$ 36,233,624</b>

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

# COUNTY OF SAGINAW, MICHIGAN

## Reconciliation

Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended September 30, 2011

Net change in fund balances - total governmental funds \$ (1,265,431)

Amounts reported for governmental activities in the statement of activities are 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.

Add - capital outlay	717,440
Deduct - loss on disposal of capital assets	(1,448,463)
Deduct - depreciation expense	(1,406,278)

Revenues in the funds that represent repayment of taxes or loans receivable that do not affect the statement of activities	254,855
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A decrease in the net pension asset is recorded as an expense in the statement of activities but does not require the use of current resources and, therefore, is not reported as an expenditure of the funds	(51,350)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	2,983,268
Deduct - bond proceeds	(3,278,779)

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Add - decrease in accrued interest payable	15,101
Deduct - increase in net other postemployment benefit obligation	(4,090,095)
Deduct - increase in accrued compensated absences	(49,832)

Internal service funds are used by management to charge the costs of certain activities to individual funds. Some of the net revenue (expense) attributable to those funds is reported with governmental activities.

Add - net operating income from governmental activities in internal service funds	421,152
Add - investment income from governmental internal service funds	55,688
Deduct- loss on sale of capital assets in governmental internal service funds	(38,610)
Deduct - transfers in governmental internal service funds	(421,536)

Change in net assets of governmental activities	<u>\$ (7,602,870)</u>
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The accompanying notes are an integral part of these financial statements.

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property taxes	\$ 22,326,918	\$ 22,326,918	\$ 23,324,374	\$ 997,456
Licenses and permits	210,625	210,625	262,657	52,032
Federal grants	374,920	374,920	346,347	(28,573)
State grants	6,835,135	6,835,135	7,254,411	419,276
Local revenue	6,500	6,500	6,500	-
Charges for services	4,754,005	4,742,701	5,183,350	440,649
Fines and forfeitures	815,800	815,800	1,067,955	252,155
Investment income	125,426	125,426	100,515	(24,911)
Reimbursements	3,105,689	3,105,689	3,382,684	276,995
Other revenue	137,778	137,778	40,462	(97,316)
<b>Total revenues</b>	<b>38,692,796</b>	<b>38,681,492</b>	<b>40,969,255</b>	<b>2,287,763</b>
<b>Expenditures</b>				
Legislative - Board of Commissioners	662,289	662,289	653,886	8,403
<b>Judicial:</b>				
Circuit Court	3,505,829	3,505,829	3,731,246	(225,417)
District Court	3,852,580	3,852,580	3,822,370	30,210
Probate Court	866,638	866,638	786,172	80,466
Law Library	50,331	50,331	45,149	5,182
Family Division	2,762,882	2,766,377	2,711,691	54,686
Probation - Circuit Court	99,857	99,857	87,330	12,527
Probation - District Court	1,082,916	1,082,916	979,163	103,753
Assigned Counsel	92,175	92,175	90,384	1,791
Jury Commission	1,500	1,500	1,500	-
<b>Total judicial</b>	<b>12,314,708</b>	<b>12,318,203</b>	<b>12,255,005</b>	<b>63,198</b>
<b>General government:</b>				
Elections	78,700	154,700	127,778	26,922
Auditing	115,000	115,000	110,348	4,652
Corporate Counsel	154,000	154,000	123,131	30,869
County Clerk	1,201,289	1,200,289	1,152,925	47,364
Controller	1,120,233	1,120,233	1,044,050	76,183
Equalization	492,815	492,815	473,533	19,282
Prosecuting Attorney	3,167,696	3,167,696	2,986,787	180,909
Prosecuting Attorney - Welfare	555,909	555,909	515,380	40,529
Register of Deeds	615,622	615,622	551,233	64,389
County Treasurer	728,801	728,801	675,752	53,049
Maintenance	3,081,646	3,081,646	2,951,192	130,454
Maintenance - Telephone	102,000	102,000	88,133	13,867
Public Works Commissioner	382,304	382,304	418,064	(35,760)
<b>Total general government</b>	<b>11,796,015</b>	<b>11,871,015</b>	<b>11,218,306</b>	<b>652,709</b>

(continued)

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

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual - General Fund  
For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures - continued</b>				
<b>Public Safety:</b>				
Sheriff	\$ 766,843	\$ 766,843	\$ 753,652	\$ 13,191
Marine Law Enforcement	8,717	8,717	6,013	2,704
Sheriff - Jail Division	8,458,560	8,455,065	8,550,913	(95,848)
Corrections Reimbursement	74,047	74,047	76,759	(2,712)
Total public safety	9,308,167	9,304,672	9,387,337	(82,665)
Public Works - Drains	277,000	277,000	267,298	9,702
<b>Health and Welfare:</b>				
Medical Examiner	373,088	373,088	374,874	(1,786)
Veterans Burial	142,000	142,000	24,971	117,029
Contributions to Other Agencies	2,003,803	1,683,803	1,681,156	2,647
Total health and welfare	2,518,891	2,198,891	2,081,001	117,890
<b>Community and Economic Development:</b>				
Plat Board	600	600	167	433
Contributions to Other Agencies	219,500	219,500	219,063	437
Total community and economic development	220,100	220,100	219,230	870
Total expenditures	37,097,170	36,852,170	36,082,063	770,107
Revenues over expenditures	1,595,626	1,829,322	4,887,192	3,057,870
<b>Other financing sources (uses)</b>				
Transfers in	1,805,892	1,817,196	1,835,964	18,768
Transfers out	(8,544,473)	(8,118,027)	(8,103,816)	14,211
Total other financing sources (uses)	(6,738,581)	(6,300,831)	(6,267,852)	32,979
Net change in fund balances	(5,142,955)	(4,471,509)	(1,380,660)	3,090,849
Fund balance, beginning of year	15,473,836	15,473,836	15,473,836	-
Fund balance, end of year	\$ 10,330,881	\$ 11,002,327	\$ 14,093,176	\$ 3,090,849

(concluded)

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - Health Department Special Revenue Fund  
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Licenses and permits	\$ 326,039	\$ 326,039	\$ 328,631	\$ 2,592
Federal grants	751,000	1,361,655	6,552,205	5,190,550
State grants	5,868,312	6,318,228	1,641,771	(4,676,457)
Local grants and contributions	1,008,138	688,138	686,471	(1,667)
Charges for services	2,708,175	2,708,175	1,983,303	(724,872)
Donations	84,000	145,293	110,089	(35,204)
Reimbursements	1,693,183	1,693,183	1,672,429	(20,754)
Other revenue	499,031	499,031	514,684	15,653
<b>Total revenues</b>	<b>12,937,878</b>	<b>13,739,742</b>	<b>13,489,583</b>	<b>(250,159)</b>
<b>Expenditures</b>				
Health and welfare	13,790,619	14,898,333	14,090,316	808,017
Capital outlay	-	14,150	14,138	12
<b>Total expenditures</b>	<b>13,790,619</b>	<b>14,912,483</b>	<b>14,104,454</b>	<b>808,029</b>
Revenues (under) over expenditures	(852,741)	(1,172,741)	(614,871)	557,870
<b>Other financing sources</b>				
Transfers in	852,741	1,172,741	919,046	(253,695)
Net change in fund balances	-	-	304,175	304,175
Fund balance, beginning of year	1,924,123	1,924,123	1,924,123	-
Fund balance, end of year	<u>\$ 1,924,123</u>	<u>\$ 1,924,123</u>	<u>\$ 2,228,298</u>	<u>\$ 304,175</u>

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

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Michigan Works! Special Revenue Fund

For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Federal grants	\$ 13,489,843	\$ 17,295,868	\$ 15,842,184	\$ (1,453,684)
State grants	815,799	1,288,529	113,001	(1,175,528)
Investment income	1,737	1,737	1,813	76
Donations	25,263	25,263	7,764	(17,499)
Reimbursements	1,892,974	2,020,674	1,814,936	(205,738)
Other revenue	15,000	22,500	15,428	(7,072)
	<u>16,240,616</u>	<u>20,654,571</u>	<u>17,795,126</u>	<u>(2,859,445)</u>
<b>Expenditures</b>				
Health and welfare	<u>16,240,616</u>	<u>20,654,571</u>	<u>17,795,126</u>	<u>2,859,445</u>
Revenues over expenditures	-	-	-	-
<b>Other financing uses</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Assets

Proprietary Funds  
September 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Other Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investment pool	\$ 13,637,579	\$ 922,087	\$ 1,951,516	\$ 16,511,182	\$ 7,845,165
Receivables (net):					
Taxes	14,538,411	56,568	-	14,594,979	-
Accounts	696,912	31,016	180,381	908,309	304,428
Accrued interest	17,548	1,086	1,914	20,548	10,742
Due from other funds	-	92,975	-	92,975	31,130
Due from other governmental units	62,630	270,039	-	332,669	-
Inventory	-	53,888	24,086	77,974	-
Other assets	500	9,801	5,832	16,133	45,573
Total current assets	<u>28,953,580</u>	<u>1,437,460</u>	<u>2,163,729</u>	<u>32,554,769</u>	<u>8,237,038</u>
Noncurrent assets - capital assets:					
Land	-	18,614	1,034,634	1,053,248	-
Air rights	-	-	117,761	117,761	-
Land improvements	-	-	40,558	40,558	-
Buildings and improvements	-	14,000,235	1,020,504	15,020,739	-
Machinery and equipment	-	984,815	86,241	1,071,056	1,590,865
Office furniture and fixtures	-	61,201	-	61,201	-
Vehicles	-	53,052	85,989	139,041	1,045,004
Planning and development	-	-	8,632,919	8,632,919	-
Construction in progress	-	270,039	52,493	322,532	-
Accumulated depreciation	-	(2,910,507)	(7,894,300)	(10,804,807)	(2,426,021)
Total noncurrent assets - capital assets	<u>-</u>	<u>12,477,449</u>	<u>3,176,799</u>	<u>15,654,248</u>	<u>209,848</u>
Total assets	<u>28,953,580</u>	<u>13,914,909</u>	<u>5,340,528</u>	<u>48,209,017</u>	<u>8,446,886</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	2,572	280,414	75,949	358,935	166,637
Accrued liabilities	137,654	77,677	6,426	221,757	1,291,355
Deposits payable	-	346,920	13,248	360,168	-
Due to other funds	-	-	1,136,990	1,136,990	221,536
Unearned revenue	-	28,931	1,025	29,956	-
Notes payable - current	12,571,000	-	-	12,571,000	-
Total current liabilities	<u>12,711,226</u>	<u>733,942</u>	<u>1,233,638</u>	<u>14,678,806</u>	<u>1,679,528</u>
Noncurrent liabilities:					
Advances from other funds	-	-	20,000	20,000	25,000
Accrued liabilities	-	-	8,700	8,700	57,840
Notes payable	10,500,000	-	-	10,500,000	-
Other noncurrent liability - net other postemployment benefit liability	-	-	96,813	96,813	-
Total noncurrent liabilities	<u>10,500,000</u>	<u>-</u>	<u>125,513</u>	<u>10,625,513</u>	<u>82,840</u>
Total liabilities	<u>23,211,226</u>	<u>733,942</u>	<u>1,359,151</u>	<u>25,304,319</u>	<u>1,762,368</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	-	12,477,449	3,176,799	15,654,248	209,848
Unrestricted	5,742,354	703,518	804,578	7,250,450	6,474,670
Total net assets	<u>\$ 5,742,354</u>	<u>\$ 13,180,967</u>	<u>\$ 3,981,377</u>	<u>22,904,698</u>	<u>\$ 6,684,518</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>33,448</u>	
Net assets of business-type activities				<u>\$ 22,938,146</u>	

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 734,427	\$ 3,072,525	\$ 2,321,764	\$ 6,128,716	\$ 219,668
Interest income	1,514,687	-	-	1,514,687	-
Fines and forfeitures	-	-	33,142	33,142	-
Rental revenue	-	-	109,114	109,114	86,496
Reimbursements	-	-	5,563	5,563	17,733,806
Other revenue	99,025	256,379	91,179	446,583	344,044
<b>Total operating revenues</b>	<b>2,348,139</b>	<b>3,328,904</b>	<b>2,560,762</b>	<b>8,237,805</b>	<b>18,384,014</b>
Operating expenses					
Personal services	-	1,500,128	36,680	1,536,808	1,010,519
Fringe benefits	-	594,028	56,568	650,596	15,057,985
Supplies	-	377,696	452,560	830,256	202,323
Services and charges	178,270	1,508,480	973,502	2,660,252	1,574,861
Other	-	234,673	-	234,673	-
Amortization	-	18,525	-	18,525	-
Depreciation	-	385,335	341,163	726,498	109,471
<b>Total operating expenses</b>	<b>178,270</b>	<b>4,618,865</b>	<b>1,860,473</b>	<b>6,657,608</b>	<b>17,955,159</b>
<b>Operating income (loss)</b>	<b>2,169,869</b>	<b>(1,289,961)</b>	<b>700,289</b>	<b>1,580,197</b>	<b>428,855</b>
Nonoperating revenues (expenses)					
Property taxes	-	2,570,060	-	2,570,060	-
Federal grants	-	270,039	49,112	319,151	-
State grants	-	-	1,292	1,292	-
Investment income	283,370	7,163	413,043	703,576	55,688
Interest expense and fiscal charges	(313,930)	(42,158)	-	(356,088)	-
Loss on sale of capital assets	-	-	-	-	(38,610)
<b>Total nonoperating revenues (expenses)</b>	<b>(30,560)</b>	<b>2,805,104</b>	<b>463,447</b>	<b>3,237,991</b>	<b>17,078</b>
<b>Income (loss) before transfers</b>	<b>2,139,309</b>	<b>1,515,143</b>	<b>1,163,736</b>	<b>4,818,188</b>	<b>445,933</b>
Transfers					
Transfers in	-	-	7,100	7,100	-
Transfers out	(1,500,000)	(5,500)	(1,412,357)	(2,917,857)	(421,536)
<b>Net transfers</b>	<b>(1,500,000)</b>	<b>(5,500)</b>	<b>(1,405,257)</b>	<b>(2,910,757)</b>	<b>(421,536)</b>
<b>Change in net assets</b>	<b>639,309</b>	<b>1,509,643</b>	<b>(241,521)</b>	<b>1,907,431</b>	<b>24,397</b>
Net assets, beginning of year	5,103,045	11,671,324	4,222,898		6,660,121
<b>Net assets, end of year</b>	<b>\$ 5,742,354</b>	<b>\$ 13,180,967</b>	<b>\$ 3,981,377</b>		<b>\$ 6,684,518</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				7,703	
<b>Change in net assets of business-type activities</b>				<b>\$ 1,915,134</b>	

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 3,645,793	\$ 2,809,711	\$ 2,265,490	\$ 8,720,994	\$ -
Receipts from interfund services provided	-	-	46,677	46,677	18,252,397
Payments for interfund services provided	121,499	34,059	363,804	519,362	-
Payments to employees	-	(2,094,156)	(79,886)	(2,174,042)	(1,550,219)
Payments to suppliers	(143,225)	(2,274,863)	(1,346,862)	(3,764,950)	(17,324,132)
Other operating revenue	99,025	256,379	124,321	479,725	344,044
<b>Net cash provided by (used in) operating activities</b>	<b>3,723,092</b>	<b>(1,268,870)</b>	<b>1,373,544</b>	<b>3,827,766</b>	<b>(277,910)</b>
<b>Cash flows from noncapital financing activities:</b>					
Property tax collections	-	2,570,060	-	2,570,060	-
Transfers in	-	-	7,100	7,100	-
Transfers out	(1,500,000)	(5,500)	(1,412,357)	(2,917,857)	(421,536)
Proceeds from issuing long-term debt	15,500,000	-	-	15,500,000	-
Principal paid on long-term debt	(11,483,000)	-	-	(11,483,000)	-
Interest paid on long-term debt	(313,930)	-	-	(313,930)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>2,203,070</b>	<b>2,564,560</b>	<b>(1,405,257)</b>	<b>3,362,373</b>	<b>(421,536)</b>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from federal grants	-	270,039	-	270,039	-
Principal paid on capital debt	-	(1,795,000)	-	(1,795,000)	-
Interest paid on capital debt	-	(42,158)	-	(42,158)	-
Proceeds from sale of capital assets	-	-	50,403	50,403	13,108
Payments for capital asset acquisition	-	(299,568)	(51,697)	(351,265)	(23,297)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(1,866,687)</b>	<b>(1,294)</b>	<b>(1,867,981)</b>	<b>(10,189)</b>
<b>Cash flows from investing activities:</b>					
Investment income	283,370	7,163	413,043	703,576	55,688
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,209,532</b>	<b>(563,834)</b>	<b>380,036</b>	<b>6,025,734</b>	<b>(653,947)</b>
Cash and cash equivalents, beginning of year	7,428,047	1,485,921	1,571,480	10,485,448	8,499,112
<b>Cash and cash equivalents, end of year</b>	<b>\$ 13,637,579</b>	<b>\$ 922,087</b>	<b>\$ 1,951,516</b>	<b>\$ 16,511,182</b>	<b>\$ 7,845,165</b>

(continued)

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows (Continued)  
 Proprietary Funds  
 For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 2,169,869	\$ (1,289,961)	700,289	\$ 1,580,197	\$ 428,855
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	385,335	341,163	726,498	109,471
Changes in assets and liabilities:					
Accounts receivable	1,311,279	10,160	(143,990)	1,177,449	37,591
Due from other funds	123,356	40,976	1,857	166,189	(18,735)
Due from other governmental units	85,400	(270,039)	-	(184,639)	-
Unamortized bond issuance costs	-	23,073	-	23,073	-
Inventory	-	(5,958)	(24,086)	(30,044)	-
Other assets	(500)	(900)	(33)	(1,433)	(25,374)
Accounts payable	14,829	27,920	42,476	85,225	(248,316)
Accrued liabilities	20,716	(3,006)	1,805	19,515	(754,973)
Deposits payable	-	(172,070)	10,752	(161,318)	-
Due to other funds	(1,857)	(6,917)	408,624	399,850	193,571
Due to other governmental units	-	-	-	-	-
Unearned revenue	-	(2,935)	(2,875)	(5,810)	-
Unamortized bond premium	-	(4,548)	-	(4,548)	-
Net OPEB obligation	-	-	37,562	37,562	-
Net cash provided by (used in) operating activities	<u>\$ 3,723,092</u>	<u>\$ (1,268,870)</u>	<u>\$ 1,373,544</u>	<u>\$ 3,827,766</u>	<u>\$ (277,910)</u>

(concluded)

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Fiduciary Net Assets

Fiduciary Funds  
September 30, 2011

	Post- Employment Health Benefits Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investment pool	\$ 9,892	\$ 11,019,737
Investments, at fair value - mutual funds	11,183,071	-
Receivables (net):		
Taxes	-	18,402
Accounts	168,755	4,485,851
Accrued interest	36	902
Due from other governmental units	-	52,946
	<u>11,361,754</u>	<u>\$ 15,577,838</u>
<b>LIABILITIES</b>		
Accounts payable	14,480	\$ 8,049,530
Accrued liabilities	486,732	-
Deposits payable	-	7,323,674
Due to other governmental units	-	204,634
	<u>501,212</u>	<u>\$ 15,577,838</u>
<b>NET ASSETS</b>		
Held in trust for postemployment health benefits	<u>\$ 10,860,542</u>	

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

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## COUNTY OF SAGINAW, MICHIGAN

### Statement of Changes in Fiduciary Net Assets Fiduciary Funds - Postemployment Health Benefits Trust Fund For the Year Ended September 30, 2011

#### Additions

##### Contributions:

Employer	\$ 3,406,339
Retirees	239,685

Total contributions 3,646,024

##### Investment earnings:

Net decrease in fair value of investments	(256,143)
Interest and dividends	281,192

Net investment earnings 25,049

Total additions 3,671,073

#### Deductions

Participant benefits	4,710,613
Administrative expenses	277,827

Total deductions 4,988,440

Change in net assets (1,317,367)

Net assets, beginning of year 12,177,909

Net assets, end of year \$ 10,860,542

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

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Assets  
Component Units  
September 30, 2011

	Road Commission 12/31/2010	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
<b>ASSETS</b>				
Cash and investment pool	\$ 99,542	\$ 1,047,980	\$ 684,892	\$ 4,925,825
Investments	4,983,390	-	-	-
Receivables (net)	3,689,782	515,372	19,938,241	6,025,927
Inventory	337,067	-	-	-
Other assets	499,246	-	-	333
Capital assets, net:				
Assets not being depreciated	618,385	-	-	101,333
Assets being depreciated	157,832,569	-	-	38,400,840
<b>Total assets</b>	<b>168,059,981</b>	<b>1,563,352</b>	<b>20,623,133</b>	<b>49,454,258</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	620,213	84,148	627,106	527,815
Advances from primary government	-	-	-	-
Unearned revenue	3,654	220,000	-	100,150
Long-term liabilities:				
Due within one year	-	50,670	1,150,000	450,334
Due in more than one year	2,728,600	283,176	18,530,000	4,530,733
<b>Total liabilities</b>	<b>3,352,467</b>	<b>637,994</b>	<b>20,307,106</b>	<b>5,609,032</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	157,222,773	-	-	33,521,106
Restricted for:				
Debt service	-	-	131,357	490,125
Acquisition/construction of capital assets	7,484,741	-	172,747	3,947,081
Postemployment health benefits	-	-	-	-
Medicaid	-	-	-	-
Unrestricted		925,358	11,923	5,886,914
<b>Total net assets</b>	<b>\$ 164,707,514</b>	<b>\$ 925,358</b>	<b>\$ 316,027</b>	<b>\$ 43,845,226</b>

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



Economic Development Corporation	Land Bank Authority	Saginaw County Community Mental Health Authority	Total
\$ 279,482	\$ 856,026	\$ 7,148,416	\$ 15,042,163
-	-	7,693,983	12,677,373
42,273	2,083,194	1,708,281	34,003,070
-	2,199,823	87,388	2,624,278
-	-	190,760	690,339
-	-	1,465,780	2,185,498
-	-	2,721,898	198,955,307
<u>321,755</u>	<u>5,139,043</u>	<u>21,016,506</u>	<u>266,178,028</u>
54,419	271,637	6,016,796	8,202,134
-	-	-	-
-	-	2,870,244	3,194,048
-	-	329,316	1,980,320
-	-	2,335,028	28,407,537
<u>54,419</u>	<u>271,637</u>	<u>11,551,384</u>	<u>41,784,039</u>
-	-	2,073,788	192,817,667
-	-	-	621,482
-	-	-	11,604,569
-	-	4,807,364	4,807,364
-	-	2,059,253	2,059,253
<u>267,336</u>	<u>4,867,406</u>	<u>524,717</u>	<u>12,483,654</u>
<u>\$ 267,336</u>	<u>\$ 4,867,406</u>	<u>\$ 9,465,122</u>	<u>\$ 224,393,989</u>

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COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities  
Component Units  
For the Year Ended September 30, 2011

	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Road Commission</b>				
Governmental Activities:				
Highways and streets	\$ 20,613,393	\$ 83,683	\$ 22,656,216	\$ -
<b>Brownfield Redevelopment Authority</b>				
Governmental Activities:				
Community and economic development	286,775	-	287,219	-
<b>Department of Public Works</b>				
Governmental Activities:				
Public works	7,275,796	46,954	16,312	8,077,207
Interest on long-term debt	680,203	-	-	-
Total Department of Public Works	7,955,999	46,954	16,312	8,077,207
<b>Drain Commission</b>				
Governmental Activities:				
Public works	1,698,023	33,251	-	529,833
Interest on long-term debt	201,836	-	-	-
Total Drain Commission	1,899,859	33,251	-	529,833
<b>Economic Development Corporation</b>				
Business-type Activities:				
Community and economic development	2,739,394	8,700	2,724,455	-
<b>Land Bank Authority</b>				
Business-type Activities:				
Community and economic development	1,771,527	1,200	3,747,427	-
<b>Saginaw County Community Mental Health Authority</b>				
Business-type Activities:				
Community services	59,601,554	1,494,870	59,564,216	566,322
Total component units	\$ 94,868,501	\$ 1,668,658	\$ 88,995,845	\$ 9,173,362
				\$ 4,969,364

(continued)

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

COUNTY OF SAGINAW, MICHIGAN

■ Combining Statement of Activities (Continued)

Component Units

For the Year Ended September 30, 2011

	Road Commission 12/31/2008	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Change in net assets				
Net (expense) revenue	\$ 2,126,506	\$ 444	\$ 184,474	\$ (1,336,775)
General revenues:				
Property taxes	-	72,339	-	-
Investment income - interest earned	57,815	8,546	5,806	8,132
Total general revenues	57,815	80,885	5,806	8,132
Change in net assets	2,184,321	81,329	190,280	(1,328,643)
Net assets, beginning of year	162,523,193	844,029	125,747	45,173,869
Net assets, end of year	\$ 164,707,514	\$ 925,358	\$ 316,027	\$ 43,845,226

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



Economic Development Corporation	Land Bank Authority	Saginaw County Community Mental Health Authority	Total
\$ (6,239)	\$ 1,977,100	\$ 2,023,854	\$ 4,969,364
-	-	-	72,339
1,536	8,909	470,490	561,234
1,536	8,909	470,490	633,573
(4,703)	1,986,009	2,494,344	5,602,937
272,039	2,881,397	6,970,778	218,791,052
<u>\$ 267,336</u>	<u>\$ 4,867,406</u>	<u>\$ 9,465,122</u>	<u>\$ 224,393,989</u>

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## NOTES TO FINANCIAL STATEMENTS

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The boundaries of the County of Saginaw (the "County") were set by proclamation of Governor Cass on September 10, 1822. These boundaries were subsequently changed by an act of the Legislative Council, approved March 2, 1831. During 1834, the question of conferring on the Township of Saginaw the status of a County was discussed and a resolution of the Council passed to the effect: - "That the County of Saginaw shall be organized when this act takes effect" - This act of organization was approved January 28, 1835, and put in force the second Monday of February 1835. The County of Saginaw now contains 3 cities, 27 townships and 5 incorporated villages. The population of the County according to the Federal Census of 2010 is 200,169.

The accounting policies of the County of Saginaw conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

#### *Reporting Entity*

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because they are entities for which the County is considered to financially accountable.

Blended component unit - The Building Authority has been included as part of the County financial statements since the County appoints the governing authority and the Building Authority provides its services entirely to the County of Saginaw. A complete financial statement can be obtained from Saginaw County, Controller's Office, 111 S. Michigan Ave., Saginaw, Michigan 48602.

Discretely presented component units - The component unit column in the Government-wide financial statements includes the financial data of the County's other component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

Saginaw County Road Commission (the "Road Commission") - The Road Commission is governed by a three-member board of County Road Commissioners appointed by the Saginaw County Board of Commissioners. The Road Commission deposits receipts with the County, has a balance in the County's common bank account and have investments through the County. The County does not have appropriation authority or budgetary control over the activities of the Road Commission; however, the nature and significance of the relationship between the primary government and the Road Commission is such that exclusion would cause the reporting entity's financial statements to be misleading. Due to the difference in the fiscal year-end of the Road Commission, the December 31, 2009 amounts have been included in the County audit. The Road Commission's activities are reported discretely as a governmental fund type. A complete financial statement can be obtained from the Saginaw County Road Commission, 3020 Sheridan Avenue, Saginaw Michigan 48601.

Brownfield Redevelopment Authority - Property tax revenues received from the captured portion of these properties are restricted to pay site clean up 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 the County Board of Commissioners and they review and approve development plans for businesses relocating within designated areas of the County where property was once contaminated. The nature and significance of the relationship between the County and the Authority is such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

Department of Public Works - Pursuant to Michigan Compiled Law 123.732, the County entered into a program of water supply and sanitary sewer facility construction. The Department of Public Works is under the general control of the County and under the immediate control of the Public Works Commissioner. Bonds issued are authorized by an ordinance or a resolution approved by the Public Works Commissioner and by the County. The nature and significance of the relationship between the County and the Department of Public Works is such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

## COUNTY OF SAGINAW, MICHIGAN

### Notes To Financial Statements

**Drain Commission** - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Public Works Commissioner has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage Board or Public Works Commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The County employs all full-time employees and the elected officials of the Drain Commission. The Drain Commission deposits its receipts with the County Treasurer. The nature and significance of the relationship between the County and the Drain Commission is such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

**Economic Development Corporation** - The Economic Development Corporation is governed by a nine-member Board who are approved by the Saginaw County Board of Commissioners. The County has appropriation authority and budgetary control over the activities of the Economic Development Corporation. The Economic Development Corporation provides the means and methods of encouragement and assistance to strengthen and revitalize the economy of Saginaw County by improving the atmosphere for progress and growth through new employment opportunities and an increased tax base. The Economic Development Corporation's activities are reported discretely as a governmental fund type.

**Land Bank Authority** - The Saginaw County Land Bank Authority is a public body corporate organized pursuant to the Michigan Land Bank Fast Track P.A. 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Treasurer of the County of Saginaw, Michigan. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The Authority was legally established on December 7, 2005, and began operations on that date. The Authority is comprised of seven members, as follows: Treasurer of Saginaw County and six persons appointed by the Saginaw County Board of Commissioners. One of the six persons is appointed to represent the interest of the City of Saginaw and one of the six persons to represent the interest of the other units of local government in Saginaw County.

**Saginaw County Community Mental Health Authority** - The Saginaw County Community Mental Health Authority serves the mental health and developmental disability needs of Saginaw County residents. The Saginaw County Board of Commissioners has the authority to appoint the voting members of the Community Mental Health Authority Board of Directors, which governs the Authority. By law, the primary government (Saginaw County) can remove appointed members of the component unit's (Community Mental Health Authority) governing body at will. The Authority is also accountable to the County of Saginaw and may be terminated by a majority vote of either the Saginaw County Board of Commissioners or the Saginaw County Community Mental Health Authority Board of Directors.

#### *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

## COUNTY OF SAGINAW, MICHIGAN

### Notes To Financial Statements

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, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

The *health department fund* accounts for the grant revenues and the related operations of the Saginaw County Health Department.

The *Michigan Works! fund* accounts for the grant revenues and the related job placement operations of the Michigan Works! fund.

The government reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

The *building authority event center fund* accounts for the operations of the Saginaw County Event Center.

Additionally, the County reports the following fund types:

*Special revenue funds.* These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including trust or major capital projects.

*Debt service funds.* These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

## COUNTY OF SAGINAW, MICHIGAN

### Notes To Financial Statements

*Capital projects funds.* These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

*Permanent funds.* These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

*Internal service funds* account for the data processing, mail services, fringe benefits and fleet management services provided to other departments or agencies of the government on a cost reimbursement basis.

The *postemployment health benefits trust fund* is used to account for the government's postemployment health benefit activity.

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

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 delinquent tax revolving and building authority event center enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues interest income and fees associated with banquet room rentals, and the sale of entertainment admission. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### *Assets, liabilities and net assets or equity*

##### *Cash and cash equivalents*

For purposes of the statement of cash flows, the County considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

##### *Investments*

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*

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

##### *Due to/from other funds*

During the course of its operations, the County has numerous transactions between funds to finance operations, to provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of fiscal year-end, balances of interfund accounts receivable or payable have been recorded.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *Advances*

Advances to and advances from governmental funds represent non-current portions of interfund receivables and payables. The governmental fund making the advance establishes a non spendable fund balance equal to the amount of the advance.

### *Inventories*

Inventory in the Land Bank Authority represents land inventory held for resale. Inventory in the Building Authority Event Center enterprise fund consists of various food and beverage supplies and are valued at cost using the first-in / first-out ("FIFO") method. Costs related to inventory purchases in the Building Authority Event Center fund are recorded as assets when purchased and are charged to expenses when used.

### *Capital assets*

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Building and improvements	5-45 years
Equipment	3-10 years
Vehicles and accessories	2-8 years
Office furniture and fixtures	5-20 years
Planning and development	5-30 years
Infrastructure	50 years

### *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 government activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

*Fund equity*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

*Interfund transactions*

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Internal Service Funds are used and record charges for services to all County departments and funds as operating revenue. All affected County funds record these payments to the Internal Service Funds as operating expenditures or expenses.

*Compensated absences*

**Union employees**

In March 1989, the County modified its sick leave policy for certain bargaining units. The sick day bank was frozen and accrual of sick days for these employees was discontinued. Sick leave was replaced with disability payments at 60% of the employees' annual salary, for a duration of one year. In April 2006, the County modified its vacation and sick leave policy for certain union employees. Previously accumulated vacation, personal leave and frozen sick leave were converted to Paid-Time-Off days ("PTO"). Union employees are granted PTO days, based on length of service and may carry over 700 hours of PTO to any subsequent year. Upon separation from the County, employees are compensated for one-half of their accumulated PTO hours at their current hourly rate, up to a maximum of 600 hours (maximum payout is for 300 hours / 37.5 days).

**Non-union employees**

Non-union employees are granted PTO days, based on length of service and may carry over 700 hours of PTO to any subsequent year. Upon separation from the County, employees are compensated for one-half of their accumulated PTO hours at their current hourly rate, up to a maximum of 600 hours (maximum payout is for 300 hours / 37.5 days).

**Compensated absence liability recognition**

Accumulated PTO is accrued when incurred in the proprietary funds. 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.

The unpaid PTO pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 2. BUDGETARY INFORMATION

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Annual Informational Budget Summaries are prepared for Enterprise Funds and Internal Service Funds.
- The County Controller is authorized to transfer budgeted amounts from one category to another within an activity and between activities within the same fund in an amount up to \$50,000 for non-equipment expenditures and up to \$25,000 for equipment expenditures. Revisions that alter the total expenditures of any fund or total activity within the General Fund must be approved by the Board of Commissioners. The activity level in the General Fund and the Special Revenue Funds is the legal level of control.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Internal Service and Enterprise Fund informational budgets are prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (“GAAP”).
- Budget appropriations lapse at year-end.
- The original budget was amended during the year in compliance with local and state laws. The budget to actual expenditures in the financial statements represent the final budgeted expenditures as amended by the County. Supplemental appropriations were necessary during the year.
- The County’s annual budgeting process includes the adoption of a budget resolution to establish the manner in which a surplus fund balance in the General Fund is distributed among the County funds. The budget resolution adopted for the year ended September 30, 2011, established that the 2011 General Fund budgeted surplus be transferred as follows: two-thirds (2/3) of any such surplus to the Public Improvement Special Revenue Fund and the remaining one-third (1/3) to the General Fund Budget Stabilization Fund Balance account.

### 3. EXCESS OF EXPENDITURES OVER BUDGET

The General Fund and other County Funds had expenditures exceeding budgeted appropriations at the activity level, which is the County’s legal level of budgetary control for the year ended September 30, 2011.

	Budget	Actual	Variance
General fund			
Judicial - Circuit Court	\$ 3,505,829	\$ 3,731,246	\$ (225,417)
General government - Public Works Commissioner	382,304	418,064	(35,760)
Public Safety - Sheriff - Jail Division	8,455,065	8,550,913	(95,848)
Public Safety - Corrections Reimbursement	74,047	76,759	(2,712)
Health and Welfare - Medical Examiner	373,088	374,874	(1,786)

The above items represent violations of the County’s budgeting policies. Revenues were sufficient to cover expenditures.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 4. DEPOSITS AND INVESTMENTS

In May of 1996 the County Board of Commissioners adopted a comprehensive investment policy describing the types of investments in which the County Treasurer may invest. Management believes that the guidelines of this policy are in accordance with State of Michigan statutory guidelines as disclosed below.

Statutes authorize the County to invest in the following:

- Bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution.
- Commercial paper rated at the time of purchase at the highest classifications (except for GMAC) established by not less than two standard rating services and that matures not more than 270 days after the day of purchase.
- Repurchase agreements consisting of instruments in item one above.
- Bankers acceptance of United States banks.
- Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- Obligations described in items one through six above, if purchased through an interlocal agreement under the urban cooperation act of 1967. 1967 (ExSess) PA 7, MCL 124.501 to 124.512.
- Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367 MCL 129.111 to 129.118.
- Investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- Mutual Funds registered under Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-3 and 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. The Mutual Fund must be limited to securities whose intention is to maintain a net asset value of \$1 per share. Only the interest rate will differ from day to day.

A reconciliation of cash, pooled investments and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

	Carrying Amount
Government-wide Financial Statement Captions:	
Primary Government:	\$ 57,628,699
Cash and investment pool	
Component Units:	27,719,536
Cash and investment pool	
Fiduciary Fund Financial Statement Captions:	
Cash and investment pool	11,029,629
Investments	11,183,071
	<hr/>
Total	<u><u>\$ 107,560,935</u></u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Deposits and Investments:

Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 64,432,470
Investments - primary government	27,131,805
Investments - component units	7,693,983
Cash - component units	7,148,416
Cash on hand	142,393
Adjustment for funds with other fiscal year ends	<u>1,011,868</u>
<b>Total</b>	<u><u>\$ 107,560,935</u></u>

	Carrying Amount (Fair Value)	Maturity Less than 1 Year	Maturity 1-5 Years	Credit Rating
Investments - primary government				
MBIA Governmental Investment Pool	\$ 1,324,181	\$ -	\$ -	n/a
Mutual Funds	11,183,071	-	-	n/a
U.S. Agencies	<u>14,624,553</u>	<u>5,500,197</u>	<u>9,124,356</u>	AAA
<b>Total</b>	<u><u>\$ 27,131,805</u></u>	<u><u>\$ 5,500,197</u></u>	<u><u>\$ 9,124,356</u></u>	

Investment and deposit risk

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments. The County further limits the allowable investments and maturities of some allowable investments in their investment policy. The investment policy states that the County will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than three years from the date of purchase. The County may collateralize its repurchase agreements using longer-dated investments not to exceed three years to maturity. Reserve funds may be invested in securities exceeding three years if the maturity of such investments are made to coincide as nearly as possible with the expected use of the funds. The maturity dates for each investment are identified above for investments held at year-end.

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end \$65,562,078 of the County's bank balance of \$69,262,306 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County 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 a policy for investment custodial credit risk. The County's investment policy does not address custodial credit risk for investments. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified above. The County’s investment policy does not limit concentration of credit risk. The County’s investments in mutual funds are comprised of three (3) separate investment accounts. One of the County’s mutual fund investment accounts comprises approximately 20% of the County’s total investment balance at year-end. All investments held at year-end are reported above.

### 5. RECEIVABLES

Receivables in the primary government and component units are as follows:

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 5,093,725	\$ 14,594,979	\$ -
Special assessments	-	-	5,917,967
Accounts receivable	33,784,583	908,309	2,000,186
Notes			
Due within one year	1,880,777	-	-
Due after one year	1,754,540	-	320,000
Interest	62,644	20,548	13,192
Due from other governments	5,561,829	332,669	25,751,725
Advances to component unit	400,000	-	-
Less: allowance for uncollectible accounts	(31,381)	-	-
<b>Total receivables</b>	<b>\$ 48,506,717</b>	<b>\$ 15,856,505</b>	<b>\$ 34,003,070</b>

Of the amounts recorded as receivables, \$36,432,436, \$5,125,417 and \$23,990,995 of the governmental activities, business-type activities and component unit receivables, respectively, are not expected to be collected within one year.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable (General Fund)	\$ 2,845,584	\$ -
Property taxes receivable (Nonmajor Governmental Fund types)	196,871	-
Notes receivable (Nonmajor Governmental Fund types)	3,384,949	-
Grant drawdowns prior to meeting all eligibility requirements (General Fund)	-	500
Grant drawdowns prior to meeting all eligibility requirements (Health Department Fund)	-	520,637
Grant drawdowns prior to meeting all eligibility requirements (Michigan Works! Fund)	-	197,433
Grant drawdowns prior to meeting all eligibility requirements (Nonmajor Governmental Fund types)	-	983,741
<b>Total deferred revenue and unearned revenue</b>	<b>\$ 6,427,404</b>	<b>\$ 1,702,311</b>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 3,550,857	\$ -	\$ -	\$ 3,550,857
Total capital assets not being depreciated	<u>3,550,857</u>	<u>-</u>	<u>-</u>	<u>3,550,857</u>
Capital assets being depreciated				
Land improvements	8,556,359	212,920	(78,191)	8,691,088
Buildings	29,680,002	-	(1,614,944)	28,065,058
Equipment	6,421,267	241,876	(688,547)	5,974,596
Office furniture & fixtures	227,745	57,381	(84,750)	200,376
Vehicles	2,765,602	221,399	(128,406)	2,858,595
Total capital assets being depreciated	<u>47,650,975</u>	<u>733,576</u>	<u>(2,594,838)</u>	<u>45,789,713</u>
Less accumulated depreciation				
Land improvements	(2,247,797)	(219,267)	40,005	(2,427,059)
Buildings	(14,881,624)	(580,865)	303,538	(15,158,951)
Equipment	(4,273,370)	(443,018)	557,724	(4,158,664)
Office furniture & fixtures	(156,266)	(16,844)	68,053	(105,057)
Vehicles	(2,184,684)	(251,662)	128,406	(2,307,940)
Total accumulated depreciation	<u>(23,743,741)</u>	<u>(1,511,656)</u>	<u>1,097,726</u>	<u>(24,157,671)</u>
Total capital assets being depreciated, net	<u>23,907,234</u>	<u>(778,080)</u>	<u>(1,497,112)</u>	<u>21,632,042</u>
Governmental activities capital assets, net	<u>\$ 27,458,091</u>	<u>\$ (778,080)</u>	<u>\$ (1,497,112)</u>	<u>\$ 25,182,899</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 1,053,248	\$ -	\$ -	\$ 1,053,248
Air rights	117,761	-	-	117,761
Construction in progress	796	321,736	-	322,532
Total capital assets not being depreciated	1,171,805	321,736	-	1,493,541
Capital assets being depreciated				
Land improvements	40,558	-	-	40,558
Buildings	15,020,739	-	-	15,020,739
Office furniture & fixtures	61,201	-	-	61,201
Planning and development	8,632,919	-	-	8,632,919
Equipment	1,065,061	5,995	-	1,071,056
Vehicles	115,507	23,534	-	139,041
Total capital assets being depreciated	24,935,985	29,529	-	24,965,514
Less accumulated depreciation				
Land improvements	(40,558)	-	-	(40,558)
Buildings	(3,092,251)	(319,808)	-	(3,412,059)
Office furniture & fixtures	(20,473)	(3,320)	-	(23,793)
Planning and development	(6,371,307)	(336,193)	-	(6,707,500)
Equipment	(441,239)	(64,055)	-	(505,294)
Vehicles	(112,482)	(3,121)	-	(115,603)
Total accumulated depreciation	(10,078,310)	(726,497)	-	(10,804,807)
Total capital assets being depreciated, net	14,857,675	(696,968)	-	14,160,707
Business-type activities capital assets, net	\$ 16,029,480	\$ (375,232)	\$ -	\$ 15,654,248

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

<b>Governmental activities:</b>	
Judicial	\$ 84,821
General government	378,904
Public safety	418,389
Public works	73,709
Health and welfare	294,142
Recreation and culture	152,221
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	109,470
Total depreciation expense - governmental activities	<u>\$ 1,511,656</u>
<b>Business-type activities:</b>	
Building Authority Event Center	\$ 385,334
Harry W. Browne Airport	340,024
Inmate services	1,139
Total depreciation expense - business-type activities	<u>\$ 726,497</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Activity for the Drain Commission for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Drain Commission</b>					
Capital assets not being depreciated					
Construction in progress	\$ 101,638	\$ 1,333	\$ -	\$ (1,638)	\$ 101,333
Capital assets being depreciated					
Infrastructure	61,910,256	-	-	-	61,910,256
Equipment	47,699	-	-	-	47,699
Total capital assets being depreciated	61,957,955	-	-	-	61,957,955
Less accumulated depreciation					
Infrastructure	(22,288,272)	(1,238,205)	-	-	(23,526,477)
Equipment	(27,274)	(3,364)	-	-	(30,638)
Total accumulated depreciation	(22,315,546)	(1,241,569)	-	-	(23,557,115)
Total capital assets being depreciated, net	39,642,409	(1,241,569)	-	-	38,400,840
Component unit activities capital assets, net	\$ 39,744,047	\$ (1,240,236)	\$ -	\$ (1,638)	\$ 38,502,173

Activity for the Road Commission for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Road Commission</b>					
Capital assets not being depreciated					
Land	\$ 618,385	\$ -	\$ -	\$ -	\$ 618,385
Total capital assets not being depreciated	618,385	-	-	-	618,385
Capital assets being depreciated					
Land and improvements, infrastructure	37,007,649	482,152	-	-	37,489,801
Land improvements	427,771	16,806	-	-	444,577
Depletable assets	42,008	-	-	-	42,008
Buildings	2,201,749	30,036	-	-	2,231,785
Office furniture & fixtures	807,812	32,851	(20,562)	-	820,101
Infrastructure	228,324,229	11,809,266	-	-	240,133,495
Equipment	13,529,401	750,330	(58,842)	-	14,220,889
Total capital assets being depreciated	282,340,619	13,121,441	(79,404)	-	295,382,656
Less accumulated depreciation					
Land improvements	(394,090)	(7,571)	-	-	(401,661)
Depletable assets	(3,914)	-	-	-	(3,914)
Buildings	(1,710,780)	(51,561)	-	-	(1,762,341)
Office furniture & fixtures	(547,851)	(93,214)	15,121	-	(625,944)
Infrastructure	(115,179,733)	(8,004,683)	-	-	(123,184,416)
Equipment	(10,676,396)	(952,427)	57,012	-	(11,571,811)
Total accumulated depreciation	(128,512,764)	(9,109,456)	72,133	-	(137,550,087)
Total capital assets being depreciated, net	153,827,855	4,011,985	(7,271)	-	157,832,569
Road Commission capital assets, net	\$ 154,446,240	\$ 4,011,985	\$ (7,271)	\$ -	\$ 158,450,954

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Activity for the Community Mental Health Authority for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Community Mental Health Authority</b>					
Capital assets not being depreciated					
Land	\$ 773,493	\$ -	\$ -	\$ -	\$ 773,493
Construction in progress	22,349	669,938	-	-	692,287
Total capital assets not being depreciated	795,842	669,938	-	-	1,465,780
Capital assets being depreciated					
Buildings and Improvements	9,938,250	57,185	-	-	9,995,435
Furniture and Fixtures	944,117	13,965	-	-	958,082
Vehicles	822,096	253,720	(49,000)	-	1,026,816
Equipment	1,068,183	346,094	(131,546)	-	1,282,731
Total capital assets being depreciated	12,772,646	670,964	(180,546)	-	13,263,064
Less accumulated depreciation					
Buildings and Improvements	(8,175,122)	(150,745)	-	-	(8,325,867)
Furniture and Fixtures	(620,759)	(50,674)	-	-	(671,433)
Vehicles	(625,408)	(86,754)	49,000	-	(663,162)
Equipment	(845,526)	(83,109)	47,931	-	(880,704)
Total accumulated depreciation	(10,266,815)	(371,282)	96,931	-	(10,541,166)
Total capital assets being depreciated, net	2,505,831	299,682	(83,615)	-	2,721,898
Community Mental Health Authority capital assets, net	\$ 3,301,673	\$ 969,620	\$ (83,615)	\$ -	\$ 4,187,678

7. PAYABLES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 6,184,884	\$ 358,935	\$ 5,247,445
Accrued liabilities	1,839,422	421,450	1,696,132
Interest	655,364	160,475	284,999
Due to other governments	308,348	-	573,558
Advance from primary government	-	-	400,000
Total payables	\$ 8,988,018	\$ 940,860	\$ 8,202,134

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Advances to/from other funds:

	Advance From	Advance To
General	\$ 45,000	\$ -
Nonmajor enterprise funds	-	20,000
Internal service funds	-	25,000
Total	\$ 45,000	\$ 45,000

The advances from the General Fund to the nonmajor enterprise and internal service funds exist to maintain adequate cash reserves in the funds.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Due To	Due From					Total
	General fund	Health Department	Nonmajor governmental funds	Nonmajor enterprise funds	Internal service funds	
General fund	\$ -	\$ -	\$ 324,165	\$ 525	\$ 18,768	\$ 343,458
Health department	-	-	-	-	-	-
Michigan Works!	-	-	-	-	-	-
Nonmajor governmental funds	4,085	13,338	224,890	1,136,465	202,768	1,581,546
Delinquent tax revolving fund	-	-	-	-	-	-
Building Authority - Event Center	-	-	92,975	-	-	92,975
Internal service funds	-	29	31,101	-	-	31,130
<b>Total</b>	<b>\$ 4,085</b>	<b>\$ 13,367</b>	<b>\$ 673,131</b>	<b>\$ 1,136,990</b>	<b>\$ 221,536</b>	<b>\$ 2,049,109</b>

The County has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily 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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Transfer To	Transfer From						
	General fund	Nonmajor governmental funds	Delinquent tax revolving fund	Building Authority - Event Center	Nonmajor enterprise funds	Internal service funds	Total
General fund	\$ -	\$ 41,304	\$ 1,500,000	\$ -	\$ 275,892	\$ 18,768	\$ 1,835,964
Health department	919,046	-	-	-	-	-	919,046
Nonmajor governmental funds	7,184,770	809,657	-	-	1,136,465	402,768	9,533,660
Nonmajor enterprise funds	-	1,600	-	5,500	-	-	7,100
Internal service funds	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 8,103,816</b>	<b>\$ 852,561</b>	<b>\$ 1,500,000</b>	<b>\$ 5,500</b>	<b>\$ 1,412,357</b>	<b>\$ 421,536</b>	<b>\$ 12,295,770</b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

9. LONG-TERM DEBT

Changes in Long-term Debt

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Primary Government</b>					
Governmental activities:					
General obligation bonds	\$ 33,200,009	\$ 3,278,779	\$ (2,983,268)	\$ 33,495,520	\$ 1,104,383
Long-term advances	100,000	-	(20,000)	80,000	-
Internal service fund - claims	2,012,333	6,254,197	(7,015,393)	1,251,137	1,251,137
Compensated absences	1,601,515	81,115	(26,345)	1,656,285	1,656,285
	<u>\$ 36,913,857</u>	<u>\$ 9,614,091</u>	<u>\$ (10,045,006)</u>	<u>\$ 36,482,942</u>	<u>\$ 4,011,805</u>
Business-type activities:					
General obligation bonds	\$ 1,795,000	\$ -	\$ (1,795,000)	\$ -	\$ -
General obligation notes	19,054,000	15,500,000	(11,483,000)	23,071,000	12,571,000
Compensated absences	7,774	13,510	(12,584)	8,700	8,700
	<u>\$ 20,856,774</u>	<u>\$ 15,513,510</u>	<u>\$ (13,290,584)</u>	<u>\$ 23,079,700</u>	<u>\$ 12,579,700</u>
<b>Component Units</b>					
Road Commission:					
Compensated absences	\$ 520,403	\$ 59,381	\$ (20,628)	\$ 559,156	\$ -
SIB Loan	-	\$ 1,228,181	-	1,228,181	\$ -
OPEB	480,797	1,406,270	(945,804)	941,263	-
	<u>\$ 1,001,200</u>	<u>\$ 2,693,832</u>	<u>\$ (966,432)</u>	<u>\$ 2,728,600</u>	<u>\$ -</u>
Brownfield Redevelopment Authority:					
Loans from State of Michigan	\$ 383,453	\$ -	\$ (49,607)	\$ 333,846	\$ 50,670
Department of Public Works:					
General obligation bonds	\$ 14,470,000	\$ 6,912,000	\$ (1,702,000)	\$ 19,680,000	\$ 1,125,000
Drain Commission:					
General obligation bonds and notes	\$ 6,895,402	\$ -	\$ (1,914,335)	\$ 4,981,067	\$ 550,334
Community Mental Health Authority:					
Notes	\$ 1,225,897	\$ 706,000	\$ (120,400)	\$ 1,811,497	\$ 206,991
Capital lease	110,242	347,368	(155,217)	302,393	77,100
Compensated absences	400,439	66,587	(44,773)	422,253	42,225
OPEB	-	1,858,052	(1,729,851)	128,201	-
	<u>\$ 1,736,578</u>	<u>\$ 2,978,007</u>	<u>\$ (2,050,241)</u>	<u>\$ 2,664,344</u>	<u>\$ 326,316</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end, \$57,840 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### Primary Government

General obligation and revenue bonds and notes are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation and revenue bonds and notes currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	2.75 - 7.0%	\$ 33,495,520
Business-type activities	1.23 - 4.0%	<u>23,071,000</u>
<b>Total primary government</b>		<b><u>\$ 56,566,520</u></b>

Annual debt service requirements to maturity for general obligation and revenue bonds and notes are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 1,104,383	\$ 1,606,638	\$ 12,571,000	\$ 215,103
2013	1,171,494	1,574,248	7,500,000	154,500
2014	1,238,641	1,530,455	3,000,000	36,000
2015	1,375,824	1,483,711	-	-
2016	1,383,045	1,431,894	-	-
2017-2021	7,694,869	6,128,714	-	-
2022-2026	11,147,264	3,843,175	-	-
2027-2030	8,380,000	857,500	-	-
<b>Total</b>	<b><u>\$ 33,495,520</u></b>	<b><u>\$ 18,456,335</u></b>	<b><u>\$ 23,071,000</u></b>	<b><u>\$ 405,603</u></b>

### Component Units

#### *Brownfield Redevelopment Authority*

The Brownfield Redevelopment Authority has outstanding balances from the State of Michigan, Department of Environmental Quality Revitalization. The monies are to be used for the renovations and construction expenditures related to the Hemlock/McDonald's and Richland Township investment project, the KBC (Sahasa) Realty project, and the Miles Petroleum/Merrill Elevator project. The loans will be repaid in 180 monthly installments beginning in September 2004 and ending in April 2019 and bear an interest rate of 2.25%.

Annual principal and interest requirements to service all debt outstanding as of September 30, 2011, are as follows:

Year Ending September 30,	Principal	Interest
2012	\$ 50,670	\$ 7,052
2013	51,757	5,965
2014	52,867	4,855
2015	37,295	3,722
2016	38,078	2,939
2014-2021	103,179	3,958
<b>Total</b>	<b><u>\$ 333,846</u></b>	<b><u>\$ 28,491</u></b>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *Department of Public Works*

General obligation bonds are issued by the County to finance construction projects managed and administered by the Department of Public Works.

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and authorities. The bonds are issued as 8 to 40-year serial bonds with varying amounts of principal maturing each year through November 2046 and bear interest at varying rates from 1.45% to 9.25%. General obligation bonds currently outstanding are as follows:

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30,	Principal	Interest
2012	\$ 1,125,000	\$ 762,981
2013	1,711,000	734,310
2014	1,763,000	667,664
2015	1,460,000	601,064
2016	1,501,000	539,862
2017-2021	3,465,000	2,025,431
2022-2026	1,917,000	1,490,232
2027-2031	1,864,000	1,144,580
2032-2036	1,954,000	825,390
2037-2041	1,249,000	485,919
2042-2046	1,180,000	199,631
2047-2051	491,000	74,295
<b>Total</b>	<b><u>\$19,680,000</u></b>	<b><u>\$ 9,551,359</u></b>

### *Drain Commission*

General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year and bear interest rates varying from 1.35% to 7.95%. General obligation bonds and notes currently outstanding are as follows:

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

Year Ending September 30,	Principal	Interest
2012	\$ 550,334	\$ 129,120
2013	1,887,334	121,451
2014	677,334	86,613
2015	477,334	63,055
2016	482,334	47,288
2017-2021	906,397	63,742
<b>Total</b>	<b><u>\$ 4,981,067</u></b>	<b><u>\$ 511,269</u></b>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *Community Mental Health Authority*

The Community Mental Health Authority has an installment contract and various notes for group homes. There are monthly installments due through 2016 and bear interest rates varying from 3.4% to 5.19%.

Annual principal and interest requirements to service all debt outstanding as of September 30, 2011, are as follows:

Year Ending September 30,	Principal	Interest
2012	\$ 206,991	\$ 73,560
2013	1,176,690	49,571
2014	141,532	13,409
2015	146,842	8,096
2016	139,442	2,587
<b>Total</b>	<b>\$ 1,811,497</b>	<b>\$ 147,223</b>

The Authority has entered multiple agreements to lease various copy machines for five year terms expiring in 2016. These leases meet capitalization criteria specified by generally accepted accounting principles and are therefore reported as capital lease obligations. Service fees for usage apply and are expensed as incurred, which totaled \$18,037 for the year ended September 30, 2011

Required future payments for remaining noncancelable lease terms in excess of one year as of September 30, 2011 are as follows:

Year Ending September 30,	Principal
2012	\$ 77,100
2013	77,100
2014	77,100
2015	77,100
2016	32,146
<b>Total minimum payments due</b>	<b>\$ 340,546</b>
Less amounts representing interest at 4.5%	<u>38,153</u>
<b>Present value of net minimum lease payments</b>	<b>\$ <u>302,393</u></b>

### Advance Refunding

On April 28, 2004, the Department of Public Works component unit issued general obligation limited tax bonds of \$965,000. Proceeds from this bond issue, along with a cash contribution from Taymouth Township of \$500,990 was used to advance refund four separately issued general obligation limited tax bonds issued between 1993 and 1996. The refunded bonds mature as scheduled on June 1, 1993 through 2015. The balance of the defeased debt outstanding at September 30, 2011, was \$260,000.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 10. DEFINED BENEFIT PENSION PLANS

#### Primary Government

*Plan description.* The County's defined benefit pension plan, the Saginaw County Employees Retirement Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan ("MERS"), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

Other than those employees required to participate in the County's Defined Contribution Plan, as described in Note II, all other full-time and permanent part-time employees are eligible to participate in MERS plans. The MERS plan is closed to all new hires.

*Funding policy.* Beginning with the fiscal year ended September 30, 2007, the County is required to contribute a flat amount each month, rather than a percentage of payroll. The monthly required amount in 2010 was \$242,801 based upon current payroll levels per the 2008 actuarial valuation. Under the plan, employees in six of the County's employment divisions are required to make contributions to the plan, ranging from 0% to 4.34% of their annual covered payroll. The contribution requirements of the County 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 County, depending on the MERS contribution program adopted by the County.

*Annual pension cost and net pension asset.* The County's annual pension cost and net pension asset to MERS for the current year were as follows:

Annual required contribution	\$ 3,835,452
Less: Interest on net pension asset	(110,956)
Plus: Adjustment to annual required contribution	<u>162,306</u>
Annual pension cost	3,886,802
Contributions made	<u>(3,835,452)</u>
Decrease in net pension asset	51,350
Net pension asset, beginning of year	<u>1,386,952</u>
Net pension asset, end of year	<u>\$ 1,335,602</u>

The required contribution was determined using the entry age normal cost method. The actuarial assumptions included (a) a long-term net investment yield rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment that smoothes the fair value of investments over a 5-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2010, the date of the latest actuarial valuation, was 19 years.

Three-Year Trend Information			
Fiscal Period Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2009	\$ 3,287,468	97%	\$ 1,480,714
9/30/2010	3,007,374	97%	1,386,952
9/30/2010	3,886,802	99%	1,335,602

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, MERS was 66 percent funded. The actuarial accrued liability for benefits was \$137,462,228, and the actuarial value of assets was \$90,752,010, resulting in an unfunded actuarial accrued liability (UAAL) of \$46,710,218. The covered payroll (annual payroll of active employees covered by MERS) was \$6,478,532, and the ratio of the UAAL to the covered payroll was 721 percent.

### Component Unit - Road Commission

*Plan description.* The Road Commission’s defined benefit pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System of Michigan (“MERS”), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

Three-Year Trend Information			
Fiscal Period Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2008	\$ 294,760	204%	\$ 307,000
12/31/2009	194,872	177%	150,000
12/31/2010	251,039	100%	-

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, MERS was 94 percent funded. The actuarial accrued liability for benefits was \$25,889,973, and the actuarial value of assets was \$24,465,502, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,424,471. The covered payroll (annual payroll of active employees covered by MERS) was \$3,500,897, and the ratio of the UAAL to the covered payroll was 41 percent.

### Component Unit - Community Mental Health Authority

*Plan description.* The Community Mental Health Authority’s defined benefit pension plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Authority participates in the Municipal Employees Retirement System of Michigan (“MERS”), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

Three-Year Trend Information			
Fiscal Period Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2009	\$ 267,297	100%	\$ -
9/30/2010	295,333	100%	-
9/30/2011	329,328	100%	-

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, MERS was 65.1 percent funded. The actuarial accrued liability for benefits was \$16,146,123, and the actuarial value of assets was \$10,503,283, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,642,840. The covered payroll (annual payroll of active employees covered by MERS) was \$1,071,866, and the ratio of the UAAL to the covered payroll was 526 percent.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 11. DEFINED CONTRIBUTION PENSION PLAN

*Plan description.* The Saginaw County Employees Defined Contribution Pension Plan (the “Plan”) is a single employer defined contribution pension plan, established by the County and administered by an outside third-party administrator. All County employees hired after January 1, 1994, with the exception of certain bargaining units, are required to participate in the Plan. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the Plan. All other County employees that are not vested in the County’s Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County’s contributions in accordance with the following scale:

Years of Service Completed	Percent Vested
1	0%
2	0%
3	25%
4	50%
5	75%
6	100%

At September 30, 2011, there were 521 plan members. Newly hired members may contribute 0% or 6% of their annual salary; if the members contribute 0%, the County is required to contribute 3%; if the members contribute 3%, the County is required to contribute 6%. Vested plan members are not required to contribute to the Plan; however, employees may contribute up to 3% of their annual salary. The County is required to contribute 6% of the employees’ annual salary, as well as match all employee contributions for vested members. Plan provision and contribution requirements are established and may be amended by the Saginaw County Board of Commissioners.

Employer contributions to the Plan for the year ended September 30, 2011, amounted to \$1,825,644 and employee contributions were \$821,420.

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

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 12. POSTEMPLOYMENT HEALTH BENEFITS

#### Primary Government

*Plan description.* The County provides a defined benefit postemployment group hospitalization plan provided proper application is made prior to retirement for union and non-union employees. This Plan was established through employees' union contracts and through a Board resolution for non-union employees. A vested employee, who leaves County employment before attaining the age and service required to receive a pension, shall not be eligible for health insurance coverage. Employees who retire on or after January 1, 1993, may elect to receive a monthly stipend ranging from \$75 to \$150 per month in lieu of health coverage provided they are not covered as a dependent under a County paid health plan. New hires after January 1, 1993, will receive only single coverage for their health insurance upon retirement.

*Summary of significant accounting policies - basis of accounting and valuation of investments.* The postemployment health benefits fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. 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 Board of Commissioners, with the assistance of a valuation service; and cash deposits are reported at carrying amounts which reasonably estimates fair value.

*Funding policy.* The County 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. Currently, the County is financing the postemployment benefits on a pay-as-you-go basis and in the current year incurred expenditures of \$4,897,420.

*Funding progress.* For the year ended September 30, 2011, the County estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2010. 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.

At December 31, 2010, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	428
Active employees	<u>329</u>
Total	<u><u>757</u></u>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

The County pays between 25%-100% of the health insurance premiums for these retirees. A co-pay at the percentage indicated below, as established by Board resolution, is required by non-union retirees who retired after January 1, 1991:

Years of Service	Employer Pays	Employee Pays
6	25%	75%
7	30%	70%
8	35%	65%
9	40%	60%
10	45%	55%
11	50%	50%
12	55%	45%
13	60%	40%
14	65%	35%
15	70%	30%
16	75%	25%
17	80%	20%
18	85%	15%
19	90%	10%
20 or more	95%	5%

Union employees are also subject to the same or similar co-pay percentages based on retirement eligibility and years of service as specified in their individual union contract.

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. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to financial statements, will present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The benefit obligation represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to September 30. Postretirement benefits include future benefits expected to be paid to or for (1) currently retired or terminated employees and dependents (as defined by the Plan) and (2) active employees and their beneficiaries and dependents after retirement from service. Prior to an active employee's full eligibility date, the postretirement benefit obligation is the portion of the expected postretirement benefit obligation that is attributed to that employee's service rendered to the valuation date.

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.

The Plan's unfunded accrued liability was determined as part of an actuarial valuation of the Plan as of December 31, 2010. Significant actuarial assumptions used in determining the Plan's unfunded accrued liability included (a) a rate of return on the investment of present and future assets of 6% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.3% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) health care cost increases of 9.0% in 2012 and scaling down every year until it is 4.5% for 2021 and beyond.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

*Annual OPEB cost and net OPEB obligation.* The County’s annual OPEB cost and net OPEB obligation for the current year were as follows:

Annual required contribution	\$ 9,074,989
Less: Interest on net OPEB obligation	566,289
Plus: Adjustment to annual required contribution	<u>(616,201)</u>
Annual OPEB cost	9,025,077
Contributions made	<u>(4,897,420)</u>
Increase in net OPEB obligation	4,127,657
Net OPEB obligation, beginning of year	<u>7,078,615</u>
Net OPEB obligation, end of year	<u><u>\$ 11,206,272</u></u>

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/2010	\$ 8,525,660	55%	\$ 7,078,616
9/30/2011	\$ 9,025,077	54%	\$ 11,206,272

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the Plan was 10 percent funded. The actuarial accrued liability for benefits was \$131,957,659, and the actuarial value of assets was \$13,065,654, resulting in an unfunded actuarial accrued liability (UAAL) of \$118,892,005. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,678,759, and the ratio of the UAAL to the covered payroll was 758 percent.

The foregoing assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of the postretirement accrued liability.

### Component Unit - Community Mental Health Authority

*Plan description.* The Authority has established a single employer defined benefit retiree health plan (the “Plan”), in accordance with State statutes, to all employees provided proper application is made prior to retirement and the employee is a member of the plan on the date of retirement and the employees agrees to participate in a co-pay plan. The Authority reimburses the amount of validated claims for medical, dental and hospitalization costs incurred by pre-Medicare retirees and their dependants based upon the employee’s number of years of service. Expenditures for postretirement healthcare benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the government

*Annual OPEB Cost and Net OPEB Obligation.* The Plan’s annual other postemployment benefit (“OPEB”) cost (expenses) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

The Plan's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/2009	\$ 1,473,730	100%	\$ -
9/30/2010	1,540,048	100%	-
9/30/2011	1,729,851	100%	-

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Plan was 13.7 percent funded. The actuarial accrued liability for benefits was \$21,160,621, and the actuarial value of assets was \$2,906,678, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,253,943.

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. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to financial statements, will present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* The Plan's unfunded accrued liability was determined as part of an actuarial valuation of the Plan as of December 31, 2007. Significant actuarial assumptions used in determining the Plan's unfunded accrued liability included (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) health care cost increases of 9% in 2007 and scaling down by 1% every other year until it is 4.5% for 2015 and beyond.

### 13. RISK MANAGEMENT

The County is self-funded for Worker's Compensation, General Liability, Health, Dental and Vision insurance.

#### *Worker's Compensation*

The self-insurance program for worker's compensation is accounted for in the Employee Benefits Fund (an internal service fund). An independent administrator is hired to process the daily claims and to perform auditing and management duties. The County is insuring \$275,000 in liability for each occurrence and Citizens Management, Inc., the County's administrator for worker's compensation, insures the remainder, through various reinsurance companies, up to \$5,000,000. The revenue for this activity's operation is derived through reimbursements from various funds having employees. Losses, damages and administrative expenses are all paid from this fund.

The claims liability of \$47,112 reported at September 30, 2011, is based on the requirements of Statement No. 10 of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The claim liability is estimated by the claims administrator and management. Management estimates the incurred but not reported ("IBNR") liability based on prior experience and both the estimated claims liability and the IBNR estimates are recorded as a current expenditure. No annuity contracts have been purchased to satisfy claim liabilities. Settled claims have not exceeded insurance coverage in any of the past three years.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

The changes in the claims liability for the years ended September 30, 2010 and 2011, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2010	\$ 411,938	\$ 91,008	\$ 220,307	\$ 282,639
2011	282,639	(135,833)	99,694	47,112

*General Liability*

The self-insurance program for general liability is accounted for in the Risk Management Fund (an internal service fund). Presently, the County insures the first \$150,000 for each claim. After the first \$150,000 and up to \$10,000,000, insurance is provided by ASU Inc. There were no reductions of insurance coverage from the prior year. The revenues for this fund's operation are reimbursements from various funds. The funds are charged for general liability insurance based on number of employees, previous claims, number of vehicles and other pertinent criteria.

Losses, damages and administrative expenses are all paid from this fund. The claims liability for known claims and incurred but not reported claims is estimated by management and the insurance administrators. No annuity contracts have been purchased to satisfy claim liabilities. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended September 30, 2010 and 2011, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2010	\$ 1,928,107	\$ 416,846	\$ 1,210,387	\$ 1,134,566
2011	1,134,566	152,872	621,705	665,733

*Health Insurance*

The self-insurance program for health insurance is accounted for in the Employee Benefits Fund (internal service fund) and the Postemployment Health Benefits Fund (an other employee benefit trust fund). An independent administrator (Blue Cross) is hired to process the daily claims. The County is responsible for individual claims up to \$150,000 and Blue Cross is responsible for paying the claims above this amount. There were no reductions of insurance coverage from the prior year. The County is also responsible for paying administrative charges and for actual prescription claims. The revenues for this Fund's operation are reimbursements from various funds and employee payroll withholdings. 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. No annuity contracts have been purchased to satisfy claim liabilities. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended September 30, 2010 and 2011, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2010	\$ 646,425	\$10,689,203	\$ 10,304,405	\$ 1,031,223
2011	1,031,223	10,039,122	10,089,951	980,394

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

*Dental Insurance*

The self-insurance program for dental insurance is accounted for in the Employee Benefits Fund (an internal service fund). An independent administrator (Blue Cross) is hired to process the daily claims and to perform management duties. Benefits under the program are capped at \$1,500 per covered person annually. There were no reductions of insurance coverage from the prior year. The revenues for this Fund's operation are reimbursements from various funds and payroll withholdings. The liability at the end of the year is based on claims already incurred and reported and an estimate of incurred but not reported claims as provided by Blue Cross. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended September 30, 2010 and 2011, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2010	\$ 28,160	\$ 552,267	\$ 556,764	\$ 23,663
2011	23,663	552,267	552,025	23,905

*Vision Insurance*

The self-insurance program for vision insurance is accounted for in the Employee Benefits Fund (an internal service fund). An independent administrator (Blue Cross) is hired to process the daily claims and to perform management duties. There were no reductions of insurance coverage from the prior year. The revenues for this Fund's operation are reimbursements from various funds and payroll withholdings. The liability at the end of the year is based on claims already incurred and reported and an estimate of incurred but not reported claims as provided by Blue Cross. Settled claims have not exceeded insurance coverage in any of the past three years.

The changes in the claims liability for the years ended September 30, 2010 and 2011, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2010	\$ 2,398	\$ 60,512	\$ 60,268	\$ 2,642
2011	2,642	59,963	58,023	4,582

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

14. PROPERTY TAXES

The County property tax is levied each July 1st and December 1st on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

The taxable value of real and personal property at December 1, 2009, totaled \$5,312,331,940. The tax levy for 2009/2010 operations were based on the following rates:

General Operating	4.85580	mills
Mosquito Control	0.49930	mills
Senior Citizens	0.43000	mills
Law Enforcement	0.33940	mills
Hospital Debt	0.41680	mills
County Parks	0.16150	mills
Castle Museum	0.19970	mills
Juvenile Home Renovation	0.05300	mills
Event Center	0.44930	mills

By agreement with various taxing authorities, the County purchases at face value the real property taxes receivable returned delinquent each March 1. These receivables are pledged for payment of general obligation limited tax notes, proceeds of which were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to service the tax notes. This activity is accounted for in the Enterprise Fund (Delinquent Tax Revolving Fund).

15. CONTINGENCIES AND PENDING LITIGATION

The County is a defendant in various lawsuits. It is the opinion of County management and its counsel that the outcome of these lawsuits now pending will not materially affect the operations or the financial position of the County.

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. County management believes disallowances, if any, would be minimal.

16. INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

The composition of net assets invested in capital assets, net of related debt as of September 30, 2011, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 3,550,857	\$ 1,493,541	\$ 2,185,498
Capital assets being depreciated, net	21,632,042	14,160,707	198,955,307
	<u>25,182,899</u>	<u>15,654,248</u>	<u>201,140,805</u>
Related debt:			
Bonds and notes payable	33,495,520	-	8,323,138
Less: long-term receivable for repayment of debt service	(30,280,000)	-	-
	<u>3,215,520</u>	<u>-</u>	<u>8,323,138</u>
Invested in capital assets, net of capital - related debt	<u>\$ 21,967,379</u>	<u>\$ 15,654,248</u>	<u>\$ 192,817,667</u>



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## REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SAGINAW, MICHIGAN

**Required Supplementary Information**  
 Municipal Employees Retirement System of Michigan  
 Schedule of Funding Progress and Employer Contributions  
 Historical Trend Information - Unaudited

Schedule of Funding Progress						
Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2005	\$ 87,919,362	\$ 116,271,363	\$ 28,352,001	76%	\$12,113,877	234%
2006	91,934,019	121,846,675	29,912,656	76%	11,662,175	256%
2007	96,240,566	125,684,383	29,443,817	75%	10,906,678	270%
2008	96,066,231	135,044,418	38,978,187	71%	6,920,898	563%
2009	92,980,537	136,732,789	43,752,252	68%	7,231,777	605%
2010	90,752,010	137,462,228	46,710,218	66%	6,478,532	721%

Schedule of Employer Contributions		
Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2006	\$ 2,758,026	93%
2007	3,088,881	95%
2008	3,213,772	97%
2009	3,287,468	97%
2010	3,007,374	97%
2011	3,835,452	99%

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information

Postemployment Health Benefits

Schedule of Funding Progress and Employer Contributions

Historical Trend Information - Unaudited

Schedule of Funding Progress						
Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ 9,274,988	\$ 92,765,308	\$ 83,490,320	10.0%	\$ 17,582,701	475%
2009	11,544,398	98,501,429	86,957,031	11.7%	17,177,565	506%
2010	13,065,654	131,957,659	118,892,005	9.9%	15,678,759	758%

Schedule of Employer Contributions		
Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 7,684,606	58%
2010	8,525,659	55%
2011	9,074,989	55%

The information presented in the supplemental schedule was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation (December 31, 2010) follows:

Actuarial cost method	Individual entry age
Amortization method	Level dollar, open
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	6.0 percent per year
Projected salary increases	12.9 percent - 4.8 percent
Valuation health care cost trend rate	9.0 percent in 2012, grading to 4.5 percent in 2021

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## COUNTY OF SAGINAW, MICHIGAN

### Nonmajor Governmental Funds

#### Special Revenue Funds

**Law Enforcement Fund** - This fund is used to account for the operations of the Saginaw County Sheriff's Road Patrol. Money for the operation of this fund is supplied from contributions from other County funds and reimbursements. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**County Road Patrol Millage Fund** - This fund is used to account for the operations of the Saginaw County Sheriff's Road Patrol. Money for the operation of this fund is supplied from a special voted tax. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Parks and Recreation Commission Fund** - This fund is used to account for the operation and maintenance of several parks throughout the County. Money for the operation of this fund is supplied from a special voted tax and user fees. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**G.I.S. (Geographic Information System) Fund** - This fund is used to account for the development and operations of a County-wide geographic information system. Money for the operation of this fund is supplied from reimbursement by the Saginaw Area GIS Authority. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Friend of the Court Fund** - This fund is used to account for the operations of the Friend of the Court's Office. Money for the operation of this fund is supplied from federal and state grants, user fees, and marriage counseling fees. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Solid Waste Fund** - This fund is used to account for funds earmarked for solid waste planning, regulation and ordinance administration. Money for these activities comes from application fees and surcharges paid by landfills. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Lodging Excise Tax Fund** - This fund is used to account for the collection and distribution of the hotel and motel tax used to promote tourism and convention activities under the provisions of Act 263 of the Public Acts of 1974, as amended. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Castle Museum and Historical Activities Fund** - This fund is used to account for the operations of the Castle Building and Historical Museum. Money for the operation of this fund is supplied from a special voted tax. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Commission on Aging Fund** - This fund is used to account for the operations of the Saginaw County Commission on Aging. Money for the operation of the Commission on Aging is supplied from a special voted tax, federal and state grants. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Mosquito Control Fund** - This fund is used to account for the operations of the Saginaw County Mosquito Abatement Commission. Money for the operation of the fund is supplied from a special voted tax. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Planning Commission Fund** - This fund is used to account for the operations of the Saginaw County Planning Commission. Money for the operation of this fund is supplied from federal and state grants, reimbursements from other local units of government for work performed by the planning staff, and contributions from other County funds. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

## COUNTY OF SAGINAW, MICHIGAN

### ■ Nonmajor Governmental Funds (Continued)

#### Special Revenue Funds (Continued)

**Dredged Materials Disposal Facility** - This fund is used to account for the maintenance of an over 500 acre containment site to accept river dredging spoils from the Upper Saginaw River. Money for the operation of this fund is supplied from donations from private sources and interest earnings.

**Principal Residential Exemption Denial Fund** - This fund is used to account for the collection of taxes and interest due from principal residential exemption (homestead) denials. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Courthouse Preservation Technology Fund** - This fund is used to account for the collection of \$10.00 per traffic ticket which is used to fund computer technology. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Animal Control Fund** - This fund is used to account for the operations of the Saginaw County Animal Control Facility. Money for the operation of this fund is supplied from a special voted tax and user fees. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Land Reutilization Fund** - This fund is used to account for the proceeds from the operations of the Delinquent Property Tax Foreclosure Fund and those proceeds are to be used to pay for expenses of the Land Bank Authority. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Small Cities Reuse Fund** - This fund is used to account for the operations of a service providing low interest loans to assist professional, commercial and industrial entities in rehabilitation and expansion of existing businesses and construction of new businesses within the county. Money for the operation of this fund is supplied from federal (pass-thru state) grants, interest earnings from loans, interest earnings from investments, and principal repayments. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Register of Deeds Automation Fund** - This fund is used to account for the collection of \$5.00 of the total fee collected for each recording which is used to fund the upgrading of technology in the Register of Deeds' Office. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**E-911 Telephone Surcharge Fund** - This fund is used to account for the collection and distribution of a telephone surcharge to the Saginaw County 911 Communications Center Authority, for operations of the County 911 system. Money for the operation of this fund is supplied from a special voted assessment. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Mobile Data Maintenance and Repair Fund** - This fund is used to account for the maintenance and replacement of the mobile data computers put in law enforcement vehicles throughout the County and local jurisdictions. Money for the operation of this fund is supplied from the yearly maintenance fees charged to the local law enforcement agencies. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

## COUNTY OF SAGINAW, MICHIGAN

### ■ Nonmajor Governmental Funds (Continued)

#### Special Revenue Funds (Continued)

Area Records Management System Fund - This fund is used to account for the creation and maintenance of a records management system for local law enforcement agencies within Saginaw County. Money for the operation of this fund is supplied from connection fees, annual maintenance fees, and interest earnings. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

County Library Board Fund - This fund is used to account for the collection and distribution of penal fines. Money for the operation of this fund is supplied from penal fines and is subsequently distributed to the various libraries within the county as directed by the State Library Board. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Re monumentation Fund - This fund is used to account for surveying and re monumentation activities in the County. Money for the operation of this fund is supplied from a state grant. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Special Projects Fund - This fund is used to account for the operations of the various grant-in-aid programs throughout the county. Money for the operation of this fund is supplied from federal and state grants, contributions from other County funds, reimbursements for services performed, and user fees. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Sheriff Special Projects Fund - This fund is used to account for the operations of the various grant-in-aid programs of the Saginaw County Sheriff's Department. Money for the operation of this fund is supplied from federal and state grants, contributions from other County funds, reimbursements for services performed, and user fees. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Prosecutor Special Projects Fund - This fund is used to account for the operations of the various grant-in-aid programs of the Saginaw County Prosecutor. Money for the operation of this fund is supplied from federal and state grants, contributions from other County funds and reimbursements for services performed. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Community Corrections Fund - This fund is used to account for the operations of the various grant-in-aid programs of the Saginaw Community Corrections program. Money for the operation of this fund is supplied from federal and state grants, contributions from other County funds, and reimbursements for services performed. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Local Correction Officers Training Fund - This fund is used to account for the collection and distribution of booking fees through the Saginaw County Jail. Money for the operation of this fund is supplied from booking fees and is used as a source of revenue for the local correctional officers training programs and a portion is subsequently remitted to the State in accordance with Public Act 124 of 2003. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

# COUNTY OF SAGINAW, MICHIGAN

## ■ Nonmajor Governmental Funds (Continued)

### Special Revenue Funds (Concluded)

**MSU Extension Fund** - This fund is used to account for the operations of the various grant-in-aid programs and administration of the Saginaw County MSU Cooperative Extension. Money for the operation of this fund is supplied from federal and state grants and contributions from other County funds. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Department of Human Services Fund** - This fund is used to record and account for the operations of the Saginaw County Department of Human Services. The Saginaw County Department of Human Services has a separate accounting system which is prescribed by the State Department of Treasury and the State Department of Human Services. It receives revenues from federal and state grants for welfare recipients and reimbursements from recipients. In addition, it receives General Fund appropriations for the operation of the Department of Human Services Board. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Child Care Fund** - This fund is used to account for the foster care of children under the authority and administration of the Saginaw County Department of Human Services and the Saginaw County Probate Court-Juvenile Division. Money for the operation of this fund is supplied from federal and state grants, reimbursements for services performed, and General Fund contributions. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Veterans' Trust Fund** - This fund is used to account for the operations of the Saginaw County Authorized Agent for the Michigan Veterans Trust Fund. Money for the operation of this fund is supplied from state grants. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

### Debt Service Funds

**Hospital Construction Debt Service Fund** - This fund is used to account for the payment of interest and principal on long-term debt. The debt was created when the County issued bonds for a construction project at HealthSource of Saginaw. The debt in this fund is retired by revenue generated by property taxes dedicated for debt retirement. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Qualified Energy Bond Debt Service Fund** - This fund is used to account for the payment of interest and principal on long-term debt. The debt was created when the County issued bonds for energy improvements at County facilities. Money in this fund is received from lease payments from governmental departments to be used for debt retirement. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Juvenile Center Renovation Debt Service Fund** - This fund is used to account for the payment of interest and principal on long-term debt. This debt was created when the County issued bonds for renovation of the County Juvenile Facility. The debt will be retired by revenue generated by property taxes dedicated for debt retirement. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**Building Authority Debt Service Fund** - This fund is used to account for the payment of interest and principal on long-term debt. Money in this fund is received from lease payments from governmental departments to be used for debt retirement. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

## COUNTY OF SAGINAW, MICHIGAN

### ■ Nonmajor Governmental Funds (Concluded)

#### Permanent Fund

Rail Trail Endowment Fund - This fund is used to account for the maintenance costs associated with the construction of the Saginaw Valley Rail Trail. Money for the operation of this fund is supplied from donations from private sources and interest earnings.

#### Capital Projects Funds

Parks Building and Site Fund - This fund is used to account for the acquisition and construction of the Saginaw Valley Rail Trail, Haithco Park and other major improvements of the several parks throughout the County. Money for the operation of this fund is supplied from federal, state, and local grants and interest earnings.

Qualified Energy Bond Project Fund - This fund is used to account for the acquisition and construction of the energy efficiency improvements of the County facilities. Money for the operation of this fund is supplied from a bond issuance, contributions from other County funds and interest earnings.

River Dredging Project Fund - This fund is used to account for the acquisition and development of an over 500 acre containment site to accept river dredging spoils from the Upper Saginaw River. Money for the operation of this fund is supplied from federal, state, and local grants, donations from private sources, and interest earnings.

Public Improvement Fund - This fund is used to account for the collection and distribution of monies specifically earmarked for statutory public improvements. Money for the operation of this fund is supplied from "Non-Tax" Revenue: charges for services, licenses and permits, sales of general fixed assets, state shared revenues, and interest earned. Once money is placed in this fund, it becomes restricted and cannot be expended or transferred for purposes other than the public improvements specified by statute or local ordinance. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2011

	Special Revenue Funds				
	Law Enforcement	County Road Patrol Millage	Parks & Recreation	G.I.S. System	Friend of the Court
<b>ASSETS</b>					
Cash and investment pool	\$ 114,861	\$ 509,950	\$ 700,059	\$ 11,562	\$ 1,407
Receivables (net):					
Taxes	-	34,406	16,148	-	-
Accounts	97,702	817	3,749	-	9,322
Notes	-	-	-	-	-
Accrued interest	110	1,043	1,210	-	47
Due from other funds	20,108	-	762	-	-
Due from other governmental units	1,034	-	-	-	382,990
Other assets	-	-	45	-	1,114
<b>Total assets</b>	<b>\$ 233,815</b>	<b>\$ 546,216</b>	<b>\$ 721,973</b>	<b>\$ 11,562</b>	<b>\$ 394,880</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,219	\$ 2,952	\$ 10,670	\$ -	\$ 14,666
Accrued liabilities	66,981	35,514	14,099	4,648	80,921
Deposits payable	24,816	-	-	-	-
Due to other funds	2,773	-	787	-	82,280
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	6,279	34,406	16,148	-	-
<b>Total liabilities</b>	<b>112,068</b>	<b>72,872</b>	<b>41,704</b>	<b>4,648</b>	<b>177,867</b>
<b>FUND BALANCES</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation	-	-	361,102	-	-
Donations	-	-	2,271	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for:					
Employee payroll reserve	121,747	406,625	96,744	-	-
Budget stabilization	-	66,719	44,030	-	-
Public safety	-	-	-	-	-
Assigned					
General government	-	-	-	6,914	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	217,013
Capital projects	-	-	176,122	-	-
<b>Total fund balances</b>	<b>121,747</b>	<b>473,344</b>	<b>680,269</b>	<b>6,914</b>	<b>217,013</b>
<b>Total liabilities and fund balances</b>	<b>\$ 233,815</b>	<b>\$ 546,216</b>	<b>\$ 721,973</b>	<b>\$ 11,562</b>	<b>\$ 394,880</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

September 30, 2011

	Special Revenue Funds				
	Solid Waste	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control
<b>ASSETS</b>					
Cash and investment pool	\$ 998,784	\$ 44,530	\$ 247,242	\$ 1,273,880	\$ 1,237,531
Receivables (net):					
Taxes	-	-	18,142	35,873	43,675
Accounts	79,585	781,888	481	9,718	1,202
Notes	-	-	-	-	-
Accrued interest	1,695	-	412	2,167	2,116
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	319,818	-
Other assets	-	-	-	23,045	-
<b>Total assets</b>	<b>\$ 1,080,064</b>	<b>\$ 826,418</b>	<b>\$ 266,277</b>	<b>\$ 1,664,501</b>	<b>\$ 1,284,524</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 696,752	\$ 20	\$ 76,428	\$ 72,477
Accrued liabilities	-	-	-	59,822	33,113
Deposits payable	-	-	-	-	-
Due to other funds	20,886	129,666	-	-	-
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	-	-	18,142	57,900	43,675
<b>Total liabilities</b>	<b>20,886</b>	<b>826,418</b>	<b>18,162</b>	<b>194,150</b>	<b>149,265</b>
<b>FUND BALANCES</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	1,059,178	-	-	-	-
Health and welfare	-	-	-	710,311	692,057
Community and economic development	-	-	-	-	-
Recreation	-	-	8,861	-	-
Donations	-	-	-	36,660	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for:					
Employee payroll reserve	-	-	239,254	515,170	299,098
Budget stabilization	-	-	-	208,210	144,104
Public safety	-	-	-	-	-
Assigned					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<b>1,059,178</b>	<b>-</b>	<b>248,115</b>	<b>1,470,351</b>	<b>1,135,259</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,080,064</b>	<b>\$ 826,418</b>	<b>\$ 266,277</b>	<b>\$ 1,664,501</b>	<b>\$ 1,284,524</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

September 30, 2011

	Special Revenue Funds				
	Planning Commission	Dredged Materials Disposal	Principal Residence Exemption	Courthouse Preservation Technology	Animal Control
<b>ASSETS</b>					
Cash and investment pool	\$ 3,017	\$ 15,659	\$ 63,701	\$ 305,032	\$ 147,198
Receivables (net):					
Taxes	-	-	-	-	2,917
Accounts	8,238	-	-	-	19,842
Notes	1,880,777	-	-	-	-
Accrued interest	12	23	83	426	-
Due from other funds	-	-	-	-	-
Due from other governmental units	122,618	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,014,662</b>	<b>\$ 15,682</b>	<b>\$ 63,784</b>	<b>\$ 305,458</b>	<b>\$ 169,957</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,800	\$ 2,190	\$ -	\$ 28,690	\$ 3,449
Accrued liabilities	6,533	-	663	-	13,097
Deposits payable	-	-	-	-	-
Due to other funds	65,565	-	-	-	-
Due to other governmental units	218,989	-	4,250	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	1,662,728	-	-	-	2,916
<b>Total liabilities</b>	<b>1,965,615</b>	<b>2,190</b>	<b>4,913</b>	<b>28,690</b>	<b>19,462</b>
<b>FUND BALANCES</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation	-	-	-	-	-
Donations	-	-	-	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for:					
Employee payroll reserve	-	-	-	-	89,855
Budget stabilization	-	-	-	-	39,815
Public safety	-	-	-	-	20,825
Assigned					
General government	49,047	-	58,871	276,768	-
Public safety	-	-	-	-	-
Health and welfare	-	13,492	-	-	-
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<b>49,047</b>	<b>13,492</b>	<b>58,871</b>	<b>276,768</b>	<b>150,495</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,014,662</b>	<b>\$ 15,682</b>	<b>\$ 63,784</b>	<b>\$ 305,458</b>	<b>\$ 169,957</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 September 30, 2011

	Special Revenue Funds			
	Land Reutilization	Small Cities Reuse	Register of Deeds Automation	E-911 Telephone Surcharge
<b>ASSETS</b>				
Cash and investment pool	\$ -	\$ 1,559,557	\$ 719,077	\$ 1,173,479
Receivables (net):				
Taxes	-	-	-	-
Accounts	-	-	4,895	1,207,911
Notes	-	1,723,159	-	-
Accrued interest	-	2,225	1,017	2,456
Due from other funds	965,735	-	-	-
Due from other governmental units	-	-	-	97,431
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 965,735</b>	<b>\$ 3,284,941</b>	<b>\$ 724,989</b>	<b>\$ 2,481,277</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 965,735	\$ 11,516	\$ 946	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	7,165	-	-
Due to other governmental units	-	-	-	-
Advances from other governmental units	-	-	-	-
Deferred revenue	-	1,723,160	-	-
<b>Total liabilities</b>	<b>965,735</b>	<b>1,741,841</b>	<b>946</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted for:				
General government	-	-	724,043	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	2,481,277
Community and economic development	-	1,543,100	-	-
Recreation	-	-	-	-
Donations	-	-	-	-
Debt service	-	-	-	-
Permanent trusts	-	-	-	-
Committed for:				
Employee payroll reserve	-	-	-	-
Budget stabilization	-	-	-	-
Public safety	-	-	-	-
Assigned				
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>1,543,100</b>	<b>724,043</b>	<b>2,481,277</b>
<b>Total liabilities and fund balances</b>	<b>\$ 965,735</b>	<b>\$ 3,284,941</b>	<b>\$ 724,989</b>	<b>\$ 2,481,277</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 September 30, 2011

	Special Revenue Funds			
	Mobile Data Maintenance & Repair	Area Records Management System	County Library Board	Remonu- mentation
<b>ASSETS</b>				
Cash and investment pool	\$ 1,683,157	\$ 420,570	\$ -	\$ 5,296
Receivables (net):				
Taxes	-	-	-	-
Accounts	3,613	-	-	-
Notes	-	-	-	-
Accrued interest	2,455	347	-	-
Due from other funds	449	-	-	-
Due from other governmental units	-	-	-	44,497
Other assets	11,798	-	-	-
<b>Total assets</b>	<b>\$ 1,701,472</b>	<b>\$ 420,917</b>	<b>\$ -</b>	<b>\$ 49,793</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 20,965	\$ 5,416	\$ -	\$ 42,165
Accrued liabilities	-	3,051	-	-
Deposits payable	-	-	-	-
Due to other funds	449	-	-	-
Due to other governmental units	-	-	-	-
Advances from other governmental units	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>21,414</b>	<b>8,467</b>	<b>-</b>	<b>42,165</b>
<b>FUND BALANCES</b>				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation	-	-	-	-
Donations	-	-	-	-
Debt service	-	-	-	-
Permanent trusts	-	-	-	-
Committed for:				
Employee payroll reserve	-	-	-	-
Budget stabilization	-	-	-	-
Public safety	-	-	-	-
Assigned				
General government	-	-	-	7,628
Public safety	1,680,058	412,450	-	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<b>1,680,058</b>	<b>412,450</b>	<b>-</b>	<b>7,628</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,701,472</b>	<b>\$ 420,917</b>	<b>\$ -</b>	<b>\$ 49,793</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 September 30, 2011

	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections
<b>ASSETS</b>				
Cash and investment pool	\$ 50,035	\$ 1,923,775	\$ -	\$ -
Receivables (net):				
Taxes	-	-	-	-
Accounts	41,154	16,533	-	-
Notes	-	-	-	-
Accrued interest	-	1,844	-	-
Due from other funds	-	28,020	3,137	7,834
Due from other governmental units	377,058	163,939	96,943	55,000
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 468,247</b>	<b>\$ 2,134,111</b>	<b>\$ 100,080</b>	<b>\$ 62,834</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 6,362	\$ 67,829	\$ 56	\$ 8,638
Accrued liabilities	8,212	15,901	18,040	5,797
Deposits payable	-	98,422	-	-
Due to other funds	31,101	8,436	81,380	48,399
Due to other governmental units	-	-	-	-
Advances from other governmental units	-	-	-	-
Deferred revenue	-	911,768	-	-
<b>Total liabilities</b>	<b>45,675</b>	<b>1,102,356</b>	<b>99,476</b>	<b>62,834</b>
<b>FUND BALANCES</b>				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation	-	-	-	-
Donations	-	-	-	-
Debt service	-	-	-	-
Permanent trusts	-	-	-	-
Committed for:				
Employee payroll reserve	-	-	-	-
Budget stabilization	-	-	-	-
Public safety	-	1,031,755	-	-
Assigned				
General government	422,572	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	604	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<b>422,572</b>	<b>1,031,755</b>	<b>604</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 468,247</b>	<b>\$ 2,134,111</b>	<b>\$ 100,080</b>	<b>\$ 62,834</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 September 30, 2011

	Special Revenue Funds				
	Local Correction Officer Training	MSU Extension	Department of Human Services	Child Care	Veterans' Trust
<b>ASSETS</b>					
Cash and investment pool	\$ 92,948	\$ 59,952	\$ 459,457	\$ 1,841,129	\$ -
Receivables (net):					
Taxes	-	-	-	-	-
Accounts	440	2,432	-	74,109	-
Notes	-	-	-	-	-
Accrued interest	105	184	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	106,600	46,122	781,261	10,594
Other assets	-	190	-	9,570	-
<b>Total assets</b>	<b>\$ 93,493</b>	<b>\$ 169,358</b>	<b>\$ 505,579</b>	<b>\$ 2,706,069</b>	<b>\$ 10,594</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 3,118	\$ 111,514	\$ 26,464	\$ 165,099	\$ 169
Accrued liabilities	801	1,573	397,546	55,990	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	1,569	-	10,425
Due to other governmental units	-	-	-	68,603	-
Advances from other governmental units	-	-	80,000	-	-
Deferred revenue	-	42,727	-	-	-
<b>Total liabilities</b>	<b>3,919</b>	<b>155,814</b>	<b>505,579</b>	<b>289,692</b>	<b>10,594</b>
<b>FUND BALANCES</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	89,574	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation	-	-	-	-	-
Donations	-	-	-	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for:					
Employee payroll reserve	-	-	-	-	-
Budget stabilization	-	-	-	-	-
Public safety	-	-	-	-	-
Assigned					
General government	-	13,544	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	2,416,377	-
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<b>89,574</b>	<b>13,544</b>	<b>-</b>	<b>2,416,377</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 93,493</b>	<b>\$ 169,358</b>	<b>\$ 505,579</b>	<b>\$ 2,706,069</b>	<b>\$ 10,594</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)

Nonmajor Governmental Funds

September 30, 2011

	Debt Service Funds				Permanent Fund
	Hospital Construction	Qualified Energy Bond	Juvenile Center Renovation	Building Authority	Rail Trail Endowment
<b>ASSETS</b>					
Cash and investment pool	\$ 1,180,679	\$ 9	\$ 29,810	\$ 287,719	\$ 41,186
Receivables (net):					
Taxes	41,549	-	4,163	-	-
Accounts	1,178	-	-	-	-
Notes	-	-	-	-	-
Accrued interest	1,694	18	44	1,137	60
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,225,100</b>	<b>\$ 27</b>	<b>\$ 34,017</b>	<b>\$ 288,856</b>	<b>\$ 41,246</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 9	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	41,549	-	4,163	-	-
<b>Total liabilities</b>	<b>41,558</b>	<b>-</b>	<b>4,163</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation	-	-	-	-	-
Donations	-	-	-	-	-
Debt service	1,183,542	27	29,854	288,856	-
Permanent trusts	-	-	-	-	41,246
Committed for:					
Employee payroll reserve	-	-	-	-	-
Budget stabilization	-	-	-	-	-
Public safety	-	-	-	-	-
Assigned					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<b>1,183,542</b>	<b>27</b>	<b>29,854</b>	<b>288,856</b>	<b>41,246</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,225,100</b>	<b>\$ 27</b>	<b>\$ 34,017</b>	<b>\$ 288,856</b>	<b>\$ 41,246</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet (Continued)  
 Nonmajor Governmental Funds  
 September 30, 2011

	Capital Projects Funds				Total
	Parks Building & Site	Qualified Energy Bond Project	River Dredging Project	Public Improvement	Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and investment pool	\$ 31,914	\$ 339,541	\$ -	\$ 1,368,641	\$ 18,942,344
Receivables (net):					
Taxes	-	-	-	-	196,873
Accounts	-	-	-	-	2,364,809
Notes	-	-	-	-	3,603,936
Accrued interest	49	2,167	-	2,862	28,008
Due from other funds	-	-	-	555,501	1,581,546
Due from other governmental units	-	-	-	-	2,605,905
Other assets	-	-	-	-	45,762
<b>Total assets</b>	<b>\$ 31,963</b>	<b>\$ 341,708</b>	<b>\$ -</b>	<b>\$ 1,927,004</b>	<b>\$ 29,369,183</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 150,509	\$ -	\$ 383,136	\$ 2,900,959
Accrued liabilities	-	-	-	-	822,302
Deposits payable	-	-	-	-	123,238
Due to other funds	-	182,003	-	247	673,131
Due to other governmental units	-	-	-	-	291,842
Advances from other governmental units	-	-	-	-	80,000
Deferred revenue	-	-	-	-	4,565,561
<b>Total liabilities</b>	<b>-</b>	<b>332,512</b>	<b>-</b>	<b>383,383</b>	<b>9,457,033</b>
<b>FUND BALANCES</b>					
Restricted for:					
General government	-	-	-	-	724,043
Public safety	-	-	-	-	89,574
Public works	-	-	-	-	1,059,178
Health and welfare	-	-	-	-	3,883,645
Community and economic development	-	-	-	-	1,543,100
Recreation	-	-	-	-	369,963
Donations	-	-	-	-	38,931
Debt service	-	-	-	-	1,502,279
Permanent trusts	-	-	-	-	41,246
Committed for:					
Employee payroll reserve	-	-	-	-	1,768,493
Budget stabilization	-	-	-	-	502,878
Public safety	-	-	-	-	1,052,580
Assigned					
General government	-	-	-	-	835,344
Public safety	-	-	-	-	2,092,508
Health and welfare	-	-	-	-	2,647,486
Capital projects	31,963	9,196	-	1,543,621	1,760,902
<b>Total fund balances</b>	<b>31,963</b>	<b>9,196</b>	<b>-</b>	<b>1,543,621</b>	<b>19,912,150</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,963</b>	<b>\$ 341,708</b>	<b>\$ -</b>	<b>\$ 1,927,004</b>	<b>\$ 29,369,183</b>

(concluded)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2011

	Special Revenue Funds				
	Law Enforcement	County Road Patrol Millage	Parks & Recreation	G.I.S. System	Friend of the Court
<b>Revenues</b>					
Property taxes	\$ -	\$ 1,647,755	\$ 783,713	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	2,629,910
State grants	-	-	-	-	223,288
Local grants and contributions	-	-	-	-	-
Charges for services	4,629	4,850	55,042	-	340,836
Fines and forfeitures	4,198	-	-	-	-
Investment income	519	4,932	5,655	-	174
Rental revenue	-	-	-	-	-
Donations	-	-	15,428	-	-
Reimbursements	907,955	-	500	165,315	74,766
Other revenue	-	-	20,854	-	-
<b>Total revenues</b>	<b>917,301</b>	<b>1,657,537</b>	<b>881,192</b>	<b>165,315</b>	<b>3,268,974</b>
<b>Expenditures</b>					
<b>Current:</b>					
Judicial	-	-	-	-	4,194,684
General government	-	-	-	159,676	-
Public safety	2,884,184	1,821,255	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	925,338	-	-
Capital outlay	-	26,674	-	-	-
<b>Debt service:</b>					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>2,884,184</b>	<b>1,847,929</b>	<b>925,338</b>	<b>159,676</b>	<b>4,194,684</b>
Revenues over (under) expenditures	(1,966,883)	(190,392)	(44,146)	5,639	(925,710)
<b>Other financing sources (uses)</b>					
Transfers in	2,021,031	-	-	-	1,082,958
Transfers out	(16,500)	(12,000)	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,004,531</b>	<b>(12,000)</b>	<b>-</b>	<b>-</b>	<b>1,082,958</b>
Net change in fund balances	37,648	(202,392)	(44,146)	5,639	157,248
Fund balance, beginning of year	84,099	675,736	724,415	1,275	59,765
Fund balance, end of year	\$ 121,747	\$ 473,344	\$ 680,269	\$ 6,914	\$ 217,013

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2011

	Special Revenue Funds				
	Solid Waste	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 969,338	\$ 2,086,991	\$ 2,424,218
Accommodations tax	-	1,878,169	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	1,264,370	-
State grants	-	-	-	206,987	-
Local grants and contributions	-	-	-	-	-
Charges for services	267,625	-	-	225,446	9,750
Fines and forfeitures	-	-	-	-	-
Investment income	8,633	-	1,563	8,898	10,637
Rental revenue	-	-	-	-	-
Donations	-	-	-	249,169	-
Reimbursements	-	-	22,383	28,385	366,270
Other revenue	-	-	-	67,566	1,723
<b>Total revenues</b>	<b>276,258</b>	<b>1,878,169</b>	<b>993,284</b>	<b>4,137,812</b>	<b>2,812,598</b>
<b>Expenditures</b>					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	510,918	-	-	-	-
Health and welfare	-	-	-	3,777,566	2,856,105
Community and economic development	-	1,878,169	-	-	-
Recreation and culture	-	-	998,803	-	-
Capital outlay	-	-	-	18,646	32,735
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>510,918</b>	<b>1,878,169</b>	<b>998,803</b>	<b>3,796,212</b>	<b>2,888,840</b>
Revenues over (under) expenditures	(234,660)	-	(5,519)	341,600	(76,242)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	50,754
Transfers out	(153,913)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(153,913)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,754</b>
Net change in fund balances	(388,573)	-	(5,519)	341,600	(25,488)
Fund balance, beginning of year	1,447,751	-	253,634	1,128,751	1,160,747
Fund balance, end of year	\$ 1,059,178	\$ -	\$ 248,115	\$ 1,470,351	\$ 1,135,259

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds

For the Year Ended September 30, 2011

	Special Revenue Funds				
	Planning Commission	Dredged Materials Disposal	Principal Residence Exemption	Courthouse Preservation Technology	Animal Control
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 728,013
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	24,129
Federal grants	413,358	-	-	-	-
State grants	13,144	-	-	-	-
Local grants and contributions	-	-	-	-	-
Charges for services	-	-	348	209,198	62,049
Fines and forfeitures	-	-	-	-	-
Investment income	90	110	12,916	1,991	-
Rental revenue	-	12,320	-	-	-
Donations	-	-	-	-	36,592
Reimbursements	-	-	-	-	-
Other revenue	29,934	7,236	-	-	-
<b>Total revenues</b>	<b>456,526</b>	<b>19,666</b>	<b>13,264</b>	<b>211,189</b>	<b>850,783</b>
<b>Expenditures</b>					
<b>Current:</b>					
Judicial	-	-	-	59,314	-
General government	-	-	-	-	-
Public safety	-	-	-	-	805,701
Public works	-	-	-	-	-
Health and welfare	-	17,299	-	-	-
Community and economic development	529,344	-	18,657	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Debt service:</b>					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>529,344</b>	<b>17,299</b>	<b>18,657</b>	<b>59,314</b>	<b>805,701</b>
Revenues over (under) expenditures	(72,818)	2,367	(5,393)	151,875	45,082
<b>Other financing sources (uses)</b>					
Transfers in	76,047	-	-	-	-
Transfers out	-	-	-	(150,000)	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>76,047</b>	<b>-</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>
Net change in fund balances	3,229	2,367	(5,393)	1,875	45,082
Fund balance, beginning of year	45,818	11,125	64,264	274,893	105,413
Fund balance, end of year	\$ 49,047	\$ 13,492	\$ 58,871	\$ 276,768	\$ 150,495

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2011

	Special Revenue Funds			
	Land Reutilization	Small Cities Reuse	Register of Deeds Automation	E-911 Telephone Surcharge
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants	-	-	-	431,851
Local grants and contributions	-	-	-	-
Charges for services	-	-	167,345	4,779,336
Fines and forfeitures	-	-	-	-
Investment income	-	11,062	4,609	11,339
Rental revenue	-	-	-	-
Donations	-	-	-	-
Reimbursements	-	298,992	-	-
Other revenue	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>310,054</b>	<b>171,954</b>	<b>5,222,526</b>
<b>Expenditures</b>				
Current:				
Judicial	-	-	-	-
General government	965,735	-	86,830	-
Public safety	-	-	-	5,190,189
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	1,060,033	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	27,348	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>965,735</b>	<b>1,060,033</b>	<b>114,178</b>	<b>5,190,189</b>
<b>Revenues over (under) expenditures</b>	<b>(965,735)</b>	<b>(749,979)</b>	<b>57,776</b>	<b>32,337</b>
<b>Other financing sources (uses)</b>				
Transfers in	965,735	162,000	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>965,735</b>	<b>162,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(587,979)</b>	<b>57,776</b>	<b>32,337</b>
Fund balance, beginning of year	-	2,131,079	666,267	2,448,940
Fund balance, end of year	\$ -	\$ 1,543,100	\$ 724,043	\$ 2,481,277

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2011

	Special Revenue Funds			
	Mobile Data Maintenance & Repair	Area Records Management System	County Library Board	Remonu- mentation
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants	-	-	-	74,926
Local grants and contributions	-	-	-	-
Charges for services	372,760	465,240	-	-
Fines and forfeitures	-	-	54,165	-
Investment income	10,877	1,012	-	-
Rental revenue	-	-	-	-
Donations	-	-	-	-
Reimbursements	18,529	8,500	-	-
Other revenue	-	-	-	-
<b>Total revenues</b>	<b>402,166</b>	<b>474,752</b>	<b>54,165</b>	<b>74,926</b>
Expenditures				
Current:				
Judicial	-	-	-	-
General government	-	-	-	74,926
Public safety	322,449	240,733	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	54,165	-
Capital outlay	-	1,778	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>322,449</b>	<b>242,511</b>	<b>54,165</b>	<b>74,926</b>
Revenues over (under) expenditures	79,717	232,241	-	-
Other financing sources (uses)				
Transfers in	190,500	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>190,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	270,217	232,241	-	-
Fund balance, beginning of year	1,409,841	180,209	-	7,628
Fund balance, end of year	\$ 1,680,058	\$ 412,450	\$ -	\$ 7,628

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
 Nonmajor Governmental Funds  
 For the Year Ended September 30, 2011

	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	422,359	709,902	137,392	-
State grants	110,879	277,412	232,397	294,942
Local grants and contributions	-	-	-	-
Charges for services	1,444	30,619	2,051	-
Fines and forfeitures	16,529	19,910	2,870	-
Investment income	-	9,232	-	-
Rental revenue	-	-	-	-
Donations	650	17,150	536	-
Reimbursements	142,396	610,657	2,870	-
Other revenue	1,819	1,730	-	-
<b>Total revenues</b>	<b>696,076</b>	<b>1,676,612</b>	<b>378,116</b>	<b>294,942</b>
<b>Expenditures</b>				
Current:				
Judicial	91,199	-	-	-
General government	-	-	667,851	-
Public safety	158,637	1,679,853	-	253,638
Public works	144,191	-	-	-
Health and welfare	-	-	-	-
Community and economic development	175,592	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	6,435	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>569,619</b>	<b>1,686,288</b>	<b>667,851</b>	<b>253,638</b>
<b>Revenues over (under) expenditures</b>	<b>126,457</b>	<b>(9,676)</b>	<b>(289,735)</b>	<b>41,304</b>
<b>Other financing sources (uses)</b>				
Transfers in	103,929	72,899	289,735	-
Transfers out	(162,000)	(12,000)	-	(41,304)
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(58,071)</b>	<b>60,899</b>	<b>289,735</b>	<b>(41,304)</b>
<b>Net change in fund balances</b>	<b>68,386</b>	<b>51,223</b>	<b>-</b>	<b>-</b>
<b>Fund balance, beginning of year</b>	<b>354,186</b>	<b>980,532</b>	<b>604</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 422,572</b>	<b>\$ 1,031,755</b>	<b>\$ 604</b>	<b>\$ -</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds

For the Year Ended September 30, 2011

	Special Revenue Funds				
	Local Correction Officer Training	MSU Extension	Department of Human Services	Child Care	Veterans' Trust
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	182,508	-	72,744	-
State grants	-	147,400	520,357	1,974,148	79,138
Local grants and contributions	-	183,360	-	134,485	-
Charges for services	90,990	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	437	643	-	-	-
Rental revenue	-	-	-	-	-
Donations	-	-	-	33,273	-
Reimbursements	-	15,537	-	301,640	-
Other revenue	-	973	-	11,007	-
<b>Total revenues</b>	<b>91,427</b>	<b>530,421</b>	<b>520,357</b>	<b>2,527,297</b>	<b>79,138</b>
<b>Expenditures</b>					
<b>Current:</b>					
Judicial	-	-	-	-	-
General government	-	755,676	-	-	-
Public safety	58,154	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	737,088	4,899,910	79,138
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Debt service:</b>					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>58,154</b>	<b>755,676</b>	<b>737,088</b>	<b>4,899,910</b>	<b>79,138</b>
Revenues over (under) expenditures	33,273	(225,255)	(216,731)	(2,372,613)	-
<b>Other financing sources (uses)</b>					
Transfers in	-	238,799	216,731	3,186,047	-
Transfers out	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>238,799</b>	<b>216,731</b>	<b>3,186,047</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>33,273</b>	<b>13,544</b>	<b>-</b>	<b>813,434</b>	<b>-</b>
Fund balance, beginning of year	56,301	-	-	1,602,943	-
<b>Fund balance, end of year</b>	<b>\$ 89,574</b>	<b>\$ 13,544</b>	<b>\$ -</b>	<b>\$ 2,416,377</b>	<b>\$ -</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds

For the Year Ended September 30, 2011

	Debt Service Funds				Permanent Fund
	Hospital Construction	Qualified Energy Bond	Juvenile Center Renovation	Building Authority	Rail Trail Endowment
<b>Revenues</b>					
Property taxes	\$ 2,180,389	\$ -	\$ (295)	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	-
State grants	-	-	-	-	-
Local grants and contributions	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	7,944	28	208	7,452	282
Rental revenue	-	79,046	-	181,296	-
Donations	-	-	-	-	-
Reimbursements	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<b>2,188,333</b>	<b>79,074</b>	<b>(87)</b>	<b>188,748</b>	<b>282</b>
<b>Expenditures</b>					
<b>Current:</b>					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Debt service:</b>					
Principal	665,000	63,259	-	2,255,009	-
Interest and fiscal charges	1,503,229	15,788	16	198,588	-
<b>Total expenditures</b>	<b>2,168,229</b>	<b>79,047</b>	<b>16</b>	<b>2,453,597</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>20,104</b>	<b>27</b>	<b>(103)</b>	<b>(2,264,849)</b>	<b>282</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(1,600)	-
Proceeds from issuance of debt	-	-	-	1,190,000	-
Proceeds from sale of capital assets	-	-	-	550,000	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,738,400</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>20,104</b>	<b>27</b>	<b>(103)</b>	<b>(526,449)</b>	<b>282</b>
Fund balance, beginning of year	1,163,438	-	29,957	815,305	40,964
<b>Fund balance, end of year</b>	<b>\$ 1,183,542</b>	<b>\$ 27</b>	<b>\$ 29,854</b>	<b>\$ 288,856</b>	<b>\$ 41,246</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds

For the Year Ended September 30, 2011

	Capital Projects Funds				Total
	Parks Building & Site	Qualified Energy Bond Project	River Dredging Project	Public Improvement	Nonmajor Governmental Funds
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,820,122
Accommodations tax	-	-	-	-	1,878,169
Licenses and permits	-	-	-	-	24,129
Federal grants	-	-	-	-	5,832,543
State grants	-	-	-	-	4,586,869
Local grants and contributions	-	-	-	-	317,845
Charges for services	-	-	-	-	7,089,558
Fines and forfeitures	-	-	-	-	97,672
Investment income	222	9,197	-	13,849	144,511
Rental revenue	-	-	-	-	272,662
Donations	-	-	-	-	352,798
Reimbursements	-	-	-	-	2,964,695
Other revenue	-	-	-	-	142,842
<b>Total revenues</b>	<b>222</b>	<b>9,197</b>	<b>-</b>	<b>13,849</b>	<b>34,524,415</b>
<b>Expenditures</b>					
<b>Current:</b>					
Judicial	-	-	-	-	4,345,197
General government	-	2,391,777	-	15,877	5,118,348
Public safety	-	-	-	46,322	13,461,115
Public works	-	-	-	-	655,109
Health and welfare	-	-	-	-	12,367,106
Community and economic development	-	-	-	-	3,661,795
Recreation and culture	-	-	-	-	1,978,306
Capital outlay	-	-	-	821,758	935,374
<b>Debt service:</b>					
Principal	-	-	-	-	2,983,268
Interest and fiscal charges	-	-	-	-	1,717,621
<b>Total expenditures</b>	<b>-</b>	<b>2,391,777</b>	<b>-</b>	<b>883,957</b>	<b>47,223,239</b>
Revenues over (under) expenditures	222	(2,382,580)	-	(870,108)	(12,698,824)
<b>Other financing sources (uses)</b>					
Transfers in	-	302,997	-	573,498	9,533,660
Transfers out	-	-	-	(303,244)	(852,561)
Proceeds from issuance of debt	-	2,088,779	-	-	3,278,779
Proceeds from sale of capital assets	-	-	-	-	550,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,391,776</b>	<b>-</b>	<b>270,254</b>	<b>12,509,878</b>
Net change in fund balances	222	9,196	-	(599,854)	(188,946)
Fund balance, beginning of year	31,741	-	-	2,143,475	20,101,096
Fund balance, end of year	\$ 31,963	\$ 9,196	\$ -	\$ 1,543,621	\$ 19,912,150

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## COUNTY OF SAGINAW, MICHIGAN

### ■ Nonmajor Enterprise Funds

**Delinquent Property Tax Foreclosure Fund** - This fund is used to account for the operations of the tax foreclosure process within Saginaw County. Money for the operation of this fund is supplied through the collection of fees and interest attached to forfeited delinquent real property taxes. In addition, proceeds from the sale of foreclosed properties are also included in this fund. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

**Building Authority Administration Fund** - This fund is used to account for the administration of County Building Authority affairs. Money for the operation of this fund is supplied from charges assessed to complete Building Authority projects. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

**Parking System Fund** - This fund is used to account for the operations of the public parking lots within the courthouse area. Money for the operation of this fund is supplied from parking fees. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

**Harry W. Browne Airport Fund** - This fund is used to account for the operations of the Harry W. Browne International Airport. Money for the operation of this fund is supplied from hangar rentals, landing use fees, sales of fuel and oil, and federal and state grants. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

**Inmate Services Fund** - This fund is used to account for the operations of the Jail Inmate Exchange concession and for projects/activities contributing to the well-being of the inmates and their environment. Money for the operation of this fund is supplied from proceeds from the sale of various items to inmates and commissions on telephone usage. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Assets

Nonmajor Enterprise Funds  
September 30, 2011

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
<b>ASSETS</b>						
Current assets:						
Cash and investment pool	\$ 948,710	\$ 313,269	\$ 81,270	\$ 384,526	\$ 223,741	\$ 1,951,516
Receivables (net):						
Accounts	113,837	8,701	1,084	19,077	37,682	180,381
Accrued interest	1,460	454	-	-	-	1,914
Inventory	-	-	-	24,086	-	24,086
Other assets	-	-	-	5,832	-	5,832
<b>Total current assets</b>	<b>1,064,007</b>	<b>322,424</b>	<b>82,354</b>	<b>433,521</b>	<b>261,423</b>	<b>2,163,729</b>
Noncurrent assets - capital assets:						
Land	-	-	41,273	993,361	-	1,034,634
Air rights	-	-	-	117,761	-	117,761
Land improvements	-	-	33,933	6,625	-	40,558
Buildings and improvements	-	-	-	1,020,504	-	1,020,504
Machinery and equipment	-	-	80,549	-	5,692	86,241
Vehicles	-	-	-	58,775	27,214	85,989
Planning and development	-	-	-	8,632,919	-	8,632,919
Construction in progress	-	-	-	52,493	-	52,493
Accumulated depreciation	-	-	(114,482)	(7,747,766)	(32,052)	(7,894,300)
<b>Total noncurrent assets - capital assets</b>	<b>-</b>	<b>-</b>	<b>41,273</b>	<b>3,134,672</b>	<b>854</b>	<b>3,176,799</b>
<b>Total assets</b>	<b>1,064,007</b>	<b>322,424</b>	<b>123,627</b>	<b>3,568,193</b>	<b>262,277</b>	<b>5,340,528</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	20,985	173	3,056	18,436	33,299	75,949
Accrued liabilities	5,080	-	1,346	-	-	6,426
Deposits payable	-	-	-	-	13,248	13,248
Due to other funds	965,735	-	525	-	170,730	1,136,990
Unearned revenue	-	-	-	1,025	-	1,025
<b>Total current liabilities</b>	<b>991,800</b>	<b>173</b>	<b>4,927</b>	<b>19,461</b>	<b>217,277</b>	<b>1,233,638</b>
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	20,000	20,000
Long-term accrued liabilities	5,030	-	3,670	-	-	8,700
Other noncurrent liability - net other postemployment benefit liability	67,177	-	29,636	-	-	96,813
<b>Total noncurrent liabilities</b>	<b>72,207</b>	<b>-</b>	<b>33,306</b>	<b>-</b>	<b>20,000</b>	<b>125,513</b>
<b>Total liabilities</b>	<b>1,064,007</b>	<b>173</b>	<b>38,233</b>	<b>19,461</b>	<b>237,277</b>	<b>1,359,151</b>
<b>NET ASSETS</b>						
Invested in capital assets	-	-	41,273	3,134,672	854	3,176,799
Unrestricted	-	322,251	44,121	414,060	24,146	804,578
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ 322,251</b>	<b>\$ 85,394</b>	<b>\$ 3,548,732</b>	<b>\$ 25,000</b>	<b>\$ 3,981,377</b>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenses and Changes In Fund Net Assets  
 Nonmajor Enterprise Funds  
 For the Year Ended September 30, 2011

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Operating revenues						
Charges for services	\$ 1,273,596	\$ 17,401	\$ 84,463	\$ 122,841	\$ 823,463	\$ 2,321,764
Fines and forfeitures	-	-	33,142	-	-	33,142
Rental revenue	-	-	-	109,114	-	109,114
Reimbursements	-	-	-	-	5,563	5,563
Other revenue	-	-	-	3	91,176	91,179
Total operating revenues	1,273,596	17,401	117,605	231,958	920,202	2,560,762
Operating expenses						
Personal services	-	206	36,324	150	-	36,680
Fringe benefits	1,864	-	54,684	20	-	56,568
Supplies	-	-	2,887	325	449,348	452,560
Services and charges	716,897	10,509	14,637	208,366	23,093	973,502
Depreciation	-	-	-	340,025	1,138	341,163
Total operating expenses	718,761	10,715	108,532	548,886	473,579	1,860,473
Operating income (loss)	554,835	6,686	9,073	(316,928)	446,623	700,289
Nonoperating revenues						
Federal grants	-	-	-	49,112	-	49,112
State grants	-	-	-	1,292	-	1,292
Investment income	410,900	2,143	-	-	-	413,043
Total nonoperating revenues	410,900	2,143	-	50,404	-	463,447
Income (loss) before transfers	965,735	8,829	9,073	(266,524)	446,623	1,163,736
Transfers						
Transfers in	-	7,100	-	-	-	7,100
Transfers out	(965,735)	-	-	-	(446,622)	(1,412,357)
Net transfers	(965,735)	7,100	-	-	(446,622)	(1,405,257)
Change in net assets	-	15,929	9,073	(266,524)	1	(241,521)
Net assets, beginning of year	-	306,322	76,321	3,815,256	24,999	4,222,898
Net assets, end of year	\$ -	\$ 322,251	\$ 85,394	\$ 3,548,732	\$ 25,000	\$ 3,981,377

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 For the Year Ended September 30, 2011

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Cash flows from operating activities:						
Receipts from customers	\$ 1,159,706	\$ 8,889	\$ 85,327	\$ 188,742	\$ 822,826	\$ 2,265,490
Payments for interfund services provided	-	-	(256)	-	46,933	46,677
Receipts from interfund services provided	363,804	-	-	-	-	363,804
Payments to employees	(347)	(206)	(79,163)	(170)	-	(79,886)
Payments to suppliers	(670,583)	(10,359)	(17,105)	(193,696)	(455,119)	(1,346,862)
Other operating revenue	-	-	33,142	3	91,176	124,321
Net cash provided (used) by operating activities	852,580	(1,676)	21,945	(5,121)	505,816	1,373,544
Cash flows from noncapital financing activities:						
Transfers in	-	7,100	-	-	-	7,100
Transfers out	(965,735)	-	-	-	(446,622)	(1,412,357)
Net cash provided by (used in) noncapital financing activities	(965,735)	7,100	-	-	(446,622)	(1,405,257)
Cash flows from capital and related financing activities:						
Proceeds from federal and state grants	-	-	-	50,403	-	50,403
Payments for capital asset acquisition	-	-	-	(51,697)	-	(51,697)
Net cash provided by (used in) capital and related financing activities	-	-	-	(1,294)	-	(1,294)
Cash flows from investing activities:						
Investment income	410,900	2,143	-	-	-	413,043
Net increase (decrease) in cash and cash equivalents	297,745	7,567	21,945	(6,415)	59,194	380,036
Cash and cash equivalents, beginning of year	650,965	305,702	59,325	390,941	164,547	1,571,480
Cash and cash equivalents, end of year	\$ 948,710	\$ 313,269	\$ 81,270	\$ 384,526	\$ 223,741	\$ 1,951,516

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows (Continued)

Nonmajor Enterprise Funds

For the Year Ended September 30, 2011

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 554,835	\$ 6,686	\$ 9,073	\$ (316,928)	\$ 446,623	\$ 700,289
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	340,025	1,138	341,163
Changes in assets and liabilities:						
Accounts receivable	(113,890)	(8,512)	864	(16,252)	(6,200)	(143,990)
Other assets	-	-	-	(33)	-	(33)
Inventory	-	-	-	(24,086)	-	(24,086)
Due from other funds	1,857	-	-	-	-	1,857
Accounts payable	20,309	150	419	15,028	6,570	42,476
Accrued liabilities	1,517	-	288	-	-	1,805
Deposits payable	-	-	-	-	10,752	10,752
Due to other funds	361,947	-	(256)	-	46,933	408,624
Due to other governmental units	-	-	-	-	-	-
Unearned revenue	-	-	-	(2,875)	-	(2,875)
Net OPEB obligation	26,005	-	11,557	-	-	37,562
Net cash provided by (used) operating activities	<u>\$ 852,580</u>	<u>\$ (1,676)</u>	<u>\$ 21,945</u>	<u>\$ (5,121)</u>	<u>\$ 505,816</u>	<u>\$ 1,373,544</u>

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## COUNTY OF SAGINAW, MICHIGAN

### Internal Service Funds

MERS (DB) Retirement Fund - This fund is used to account for the collection and distribution of contributions to the County's defined benefit pension plan administrator. Money for the operation of this fund is supplied by employer (County) and employee contributions. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

MERS (DC) Retirement Fund - This fund is used to account for the collection and distribution of contributions to the County's defined contribution pension plan administrator. Money for the operation of this fund is supplied by employer (County) and employee contributions. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Information Systems and Services Fund - This fund is used to account for the operation of the data processing function within the County. Money for the operation of this fund is supplied from reimbursements from user departments. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Equipment Revolving Fund - This fund is used to account for the purchase of equipment for departments within the County. Money for the operation of this fund is supplied by lease payments from departments purchasing equipment. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968 as amended.

Mailing Department Fund - This fund is used to account for the mailing services for various departments throughout the County. Money for the operation of this fund is supplied from user departments. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Motor Pool Fund - This fund is used to account for the operations of the motor vehicle pool. Money for the operation of this fund is supplied from lease payments and reimbursements from user departments for vehicle use. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Risk Management Fund - This fund is used to account for the operations and administration of a self-insured general liability and vehicle claims program. Money for the operation of this fund is supplied from user departments. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Investment Pool Fund - This fund is used to account for the operations of an investment analyst providing investment services. Money for the operation of this fund is supplied from user fees. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Employee Benefits Fund - This fund is used to account for the various fringe benefits of employees within the County. Money for the operation of this fund is supplied from reimbursements from user departments, and reimbursements from employees for their share of costs. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Retiree Health Savings Plan Fund - This fund is used to account for the collection and distribution of contributions to the County's retiree health savings plan administrator. Money for the operation of this fund is supplied by employer (County) and employee contributions. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Assets

Internal Service Funds

September 30, 2011

	MERS Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving	Mailing Department	Motor Pool
<b>ASSETS</b>						
Current assets:						
Cash and investment pool	\$ 95,809	\$ 358,661	\$ 493,398	\$ 114,023	\$ 19,963	\$ 323,798
Receivables (net):						
Accounts	-	65,237	4,371	-	-	-
Accrued interest	639	531	-	212	-	-
Due from other funds	-	20	-	31,101	-	-
Other assets	-	-	25,573	-	20,000	-
<b>Total current assets</b>	<b>96,448</b>	<b>424,449</b>	<b>523,342</b>	<b>145,336</b>	<b>39,963</b>	<b>323,798</b>
Noncurrent assets - capital assets:						
Machinery and equipment	-	-	1,534,668	56,197	-	-
Office furniture and fixtures	-	-	-	-	-	-
Vehicles	-	-	-	-	-	1,045,004
Accumulated depreciation	-	-	(1,419,058)	(22,393)	-	(984,570)
<b>Total noncurrent assets - capital assets</b>	<b>-</b>	<b>-</b>	<b>115,610</b>	<b>33,804</b>	<b>-</b>	<b>60,434</b>
<b>Total assets</b>	<b>96,448</b>	<b>424,449</b>	<b>638,952</b>	<b>179,140</b>	<b>39,963</b>	<b>384,232</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	-	67,881	23,077	7,084	14,963	-
Accrued liabilities	-	2,370	33,773	412	-	-
Due to other funds	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>-</b>	<b>70,251</b>	<b>56,850</b>	<b>7,496</b>	<b>14,963</b>	<b>-</b>
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	25,000	-
Long-term accrued liabilities	-	6,698	42,437	507	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>6,698</b>	<b>42,437</b>	<b>507</b>	<b>25,000</b>	<b>-</b>
<b>Total liabilities</b>	<b>-</b>	<b>76,949</b>	<b>99,287</b>	<b>8,003</b>	<b>39,963</b>	<b>-</b>
<b>NET ASSETS</b>						
Invested in capital assets	-	-	115,610	33,804	-	60,434
Unrestricted	96,448	347,500	424,055	137,333	-	323,798
<b>Total net assets</b>	<b>\$ 96,448</b>	<b>\$ 347,500</b>	<b>\$ 539,665</b>	<b>\$ 171,137</b>	<b>\$ -</b>	<b>\$ 384,232</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Assets (Continued)

Internal Service Funds  
September 30, 2011

	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
<b>ASSETS</b>					
Current assets:					
Cash and investment pool	\$ 1,767,474	\$ 24,020	\$ 4,647,767	\$ 252	\$ 7,845,165
Receivables (net):					
Accounts	10,486	-	220,241	4,093	304,428
Accrued interest	2,576	-	6,781	3	10,742
Due from other funds	-	-	7	2	31,130
Other assets	-	-	-	-	45,573
<b>Total current assets</b>	<b>1,780,536</b>	<b>24,020</b>	<b>4,874,796</b>	<b>4,350</b>	<b>8,237,038</b>
Noncurrent assets - capital assets:					
Machinery and equipment	-	-	-	-	1,590,865
Office furniture and fixtures	-	-	-	-	-
Vehicles	-	-	-	-	1,045,004
Accumulated depreciation	-	-	-	-	(2,426,021)
<b>Total noncurrent assets - capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,848</b>
<b>Total assets</b>	<b>1,780,536</b>	<b>24,020</b>	<b>4,874,796</b>	<b>4,350</b>	<b>8,446,886</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	2,278	3,159	44,100	4,095	166,637
Accrued liabilities	667,643	576	586,581	-	1,291,355
Due to other funds	202,768	18,768	-	-	221,536
<b>Total current liabilities</b>	<b>872,689</b>	<b>22,503</b>	<b>630,681</b>	<b>4,095</b>	<b>1,679,528</b>
Noncurrent liabilities:					
Advances from other funds	-	-	-	-	25,000
Long-term accrued liabilities	3,770	1,517	2,911	-	57,840
<b>Total noncurrent liabilities</b>	<b>3,770</b>	<b>1,517</b>	<b>2,911</b>	<b>-</b>	<b>82,840</b>
<b>Total liabilities</b>	<b>876,459</b>	<b>24,020</b>	<b>633,592</b>	<b>4,095</b>	<b>1,762,368</b>
<b>NET ASSETS</b>					
Invested in capital assets	-	-	-	-	209,848
Unrestricted	904,077	-	4,241,204	255	6,474,670
<b>Total net assets</b>	<b>\$ 904,077</b>	<b>\$ -</b>	<b>\$ 4,241,204</b>	<b>\$ 255</b>	<b>\$ 6,684,518</b>

(concluded)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Internal Service Funds  
 For the Year Ended September 30, 2011

	MERS Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving	Mailing Department	Motor Pool
<b>Operating revenues</b>						
Charges for services	\$ -	\$ -	\$ 34,014	\$ -	\$ 185,654	\$ -
Federal grants	-	-	-	-	-	-
Rental revenue	-	-	-	4,716	-	81,780
Reimbursements	4,003,558	2,674,550	1,579,825	77,990	-	-
Other revenue	-	45,746	-	-	-	-
<b>Total operating revenues</b>	<b>4,003,558</b>	<b>2,720,296</b>	<b>1,613,839</b>	<b>82,706</b>	<b>185,654</b>	<b>81,780</b>
<b>Operating expenses</b>						
Personal services	-	117,073	782,979	9,609	-	-
Fringe benefits	3,937,277	2,647,064	337,644	6,158	-	-
Supplies	-	-	28,810	-	172,647	-
Services and charges	20,573	1,960	405,275	76,795	13,007	53,979
Depreciation	-	-	55,760	11,121	-	42,590
<b>Total operating expenses</b>	<b>3,957,850</b>	<b>2,766,097</b>	<b>1,610,468</b>	<b>103,683</b>	<b>185,654</b>	<b>96,569</b>
<b>Operating income (loss)</b>	<b>45,708</b>	<b>(45,801)</b>	<b>3,371</b>	<b>(20,977)</b>	<b>-</b>	<b>(14,789)</b>
<b>Nonoperating revenues (expenses)</b>						
Investment income	2,771	2,601	-	1,259	-	-
Gain (Loss) on sale of capital assets	-	-	(48,649)	(3,069)	-	13,108
<b>Total nonoperating revenues (exp)</b>	<b>2,771</b>	<b>2,601</b>	<b>(48,649)</b>	<b>(1,810)</b>	<b>-</b>	<b>13,108</b>
<b>Income (loss) before transfers</b>	<b>48,479</b>	<b>(43,200)</b>	<b>(45,278)</b>	<b>(22,787)</b>	<b>-</b>	<b>(1,681)</b>
<b>Transfers</b>						
Transfers out	-	-	-	-	-	-
<b>Change in net assets</b>	<b>48,479</b>	<b>(43,200)</b>	<b>(45,278)</b>	<b>(22,787)</b>	<b>-</b>	<b>(1,681)</b>
<b>Net assets, beginning of year</b>	<b>47,969</b>	<b>390,700</b>	<b>584,943</b>	<b>193,924</b>	<b>-</b>	<b>385,913</b>
<b>Net assets, end of year</b>	<b>\$ 96,448</b>	<b>\$ 347,500</b>	<b>\$ 539,665</b>	<b>\$ 171,137</b>	<b>\$ -</b>	<b>\$ 384,232</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)  
 Internal Service Funds  
 For the Year Ended September 30, 2011

	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
Operating revenues					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 219,668
Federal grants	-	-	-	-	-
Rental revenue	-	-	-	-	86,496
Reimbursements	1,327,004	73,224	7,743,802	253,853	17,733,806
Other revenue	-	-	298,298	-	344,044
<b>Total operating revenues</b>	<b>1,327,004</b>	<b>73,224</b>	<b>8,042,100</b>	<b>253,853</b>	<b>18,384,014</b>
Operating expenses					
Personal services	45,755	14,576	40,527	-	1,010,519
Fringe benefits	16,559	9,846	8,103,437	-	15,057,985
Supplies	-	-	866	-	202,323
Services and charges	768,138	30,034	(48,753)	253,853	1,574,861
Depreciation	-	-	-	-	109,471
<b>Total operating expenses</b>	<b>830,452</b>	<b>54,456</b>	<b>8,096,077</b>	<b>253,853</b>	<b>17,955,159</b>
<b>Operating income (loss)</b>	<b>496,552</b>	<b>18,768</b>	<b>(53,977)</b>	<b>-</b>	<b>428,855</b>
Nonoperating revenues (expenses)					
Investment income	15,581	-	33,468	8	55,688
Gain (Loss) on sale of capital assets	-	-	-	-	(38,610)
<b>Total nonoperating revenues (expenses)</b>	<b>15,581</b>	<b>-</b>	<b>33,468</b>	<b>8</b>	<b>17,078</b>
<b>Income (loss) before transfers</b>	<b>512,133</b>	<b>18,768</b>	<b>(20,509)</b>	<b>8</b>	<b>445,933</b>
Transfers					
Transfers out	(402,768)	(18,768)	-	-	(421,536)
<b>Change in net assets</b>	<b>109,365</b>	<b>-</b>	<b>(20,509)</b>	<b>8</b>	<b>24,397</b>
<b>Net assets, beginning of year</b>	<b>794,712</b>	<b>-</b>	<b>4,261,713</b>	<b>247</b>	<b>6,660,121</b>
<b>Net assets, end of year</b>	<b>\$ 904,077</b>	<b>\$ -</b>	<b>\$ 4,241,204</b>	<b>\$ 255</b>	<b>\$ 6,684,518</b>

(concluded)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2011

	MERS Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving	Mailing Department	Motor Pool
<b>Cash flows from operating activities:</b>						
Receipts from interfund services provided	\$ 4,003,559	\$ 2,671,564	\$ 1,610,483	\$ 52,927	\$ 185,654	\$ 82,435
Payments to employees	-	-	(1,112,702)	(15,657)	-	-
Payments to suppliers	(4,209,875)	(2,762,805)	(467,292)	(72,188)	(186,859)	(54,081)
Other operating revenue	-	45,746	-	-	-	-
Net cash provided by (used in) operating activities	(206,316)	(45,495)	30,489	(34,918)	(1,205)	28,354
<b>Cash flows from noncapital financing activities:</b>						
Transfers out	-	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-	-	-
<b>Cash flows from capital and related financing activities:</b>						
Proceeds from sale of capital assets	-	-	-	-	-	13,108
Payments for capital asset acquisition	-	-	-	-	-	(23,297)
Net cash provided by (used in) capital and related financing activities	-	-	-	-	-	(10,189)
<b>Cash flows from investing activities:</b>						
Investment income	2,771	2,601	-	1,259	-	-
Net increase (decrease) in cash and cash equivalents	(203,545)	(42,894)	30,489	(33,659)	(1,205)	18,165
Cash and cash equivalents, beginning of year	299,354	401,555	462,909	147,682	21,168	305,633
Cash and cash equivalents, end of year	\$ 95,809	\$ 358,661	\$ 493,398	\$ 114,023	\$ 19,963	\$ 323,798
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 45,708	\$ (45,801)	\$ 3,371	\$ (20,977)	\$ -	\$ (14,789)
<b>Adjustments to reconcile operating income loss to net cash provided by (used in) operating activities:</b>						
Depreciation	-	-	55,760	11,121	-	42,590
<b>Changes in assets and liabilities:</b>						
Accounts receivable	1	(2,966)	(2,157)	155	-	3,076
Due from other funds	-	(20)	-	(29,934)	-	-
Other assets	-	-	(25,374)	-	-	-
Accounts payable	(252,025)	3,054	(7,833)	4,607	(1,205)	(102)
Accrued liabilities	-	238	7,921	110	-	-
Due to other funds	-	-	(1,199)	-	-	(2,421)
Net cash provided by (used in) operating activities	\$ (206,316)	\$ (45,495)	\$ 30,489	\$ (34,918)	\$ (1,205)	\$ 28,354

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows (Continued)

Internal Service Funds

For the Year Ended September 30, 2011

	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
<b>Cash flows from operating activities:</b>					
Receipts from interfund services provided	\$ 1,563,505	\$ 73,181	\$ 7,755,605	\$ 253,484	\$ 18,252,397
Payments to employees	(62,314)	(23,990)	(335,556)	-	(1,550,219)
Payments to suppliers	(1,239,251)	(28,425)	(8,049,872)	(253,484)	(17,324,132)
Other operating revenue	-	-	298,298	-	344,044
Net cash provided by (used in) operating activities	261,940	20,766	(331,525)	-	(277,910)
<b>Cash flows from noncapital financing activities:</b>					
Transfers out	(402,768)	(18,768)	-	-	(421,536)
Net cash provided by (used in) noncapital financing activities	(402,768)	(18,768)	-	-	(421,536)
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from sale of capital assets	-	-	-	-	13,108
Payments for capital asset acquisition	-	-	-	-	(23,297)
Net cash provided by (used in) capital and related financing activities	-	-	-	-	(10,189)
<b>Cash flows from investing activities:</b>					
Investment income	15,581	-	33,468	8	55,688
Net increase (decrease) in cash and cash equivalents	(125,247)	1,998	(298,057)	8	(653,947)
Cash and cash equivalents, beginning of year	1,892,721	22,022	4,945,824	244	8,499,112
Cash and cash equivalents, end of year	\$ 1,767,474	\$ 24,020	\$ 4,647,767	\$ 252	\$ 7,845,165
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 496,552	\$ 18,768	\$ (53,977)	\$ -	\$ 428,855
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	-	109,471
Changes in assets and liabilities:					
Accounts receivable	32,837	-	7,012	(367)	37,591
Due from other funds	896	-	10,325	(2)	(18,735)
Other assets	-	-	-	-	(25,374)
Accounts payable	(2,468)	1,609	5,678	369	(248,316)
Accrued liabilities	(468,645)	432	(295,029)	-	(754,973)
Due to other funds	202,768	(43)	(5,534)	-	193,571
Net cash provided by (used in) operating activities	\$ 261,940	\$ 20,766	\$ (331,525)	\$ -	\$ (277,910)

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## COUNTY OF SAGINAW, MICHIGAN

### Fiduciary Funds

Trust and Agency Fund - This fund is used to account for the collection of monies to be held in trust by the County to be distributed at a later time. Money recorded in this fund comes from current tax collections, fines and costs from other local units of government, payroll deductions for income taxes, and various other deposits payable.

State Education Tax Fund - This fund is used to account for the collection and distribution of State Education Tax.

Library Penal Fine Expendable Trust Fund - This fund is used to account for the collection of fines imposed for state law violations and distributed later to the various libraries within the County as directed by the State Library Board.

Hospital Millage Fund - This fund is used to account for the collection and distribution of tax collections for HealthSource of Saginaw.

Dependent Care Fund - This fund is used to account for the collection and distribution of pre-tax monies used for dependent care expenses incurred by employees of the County.

Medical Spending Reimbursement Fund - This fund is used to account for the collection and distribution of pre-tax monies used for medical expenses incurred by employees of the County.

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Fiduciary Net Assets  
 Agency Funds  
 September 30, 2011

	Trust & Agency	State Education Tax	Library Penal Fine
<b>ASSETS</b>			
Cash and investment pool	\$ 3,383,488	\$ 7,292,541	\$ 168,317
Receivables (net):			
Taxes	-	-	-
Accounts	4,490,584	-	750
Accrued interest	25	-	659
Due from other governmental units	-	52,946	-
<b>Total assets</b>	<b>\$ 7,874,097</b>	<b>\$ 7,345,487</b>	<b>\$ 169,726</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 515,515	\$ 7,345,487	\$ -
Deposits payable	7,323,674	-	-
Due to other governmental units	34,908	-	169,726
<b>Total liabilities</b>	<b>\$ 7,874,097</b>	<b>\$ 7,345,487</b>	<b>\$ 169,726</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Fiduciary Net Assets (Continued)  
 Agency Funds  
 September 30, 2011

	Hospital Millage	Dependent Care	Medical Spending Reimbursement	Total
<b>ASSETS</b>				
Cash and investment pool	\$ 163,038	\$ 4,418	\$ 7,935	\$ 11,019,737
Receivables (net):				
Taxes	18,402	-	-	18,402
Accounts	536	-	(6,019)	4,485,851
Accrued interest	218	-	-	902
Due from other governmental units	-	-	-	52,946
<b>Total assets</b>	<b>\$ 182,194</b>	<b>\$ 4,418</b>	<b>\$ 1,916</b>	<b>\$ 15,577,838</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 182,194	\$ 4,418	\$ 1,916	\$ 8,049,530
Deposits payable	-	-	-	7,323,674
Due to other governmental units	-	-	-	204,634
<b>Total liabilities</b>	<b>\$ 182,194</b>	<b>\$ 4,418</b>	<b>\$ 1,916</b>	<b>\$ 15,577,838</b>

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## COUNTY OF SAGINAW, MICHIGAN

### ■ Brownfield Redevelopment Authority Component Unit of Saginaw County

Brownfield Redevelopment Authority Fund - This fund is used to account for the operations of the County's Brownfield Redevelopment Authority that designs, adopts and implements a redevelopment plan for each Brownfield project. Money for the operation of this fund is supplied from recaptured taxes. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Assets and Governmental Fund Balance Sheet

Brownfield Redevelopment Authority Component Unit

September 30, 2011

	Brownfield Redevelopment Authority	Adjustments	Statement of Net Assets
<b>ASSETS</b>			
Cash and investment pool	\$ 1,047,980	\$ -	\$ 1,047,980
Accounts receivable	47,498	-	47,498
Due from Federal Government	246,029	-	246,029
Notes receivable	220,000	-	220,000
Accrued interest receivable	1,845	-	1,845
	<u>1,845</u>	<u>-</u>	<u>1,845</u>
Total assets	<u>\$ 1,563,352</u>	<u>\$ -</u>	<u>1,563,352</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 84,148	\$ -	84,148
Unearned revenue	220,000	-	220,000
Long-term liabilities:			
Due within one year	-	50,670	50,670
Due in more than one year	-	283,176	283,176
	<u>-</u>	<u>283,176</u>	<u>283,176</u>
Total liabilities	<u>304,148</u>	<u>333,846</u>	<u>637,994</u>
<b>FUND BALANCES / NET ASSETS</b>			
Unreserved	<u>1,259,204</u>	<u>(1,259,204)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,563,352</u>		
<b>NET ASSETS:</b>			
Unrestricted		<u>925,358</u>	<u>925,358</u>
Total net assets		<u>\$ 925,358</u>	<u>\$ 925,358</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances  
 Brownfield Redevelopment Authority Component Unit - Governmental Fund  
 For the Year Ended September 30, 2011

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
<b>Revenues</b>			
Federal grants	\$ 246,733	\$ -	\$ 246,733
Property taxes	72,339	-	72,339
Reimbursements	40,486	-	40,486
Investment income	8,546	-	8,546
	<u>368,104</u>	<u>-</u>	<u>368,104</u>
<b>Expenditures / expenses</b>			
Current:			
Community and economic development	278,659	-	278,659
Debt service:			
Principal	49,607	(49,607)	-
Interest and fiscal charges	8,116	-	8,116
	<u>336,382</u>	<u>(49,607)</u>	<u>286,775</u>
Net change in fund balances	31,722	(31,722)	-
Change in net assets	-	81,329	81,329
Fund balance / net assets, beginning of year	<u>1,227,482</u>	<u>(383,453)</u>	<u>844,029</u>
Fund balance / net assets, end of year	<u>\$ 1,259,204</u>	<u>\$ (333,846)</u>	<u>\$ 925,358</u>

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## COUNTY OF SAGINAW, MICHIGAN

### ■ Department of Public Works Component Unit of Saginaw County

Department of Public Works Debt Service Fund - This fund is used to account for the payment of interest and principal on long-term debt resulting from DPW projects constructed by the County for other local units of government. Money received in this fund is provided by local units of government benefiting from the project in annual installments sufficient to pay the annual interest and principal on the long-term debt. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Department of Public Works Construction Fund - This fund is used to account for the construction of water and sewer systems by the County for other units of government. Money for the operation of this fund is supplied from federal and state grants, contributions from other local units of government, general obligation bonds and notes, and interest earnings.

Department of Public Works Administration Fund - This fund is used to account for the preliminary work performed on DPW projects that benefit other local units of government. Money for the operation of this fund is supplied from reimbursements from other local units of government, and general fund contributions.

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Assets and Governmental Fund Balance Sheet

Department of Public Works Component Unit

September 30, 2011

	Debt Service	Construction	Total Governmental Funds	Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Cash and investment pool	\$ 240,867	\$ 427,256	\$ 668,123	\$ -	\$ 668,123
Accrued interest receivable	-	429	429	-	429
Accounts receivable	-	3,866	3,866	-	3,866
Due from other governmental units	-	-	-	19,878,654	19,878,654
Prepaid items	638,950	-	638,950	(638,950)	-
<b>Total assets</b>	<b>\$ 879,817</b>	<b>\$ 431,551</b>	<b>\$ 1,311,368</b>	<b>\$ 19,239,704</b>	<b>20,551,072</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 11,372	\$ 356,942	\$ 368,314	\$ 198,654	566,968
Deferred revenue	737,088	-	737,088	(737,088)	-
Long-term liabilities:					
Due within one year	-	-	-	1,750,000	1,750,000
Due in more than one year	-	-	-	17,930,000	17,930,000
<b>Total liabilities</b>	<b>748,460</b>	<b>356,942</b>	<b>1,105,402</b>	<b>19,141,566</b>	<b>20,246,968</b>
<b>FUND BALANCES / NET ASSETS</b>					
Reserved for:					
Debt service	131,357	74,609	205,966	(205,966)	-
<b>Total liabilities and fund balances</b>	<b>\$ 879,817</b>	<b>\$ 431,551</b>	<b>\$ 1,311,368</b>		
<b>NET ASSETS:</b>					
Restricted for:					
Debt service				131,357	131,357
Acquisition/construction of capital assets				172,747	172,747
<b>Total net assets</b>				<b>\$ 304,104</b>	<b>\$ 304,104</b>

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances  
 Department of Public Works Component Unit - Governmental Funds  
 For the Year Ended September 30, 2011

	Debt Service	Construction	Total Governmental Funds	Adjustments	Statement of Activities
<b>Revenues</b>					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Local grants and contributions	2,366,376	371,417	2,737,793	(1,596,250)	1,141,543
Investment income	193	5,613	5,806	-	5,806
Reimbursements	-	16,312	16,312	-	16,312
<b>Total revenues</b>	<b>2,366,569</b>	<b>393,342</b>	<b>2,759,911</b>	<b>(1,596,250)</b>	<b>1,163,661</b>
<b>Expenditures / expenses</b>					
Current:					
Public works	11,372	7,229,393	7,240,765	-	7,240,765
Debt service:					
Principal	1,657,000	-	1,657,000	(1,657,000)	-
Interest and fiscal charges	631,539	-	631,539	-	631,539
<b>Total expenditures / expenses</b>	<b>2,299,911</b>	<b>7,229,393</b>	<b>9,529,304</b>	<b>(1,657,000)</b>	<b>7,872,304</b>
<b>Other financing sources (uses)</b>					
Proceeds from issuance of debt	-	6,887,000	6,887,000	-	6,887,000
Net change in fund balances	66,658	50,949	117,607	(117,607)	-
Change in net assets	-	-	-	178,357	178,357
Fund balance / net assets, beginning of year	64,699	23,660	88,359	37,388	125,747
Fund balance / net assets, end of year	\$ 131,357	\$ 74,609	\$ 205,966	\$ 98,138	\$ 304,104

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Net Assets

Department of Public Works Component Unit - Proprietary Fund

September 30, 2011

	Administration
<b>ASSETS</b>	
Current assets:	
Cash and investment pool	<u>\$ 16,769</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>4,846</u>
<b>NET ASSETS</b>	
Unrestricted	<u><u>\$ 11,923</u></u>

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Revenues, Expenses and Changes in Fund Net Assets Department of Public Works Component Unit - Proprietary Fund For the Year Ended September 30, 2011

	Administration
Operating revenues	
Licenses and permits	\$ 46,954
Operating expenses	
Personal services	(229)
Fringe benefits	-
Supplies	290
Services and charges	34,970
	<hr/>
Total operating expenses	35,031
	<hr/>
Operating Income	11,923
Net assets, beginning of year	<hr/> -
Net assets, end of year	<hr/> <u>\$ 11,923</u>

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Cash Flows

Department of Public Works Component Unit

For the Year Ended September 30, 2011

	Administration
Cash flows from operating activities:	
Receipts from customers	\$ 89,686
Payments to employees	(967)
Payments to suppliers	(71,950)
	<hr/>
Net cash provided by (used in) operating activities	16,769
Cash and cash equivalents, beginning of year	<hr/> -
Cash and cash equivalents, end of year	<hr/> <u>\$ 16,769</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Operating income	\$ 11,923
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Due from other governmental units	42,732
Accounts payable	(36,690)
Accrued liabilities	(1,196)
	<hr/>
Net cash provided by (used in) operating activities	<hr/> <u>\$ 16,769</u>

## COUNTY OF SAGINAW, MICHIGAN

### Drain Commission

#### Component Unit of Saginaw County

Chapter 8 Drains Debt Service Fund - This fund is used to account for the payment of interest and principal on long-term debt resulting from “intra” and “inter” county drains, generally petitioned by the land owners adjoining the project. Money received in this fund is provided by special assessments to the land owners adjoining the project and from interest earnings from investments. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Chapter 20 Drains Debt Service Fund - This fund is used to account for the payment of interest and principal on long-term debt resulting from “intra” county drain projects. Money received in this fund is provided by special assessments to local units of government and interest earnings from investments. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Special Assessment Drain Construction Fund - This fund is used to account for construction and maintenance of drains. Money for the operation of this fund is supplied from special assessments against property owners benefited, at-large-assessments against other local units of government, general obligation bonds or notes, and interest earnings from investments.

Chapter 8 Drains Construction Fund - This fund is used to account for construction of drains, generally petitioned by the property owners. Money for the operation of this fund is supplied from special assessments against the property owners benefited.

Revolving Drain Fund - This fund is used to account for preliminary costs of new drains and maintenance on established drains. Money for the operation of this fund is supplied from an advance from the General Fund and reimbursements from the Special Assessment Drain Fund.

Revolving Drain Maintenance Fund - This fund is used to account for maintenance on drains. Money for the operation of this fund is supplied from interest earnings on consolidated drainage district account balances of less than \$1,000.

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Assets and Governmental Fund Balance Sheet

Drain Commission Component Unit

September 30, 2011

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
<b>ASSETS</b>				
Cash and investment pool	\$ 284,627	\$ 205,315	\$ 4,119,469	\$ 229,636
Receivables (net):				
Special assessments	1,531,571	4,386,396	-	-
Accounts	-	-	-	-
Notes Receivable	-	-	100,000	-
Due from other funds	-	-	-	-
Prepaid items	333	1,455,717	-	-
Capital assets, net:				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
<b>Total assets</b>	<b>\$ 1,816,531</b>	<b>\$ 6,047,428</b>	<b>\$ 4,219,469</b>	<b>\$ 229,636</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 66,312	\$ -
Due to other funds	-	-	342,617	32,925
Advances from primary government	-	-	-	-
Deferred revenue	1,531,571	5,842,263	100,000	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
<b>Total liabilities</b>	<b>1,531,571</b>	<b>5,842,263</b>	<b>508,929</b>	<b>32,925</b>
<b>FUND BALANCES / NET ASSETS</b>				
Restricted for:				
Debt service	284,960	205,165	-	-
Capital projects	-	-	3,710,540	196,711
<b>Total fund balances</b>	<b>284,960</b>	<b>205,165</b>	<b>3,710,540</b>	<b>196,711</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,816,531</b>	<b>\$ 6,047,428</b>	<b>\$ 4,219,469</b>	<b>\$ 229,636</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Assets and Governmental Fund Balance Sheet (Continued)

Drain Commission Component Unit

September 30, 2011

	Capital Projects Funds			Adjustments	Statement of Net Assets
	Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds		
<b>ASSETS</b>					
Cash and investment pool	\$ 53,250	\$ 33,528	\$ 4,925,825	\$ -	\$ 4,925,825
Receivables (net):					
Special assessments	-	-	5,917,967	-	5,917,967
Accounts	-	7,960	7,960	-	7,960
Notes Receivable	-	-	100,000	-	100,000
Due from other funds	373,509	2,033	375,542	(375,542)	-
Prepaid items	-	-	1,456,050	(1,455,717)	333
Capital assets, net:					
Assets not being depreciated	-	-	-	101,333	101,333
Assets being depreciated	-	-	-	38,400,840	38,400,840
<b>Total assets</b>	<b>\$ 426,759</b>	<b>\$ 43,521</b>	<b>\$ 12,783,344</b>	<b>36,670,914</b>	<b>49,454,258</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 26,759	\$ 3,691	\$ 96,762	31,053	127,815
Due to other funds	-	-	375,542	(375,542)	-
Advances from primary government	400,000	-	400,000	-	400,000
Deferred revenue	-	-	7,473,834	(7,373,684)	100,150
Long-term liabilities:					
Due within one year	-	-	-	450,334	450,334
Due in more than one year	-	-	-	4,530,733	4,530,733
<b>Total liabilities</b>	<b>426,759</b>	<b>3,691</b>	<b>8,346,138</b>	<b>(2,737,106)</b>	<b>5,609,032</b>
<b>FUND BALANCES / NET ASSETS</b>					
Restricted for:					
Debt service	-	-	490,125	(490,125)	-
Capital projects	-	39,830	3,947,081	(3,947,081)	-
<b>Total fund balances</b>	<b>-</b>	<b>39,830</b>	<b>4,437,206</b>	<b>(4,437,206)</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 426,759</b>	<b>\$ 43,521</b>	<b>\$ 12,783,344</b>		
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt				33,521,106	33,521,106
Restricted for:					
Debt service				490,125	490,125
Acquisition/construction of capital assets				3,947,081	3,947,081
Unrestricted				5,886,914	5,886,914
<b>Total net assets</b>				<b>\$ 43,845,226</b>	<b>\$ 43,845,226</b>

(concluded)

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances  
 Drain Commission Component Unit - Governmental Funds  
 For the Year Ended September 30, 2011

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
<b>Revenues</b>				
Special assessments	\$ 347,366	\$ -	\$ 187,830	\$ -
Local grants and contributions	173,664	1,600,242	45,987	-
Investment income	486	366	6,579	402
Reimbursements	-	-	7,189	-
<b>Total revenues</b>	<b>521,516</b>	<b>1,600,608</b>	<b>247,585</b>	<b>402</b>
<b>Expenditures / expenses</b>				
Current:				
Public works	250	-	380,058	44,664
Capital Outlay	-	-	-	-
Depreciation	-	-	-	-
Debt service:				
Principal	419,334	1,470,000	-	-
Interest and fiscal charges	90,924	130,243	-	-
<b>Total expenditures</b>	<b>510,508</b>	<b>1,600,243</b>	<b>380,058</b>	<b>44,664</b>
<b>Revenues over (under) expenditures/expenses</b>	<b>11,008</b>	<b>365</b>	<b>(132,473)</b>	<b>(44,262)</b>
<b>Other financing sources</b>				
Bond proceeds	-	-	-	-
Transfers in	10,796	-	104	-
Transfers out	(104)	-	-	(10,796)
<b>Total other financing sources</b>	<b>10,692</b>	<b>-</b>	<b>104</b>	<b>(10,796)</b>
<b>Net change in fund balances</b>	<b>21,700</b>	<b>365</b>	<b>(132,369)</b>	<b>(55,058)</b>
<b>Change in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance / net assets, beginning of year</b>	<b>263,260</b>	<b>204,800</b>	<b>3,842,909</b>	<b>251,769</b>
<b>Fund balance / net assets, end of year</b>	<b>\$ 284,960</b>	<b>\$ 205,165</b>	<b>\$ 3,710,540</b>	<b>\$ 196,711</b>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance  
 Drain Commission Component Unit - Governmental Funds (Continued)  
 For the Year Ended September 30, 2011

	Capital Projects Funds		Total Governmental Funds	Adjustments	Statement of Activities
	Revolving Drain	Revolving Drain Maintenance			
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ 535,196	\$ -	\$ 535,196
Local grants and contributions	-	-	1,819,893	(1,825,255)	(5,362)
Investment income	-	298	8,131	-	8,131
Reimbursements	-	26,062	33,251	-	33,251
<b>Total revenues</b>	<b>-</b>	<b>26,360</b>	<b>2,396,471</b>	<b>(1,825,255)</b>	<b>571,216</b>
<b>Expenditures / expenses</b>					
Current:					
Public works	-	31,177	456,149	304	456,453
Capital Outlay	-	-	-	-	-
Depreciation	-	-	-	1,241,569	1,241,569
Debt service:					
Principal	-	-	1,889,334	(1,889,334)	-
Interest and fiscal charges	-	-	221,167	(19,330)	201,837
<b>Total expenditures / expenses</b>	<b>-</b>	<b>31,177</b>	<b>2,566,650</b>	<b>(666,791)</b>	<b>1,899,859</b>
<b>Revenues over (under) expenditures/expenses</b>	<b>-</b>	<b>(4,817)</b>	<b>(170,179)</b>	<b>(1,158,464)</b>	<b>(1,328,643)</b>
<b>Other financing sources</b>					
Bond proceeds	-	-	-	-	-
Transfers in	-	-	10,900	-	10,900
Transfers out	-	-	(10,900)	-	(10,900)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(4,817)</b>	<b>(170,179)</b>	<b>(1,158,464)</b>	<b>(1,328,643)</b>
<b>Change in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance / net assets, beginning of year</b>	<b>-</b>	<b>44,647</b>	<b>4,607,385</b>	<b>40,566,484</b>	<b>45,173,869</b>
<b>Fund balance / net assets, end of year</b>	<b>\$ -</b>	<b>\$ 39,830</b>	<b>\$ 4,437,206</b>	<b>\$ 39,408,020</b>	<b>\$ 43,845,226</b>

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster			
Passed through Michigan Department of Education			
Non-cash assistance (commodities)			
Entitlement Commodities	10.555	N/A	\$ 2,679
Bonus Commodities	10.555	N/A	34
Non-cash assistance subtotal			<u>2,713</u>
Cash assistance:			
National School Lunch Program - Children's Facility	10.555	730008002	<u>72,744</u>
Total Child Nutrition Cluster			<u>75,457</u>
Passed through Michigan Department of Community Health			
Women and Infant Care	10.557	N/A	808,711
SNAP Cluster			
Passed through Michigan Department of Human Services			
SNAP - Supplemental Nutrition Assistance Program	10.561	N/A	10,796
Passed through Michigan Department of Energy, Labor and Economic Growth			
Food Assistance & Employment Training Type A	10.561	N/A	153,170
Food Assistance & Employment Training / SS Type B	10.561	N/A	882
Total SNAP Cluster			<u>164,848</u>
Total U.S. Department of Agriculture			<u>1,049,016</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Award			
Economic Development Initiative-Special Project (Dow Event Center Solar PV System)	14.251	B-10-SP-MI-0311	270,039
Healthy Homes and Lead Hazard Control	14.901	MILHB0467-10	243,541
CDBG - Entitlement Grants Cluster			
Passed through the City of Saginaw			
Home Maintenance Self Help	14.218	N/A	12,109
CDBG - State-Administered Small Cities Program Cluster			
Passed through Michigan State Housing Development Authority			
Community Development Block Grant	14.228	N/A	118,269
Community Development Block Grant - Administration	14.228	MSC-2008-0540-HOA	14,809
Community Development Block Grant - Administration	14.228	N/A	24,235
Passed through Michigan Economic Development Corporation			
Saginaw County Renewable Energy Park	14.228	MSC 209110-EDIG	<u>2,724,455</u>
Total CDBG - State-Administered Small Cities Program Cluster			<u>2,881,768</u>
Passed through Michigan State Housing Development Authority			
ARRA - NSP2 (Neighborhood Stabilization Program - Land Bank Authority)	14.256	NS2-2009-6110	2,528,357
Passed through the Regents of the University of Michigan			
Preventative Intervention for Childhood Asthma & Lead Poisoning in the City of Saginaw, Michigan (Healthy Homes)	14.901	MILHH0161-08	<u>213,980</u>
Total U.S. Department of Housing and Urban Development			<u>6,149,794</u>
<b>U.S. Department of Justice</b>			
Direct Award			
State Criminal Alien Assistance Program	16.606	N/A	3,367
Bulletproof Vest Partnership Program	16.607	N/A	247
BJA FY 2010 Congressionally Selected - Saginaw County Regional Information Sharing Project	16.753	2010-DD-BX-0406	272,230

(continued)

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
<b>U.S. Department of Justice (continued)</b>			
Passed through Michigan Department of Human Services			
Juvenile Accountability Block Grants Program - Truancy Early Intervention VII	16.523	JAIBG-10-73001	\$ 5,381
Juvenile Accountability Block Grants Program - Truancy Early Intervention VIII	16.523	JAIBG-11-73001	10,993
Juvenile Justice and Delinquency Prevention Allocation to States (Drug Court)	16.540	JDMHC-09-73001	25,650
Juvenile Justice and Delinquency Prevention Allocation (Disproportionate Minority Contract)	16.540	071B1300618	740
Passed through Detroit Community Justice Partnership			
Project Safe Neighborhoods - Gun Violence	16.609	N/A	4,812
Project Safe Neighborhoods - Gang Violence	16.609	N/A	3,787
<b>U.S. Department of Justice (continued)</b>			
JAG Program Cluster			
Direct Award			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2008	16.738	2008-DJ-BX-0135	51,644
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2009	16.738	2009-DJ-BX-0837	19,150
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	2009-SB-B9-1423	130,344
Passed through Michigan Department of State Police Office of Drug Control Policy			
Prosecutor's BAYANET-Bay Area Narcotics Enforcement Team	16.803	2010-DJ-BX-003	45,402
Passed through Michigan Department of Community Health			
ARRA - Recovery Act Byrne JAG 2009 - Saginaw Inner City Initiative	16.803	2009-SU-B9-0017	91,990
ARRA - Recovery Act Byrne JAG 2009 - Saginaw Collaborative Information Sharing Initiative	16.803	2009-SU-B9-0017	98,705
Total JAG Program Cluster			<u>437,235</u>
Total U.S. Department of Justice			<u>764,442</u>
<b>U.S. Department of Labor</b>			
Employment Services Cluster			
Passed through Michigan Department of Energy, Labor and Economic Growth (Note 1)			
Employment Service	17.207	N/A	697,439
Workforce Investment Grants - Disability Program Navigator	17.207	N/A	54,963
ARRA - Employment Service - Dow Chemical	17.207	N/A	567,000
ARRA - WP ECAR	17.207	N/A	2,747
ARRA - ES NCRC	17.207	N/A	33,148
Wagner Peyser NCRC	17.207	N/A	15,770
Wagner Peyser Earn & Learn	17.207	N/A	19,999
Total Employment Services Cluster			<u>1,391,066</u>
Workforce Investment Act Cluster			
Passed through Michigan Department of Energy, Labor and Economic Growth (Note 1)			
Workforce Investment Act - SWA Earn & Learn	17.258	N/A	11,449
Workforce Investment Act - Adult	17.258	N/A	1,779,653
Workforce Investment Act - Administration	17.258	N/A	148,077
Workforce Investment Act - One Stop Operations	17.258	N/A	3,103
Workforce Investment Act - TANF Replacement Funds Type M	17.258	N/A	66,676
ARRA - Workforce Investment Act - Stwd Service Center Efficiency	17.258	N/A	16,960
ARRA - MRAP (MI Reg App Pilot)	17.258	N/A	21,214
ARRA - Workforce Investment Act - Adult	17.258	N/A	140,921
ARRA - Workforce Investment Act - Administration	17.258	N/A	73
ARRA - Workforce Investment Act - ECAR	17.258	N/A	14,167
Workforce Investment Act - NCRC	17.258	N/A	7,048
ARRA - Workforce Investment Act - SWA Earn & Learn	17.258	N/A	25,279
Workforce Investment Act - ECAR Year 2	17.258	N/A	20,259
ARRA - Workforce Investment Act - SWA	17.258	N/A	70,785
Youth Gang Initiative	17.258	N/A	768
Workforce Investment Act - SWA Earn & Learn	17.259	N/A	12,420
Workforce Investment Act - Youth	17.259	N/A	1,312,712
Workforce Investment Act - Administration	17.259	N/A	160,630
Workforce Investment Act - One Stop Operations	17.259	N/A	3,366
Workforce Investment Act - TANF Replacement Funds Type M	17.259	N/A	72,330
ARRA - Workforce Investment Act - Stwd Service Center Efficiency	17.259	N/A	18,398
ARRA - MRAP (MI Reg App Pilot)	17.259	N/A	23,012
ARRA - Workforce Investment Act - Administration	17.259	N/A	79

(continued)

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
U.S. Department of Labor (continued)			
Workforce Investment Act Cluster (continued)			
Passed through Michigan Department of Energy, Labor and Economic Growth (see Note III)			
ARRA - Workforce Investment Act - ECAR	17.259	N/A	\$ 15,368
Workforce Investment Act - NCRC	17.259	N/A	7,647
ARRA - Workforce Investment Act - SWA Earn & Learn	17.259	N/A	27,423
Workforce Investment Act - ECAR Year 2	17.259	N/A	21,976
ARRA - Workforce Investment Act - SWA	17.259	N/A	76,786
Youth Gang Initiative	17.259	N/A	834
Workforce Investment Act - SWA Earn & Learn	17.260	N/A	15,113
Workforce Investment Act - Dislocated Worker	17.260	N/A	693,150
Workforce Investment Act - Administration	17.260	N/A	195,469
Workforce Investment Act - Incumbent worker	17.260	N/A	967
ARRA - MRAP (MI Reg App Pilot)	17.260	N/A	28,003
ARRA - Workforce Investment Act - Dislocated Worker	17.260	N/A	458,944
ARRA - Workforce Investment Act - SWA Earn & Learn	17.260	N/A	33,370
Workforce Investment Act - ECAR Year 2	17.260	N/A	26,743
Workforce Investment Act - Dislocated Worker ARRA NEG REI Mid Mi	17.260	N/A	559,334
Workforce Investment Act - IWT GMBC	17.260	IWT11GMBC	42,000
Workforce Investment Act - Dislocated Worker	17.278	N/A	656,376
Workforce Investment Act - One Stop Operations	17.278	N/A	4,096
Workforce Investment Act - TANF Replacement Funds Type M	17.278	N/A	88,016
Workforce Investment Act - Stwd ARRA Service Center Efficiency	17.278	N/A	22,388
ARRA - Workforce Investment Act - Administration	17.278	N/A	96
ARRA - Workforce Investment Act - ECAR	17.278	N/A	18,701
Workforce Investment Act - NCRC	17.278	N/A	9,304
ARRA - Workforce Investment Act - SWA	17.278	N/A	93,440
Youth Gang Initiative	17.278	N/A	1,014
Total Workforce Investment Act Cluster			<u>7,025,937</u>
Passed through Michigan Department of Energy, Labor and Economic Growth (see Note III)			
Trade Adjustment Assistance	17.245	N/A	2,142,546
Trade Case Management	17.245	N/A	192,900
ARRA - SESP	17.275	SESP2010ARRA	869,505
Total U.S. Department of Labor			<u>11,621,954</u>
U.S. Department of Transportation			
Passed through Michigan Department of Transportation - Aeronautics			
Airport Improvement Program	20.106	B-26-0114-1608	49,112
Highway Planning and Construction Cluster			
Passed through Michigan Department of Transportation			
Workforce Investment Act - RCAR Year 3	20.205	GLB10-RCAR3	31,137
Urban Planning - FHWA	20.205	2009-0008-Z6	188,252
Total Highway Planning and Construction Cluster			<u>219,389</u>
Fedearl Transit Cluster			
Urban Planning - FTA	20.500	2009-0008-Z7	28,769
Passed through Michigan Public Transit Association			
Rural Transit Assistance Program (RTAP)	20.509	N/A	1,251
Transit Service Program Cluster			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	2007-0283-Z2	15,427
Highway Safety Cluster			
Passed through Michigan Department of State Police			
Police Traffic Services (Alcohol Reduction S.C.A.R.E.)	20.600	PT-11-13	72,784
Alcohol Impaired Driving Prevention (Project Safe & Sober)	20.601	AL-11-11	10,486
Occupant Protection (Alcohol Reduction S.C.A.R.E.)	20.602	PT-11-13	3,991
Total Highway Safety Cluster			<u>87,261</u>
Total U.S. Department of Transportation			<u>401,209</u>
U.S. Department of Veterns Affairs			
Passed through Michigan Office of Aging Services and the Region VII Area Agency on Aging			
Veterns Medical Care Benefits Hospitalization and Medical Services	64.009	N/A	\$ 808
			(continued)

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
<b>U.S. Environment of Protection Agency</b>			
<b>Direct Award</b>			
Brownfield Assessment and Cleanup Cooperative Agreements (Assessment Coalition)	66.818	BF-00E96701-0	\$ 246,733
<b>Passed through Michigan Department of Agriculture</b>			
Michigan Water Stewardship Program (MWSP) Clean Sweep Program	66.605	791N1300066	28,616
<b>Passed through Michigan Department of Community Health</b>			
Saginaw River/Bay - Eat Safe Fish and Game	66.716	N/A	<u>7,500</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>282,849</u>
<b>U.S. Department of Energy</b>			
<b>Passed through Michigan Department of Energy, Labor &amp; Economic Growth</b>			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) Multi-Purpose	81.128	BES-10-148	<u>317,580</u>
<b>U.S. Department of Education</b>			
<b>Passed through Michigan Department of Education</b>			
Inmate Rehabilitation	84.013	N/A	11,726
<b>Title I, Part A Cluster</b>			
<b>Passed through Michigan Department of Education</b>			
ARRA - Inmate Rehabilitation	84.389	N/A	<u>26,629</u>
<b>Total U.S. Department of Education</b>			<u>38,355</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Medicaid Cluster</b>			
<b>Passed through Michigan Department of Community Health</b>			
Childhood Lead Poisoning	93.778	N/A	13,956
Case Management Services	93.778	N/A	38,974
Substance Abuse - Medicaid	93.778	N/A	972,293
Medicaid Outreach	93.778	N/A	97,808
<b>Passed through Michigan Office of Aging Services and the Region VII Area Agency on Aging</b>			
Medicaid reimbursement - TCM	93.778	N/A	8,555
ARRA - TCM	93.778	N/A	538
POS Waiver	93.778	N/A	<u>62,059</u>
<b>Total Medicaid Cluster</b>			1,194,183
<b>Immunization Cluster</b>			
<b>Passed through Michigan Department of Community Health</b>			
Immunizations - IAP	93.268	N/A	88,420
Federally Funded Vaccines	93.268	N/A	573,525
ARRA - Infectious Disease Control - Reaching More Children	93.712	N/A	<u>20,380</u>
<b>Total Immunization Cluster</b>			682,325
<b>Passed through Michigan Department of Community Health</b>			
Pan Flu Focus Area 1 & 2 (Bioterrorism - Pan Flu)	93.069	N/A	340,214
Bioterrorism - Focus A	93.069	N/A	163,093
Bioterrorism - Focus C	93.069	N/A	119,002
Family Planning General Services	93.217	N/A	183,940
EPI and Lab Capacity	93.283	N/A	15,000
Early Childhood Home Visiting Program (Nurse Visiting Program)	93.505	N/A	8,000
Substance Abuse - MChild	93.767	N/A	-
HIV/AIDS Prevention Counseling	93.940	N/A	61,059
STD Control Grant	93.977	N/A	93,320
WIC Primary Care Services	93.991	N/A	16,342
Local MCH Block Grant	93.994	N/A	197,324
Fetal Infant Mortality Review (FIMR) Case Abstraction	93.994	N/A	5,400
Care Coordination	93.994	N/A	147

(continued)

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Awards Expended
U.S. Department of Health and Human Services (continued)			
Passed through Michigan Department of Community Health (continued)			
Childhood Lead Poisoning	93.994	N/A	\$ 13,320
Case Management Services	93.994	N/A	31,241
Passed through Regents of the University of Michigan			
Project Hope / HIV/STI Peer Education	93.135	5-U48-DP-001901-02	74,500
Passed through Health Resources and Services Administration			
Healthy Start Initiative	93.926	N/A	644,960
Passed through Saginaw ISD			
Substance Abuse & Mental Health Services - Michigan Project LAUNCH	93.243	N/A	144,324
Passed through the Office of Drug Control Policy			
Substance Abuse Prevention and Treatment Block Grant (see Note III)	93.959	N/A	1,266,796
B.A.S.A.R.A. Substance Abuse Treatment	93.959	N/A	105,896
Passed through Michigan Department of Human Services			
Title IV-D Maintenance Assistance (Federal Incentive) (FOC)	93.563	N/A	338,316
Title IV-D Cooperative Reimbursement Program (FOC)	93.563	CSFOC-10-73001	2,278,794
Title IV-D Cooperative Reimbursement Program (PA)	93.563	CSPA-10-73002	341,530
Community-Based Child Abuse Prevention Grant (Children's Trust Fund)	93.590	CTFDS-11-73001	15,278
Passed through State Court Administrative Office			
Federal Access and Visitation	93.597	N/A	12,800
Aging Cluster			
Passed through Michigan Office of Aging Services and the Region VII Area Agency on Aging			
Case Coordination and Support	93.044	N/A	78,227
Case Coordination and Support - In-Home Support Services	93.044	N/A	37,552
Outreach	93.044	N/A	17,603
Transportation	93.044	N/A	12,570
Senior Center Staffing - MO	93.044	N/A	10,512
Senior Center Staffing	93.044	N/A	6,908
Senior Center Operations	93.044	N/A	6,864
Nutrition - Title III C-1 Congregate	93.045	N/A	122,806
Nutrition - Title III C-2 HDM	93.045	N/A	204,638
Nutrition - Title III C-2 HDM Weekend	93.045	N/A	29,616
Nutrition Services Incentive Program - Congregate	93.053	N/A	42,612
Nutrition Services Incentive Program - HDM	93.053	N/A	121,795
Nutrition Services Incentive Program - HDM Weekend	93.053	N/A	7,696
Total Aging Cluster			699,399
Passed through Michigan Office of Aging Services and the Region VII Area Agency on Aging			
Title III E Kinship Care	93.052	N/A	4,648
National Family Caregiver Support Program	93.052	N/A	53,898
Supplemental funds - Title III E	93.052	N/A	21,409
TANF Cluster			
Passed through Michigan Department of Energy, Labor and Economic Growth			
TANF - JET Supportive Services Type E (see Note III)	93.558	N/A	326,295
TANF - JET Type T (see Note III)	93.558	N/A	2,982,527
Total TANF Cluster			3,308,822
Total U.S. Department of Health and Human Services			12,435,280
Corporation for National and Community Service			
Foster Grandparent/Senior Companion Cluster			
Foster Grandparent Program	94.011	105FNM1004	252,317
U.S. Department of Homeland Security			
Passed through Michigan Department of Natural Resources			
Marine Safety Program	97.012	N/A	4,817

(continued)

COUNTY OF SAGINAW, MICHIGAN

■ Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Federal Awards Expended
U.S. Department of Homeland Security (continued)			
Emergency Food and Shelter Program Cluster Passed through United Way of Saginaw County Emergency Food and Shelter National Board Program	97.024	N/A	\$ 2,005
Passed through Michigan State Police Department Emergency Management Performance Grant	97.042	EMW-2011-EP-00044-S01	30,914
Homeland Security Cluster Passed through Bay County 3rd District Regional Homeland Security Planning Grant	97.067	N/A	<u>31,101</u>
Total U.S. Department of Homeland Security			<u>68,837</u>
Total Federal Financial Assistance			<u>\$ 33,382,441</u>
			(concluded)

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### I. BASIS OF PRESENTATION

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

### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

### III. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided appropriately 95% of the federal awards for the TANF cluster and federal awards passed through from Michigan Department of Energy, Labor and Economic Growth to subrecipients. Additionally, the County provided approximately 90% of the Substance Abuse Prevention and Treatment Block Grant federal award to subrecipients.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

March 19, 2012

Board of Commissioners  
County of Saginaw  
Saginaw, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Saginaw, Michigan* as of and for the year ended September 30, 2011, which collectively comprise the *County of Saginaw, Michigan's* basic financial statements, and have issued our report thereon dated March 19, 2012. We did not audit the financial statements of the County of Saginaw Road Commission, an aggregate discretely presented component unit of the County. Those financial statements were audited by other auditors whose report was furnished to us, and our opinions, insofar as they relate to the amounts included for the County of Saginaw Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

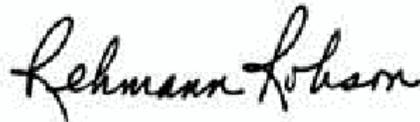
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters that we have reported to management of the County of Saginaw, Michigan in a separate letter dated March 19, 2012.

This report is intended solely for the information and use of the audit committee, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive style with a large, prominent initial 'L'.

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

March 19, 2012

Board of Commissioners  
County of Saginaw  
Saginaw, Michigan

**Compliance**

We have audited the compliance of the *County of Saginaw, Michigan* with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County of Saginaw, Michigan, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-SA-01.

## Internal Control Over Compliance

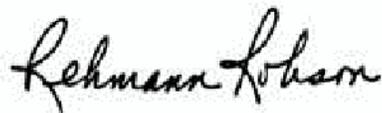
The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of the audit committee, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2011

SECTION I - SUMMARY OF AUDITORS RESULTS

*Financial Statements*

Type of auditors' report issued:

*Unqualified*

Internal controls over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes                            X       no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes                            X       none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes                            X       no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes                            X       no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes                            X       none reported

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

*Unqualified*

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

      X       yes                      \_\_\_\_\_ no

*Identification of Major Programs*

*CFDA Number*

*Name of Federal Program or Cluster*

14.228  
14.256  
17.275

CDBG State Administered Small Cities Program Cluster  
Neighborhood Stabilization Program  
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors

17.258/17.259/17.260/17.278  
17.207  
81.128  
93.563  
93.778  
93.959

Workforce Investment Act Cluster  
Employment Services Cluster  
ARRA - Energy Efficiency and Conservation Block Grant  
Child Support Enforcement  
Medicaid Cluster  
Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs:

      \$ 1,001,543      

Auditee qualified as low-risk auditee?

      X       yes                      \_\_\_\_\_ no

**COUNTY OF SAGINAW, MICHIGAN**

**Schedule of Findings and Questioned Costs**  
For the Year Ended September 30, 2011

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

## COUNTY OF SAGINAW, MICHIGAN

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2011

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

##### 2011-SA-01 - Support for Personnel Charges

Finding Type. Immaterial Noncompliance (Allowable Costs/Cost Principles).

Programs. Medicaid Outreach; U.S. Department of Health and Human Services; CFDA Number 93.778.

Criteria. According to OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, the payroll charge must be supported by documentation prescribed in OMB Circular A-87, attachment B, paragraph 8.h, subsection 8.h(4). Subsection

Condition. Salaries employees of the health department of the County, who split their time between multiple programs are not preparing the appropriate supporting documentation which meets the requirements of OMB Circular A-87.

Cause. This condition appears to be the result of an administrative oversight in obtaining the complete documentation in accordance with applicable requirements.

Effect. As a result of this condition, the County did not fully comply with the documentation requirements contained in Federal Cost Principles throughout the year.

Recommendation. The County should ensure that all employees of whom are working on multiple programs should be completing appropriate documentation such as personnel activity reports or timesheets to support and the document their work effort.

View of Responsible Officials. The Health Department has numerous grant supported programs that utilize staff that are budgeted locally in larger program areas. We concur with the auditor's recommendation and will have staff assigned to multiple program areas utilize timesheets as supportive documentation which are reviewed and approved by a manager.

COUNTY OF SAGINAW, MICHIGAN

**Schedule of Findings and Questioned Costs**  
For the Year Ended September 30, 2011

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No matters were reported.

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## SUPPLEMENTARY INFORMATION

**SAGINAW COUNTY DEPARTMENT OF PUBLIC HEALTH COORDINATING AGENCY  
SUBSTANCE USE DISORDER SERVICES**

SCHEDULE A

**Schedule of Budgeted, Reported, and Audited Amounts  
For the Year Ended September 30, 2011**

<b>Fund Source</b>	<b>Budgeted (FINAL)</b>	<b>Reported Expenditures (FINAL RER)</b>	<b>Audited Expenditures</b>	<b>Variance (Audited- Reported)</b>	<b>Local Match Funds</b>
<b>A State Agreement</b>					
1 Community Grant	\$1,154,521	\$1,153,770	\$1,153,770	0	
2 Prevention	\$425,330	\$425,330	\$425,330	0	
3 SDA	62,644	62,644	62,644	0	
4 Communicable disease	26,862	26,862	26,862	0	
<b>A Subtotal State Agreement</b>	<b>1,669,357</b>	<b>1,668,606</b>	<b>1,668,606</b>	<b>0</b>	
<b>B Medicaid</b>					
1 Current Year PEPM (Federal & State)	1,187,005	924,687	924,687	0	
2 Federal share only for Women's Specialty	190,425	272,753	272,753	0	
3 State share only for Women's Specialty	99,019	141,829	141,829	0	
4 Reinvestment Savings	40,000	32,036	32,036	0	
<b>B Subtotal Medicaid</b>	<b>1,516,449</b>	<b>1,371,305</b>	<b>1,371,305</b>	<b>0</b>	
<b>C Adult Benefit Waiver (ABW)</b>					
1 Current Year PEPM (Federal & State)	122,500	106,569	106,569	0	
2 Federal share only for Women's Specialty	0	0	0	0	
3 State share only for Women's Specialty	0	0	0	0	
<b>C Subtotal ABW</b>	<b>122,500</b>	<b>106,569</b>	<b>106,569</b>	<b>0</b>	
<b>D MI CHILD</b>					
1 Current Year PEPM (federal share only)	850	0	0	0	
<b>D Subtotal MICHild</b>	<b>850</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>E Local</b>					
1 Current Year PA2	501,611	343,407	343,407	0	343,407
2 PA2 Fund Balance	0	0	0	0	0
3 Other Local (R325.4152 excluding subsection (1)(b))	0	0	0	0	0
<b>E Subtotal Local</b>	<b>501,611</b>	<b>343,407</b>	<b>343,407</b>	<b>0</b>	
<b>F Fees &amp; Collections- Subtotal (R325.4151 (1)(d))</b>	<b>\$0</b>	<b>\$37,057</b>	<b>\$37,057</b>	<b>0</b>	37,057
<b>G Other Contracts &amp; Sources (Subtotal)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Grand Total of Subtotals A-G</b>	<b>3,810,767</b>	<b>3,526,944</b>	<b>3,526,944</b>	<b>0</b>	

Amount Billable to MDCH (Section A audited subtotal)

1,668,606

Total MDCH Payments

1,669,357

(Overpayment)/Underpayment

(\$751) (a)

Local Match Funds Total

\$380,464

Local Match Requirement [(Grand Total of Audited Exp. minus subtotal B, C, D & G) \* 10%]

204,907

Local Match (Shortfall)/Excess

\$175,557

(a) Excess funds received from MDCH relate to the State's match for MICHild that were unexpended by the auditee, which are allowed to be retained as local funds per the Contract Agreement.

**SAGINAW COUNTY DEPARTMENT OF PUBLIC HEALTH COORDINATING AGENCY  
SUBSTANCE USE DISORDER SERVICES  
Schedule of Expenditures and Funding Sources by Program  
Year Ended September 30, 2011**

Program	Audited Expenditures						Audited Funding Sources							Variance (Audited-Reported)	Variance (Expenditures - Funding)	
	Budgeted (FINAL)	Reported Expenditures (FINAL RER)	Gross Amount	Less Medicaid	Less Fees	Net Amount	State Agreement	SDA	PA2	Other Local	Other Sources	ABW (Gross) from PIHPs	MIChild (federal)			Total Funding
General Administration	\$516,478	\$387,567	\$387,567	\$273,082	\$0	\$114,485	\$114,485	\$0	\$0	\$0	\$0	\$0	\$0	\$114,485	\$0	\$0
Access Management System (AMS)	\$295,600	\$238,366	\$238,366	\$132,470	\$0	\$105,896	\$105,896	\$0	\$0	\$0	\$0	\$0	\$0	\$105,896	\$0	\$0
Prevention	\$775,000	\$653,226	\$653,226	\$0	\$0	\$653,226	\$425,330	\$0	\$227,896	\$0	\$0	\$0	\$0	\$653,226	\$0	\$0
Treatment	\$1,414,644	\$1,189,873	\$1,189,873	\$551,171	\$6,899	\$631,803	\$523,730	\$13,197	\$94,876	\$0	\$0	\$0	\$0	\$631,803	\$0	\$0
Women's Specialty	\$650,214	\$847,580	\$847,580	\$414,582	\$30,158	\$402,840	\$353,393	\$49,447	\$0	\$0	\$0	\$0	\$0	\$402,840	\$0	\$0
Communicable Disease	\$26,862	\$28,040	\$28,040	\$0	\$0	\$28,040	\$26,862	\$0	\$1,178	\$0	\$0	\$0	\$0	\$28,040	\$0	\$0
ABW (State and Federal Funds)	\$122,500	\$176,423	\$176,423	\$0	\$0	\$176,423	\$50,397	\$0	\$19,457	\$0	\$0	\$106,569	\$0	\$176,423	\$0	\$0
MIChild (State and Federal Funds)	\$3,600	\$0	\$0	\$0	\$0	\$0	\$751	\$0	\$0	\$0	\$0	\$0	\$2,384	\$3,135	\$0	(\$3,135) (1)
SOH Admin	\$5,869	\$5,869	\$5,869	\$0	\$0	\$5,869	\$5,869	\$0	\$0	\$0	\$0	\$0	\$0	\$5,869	\$0	\$0
<b>Totals</b>	<b>\$3,810,767</b>	<b>\$3,526,944</b>	<b>\$3,526,944</b>	<b>\$1,371,305</b>	<b>\$37,057</b>	<b>\$2,118,582</b>	<b>\$1,606,713</b>	<b>\$62,644</b>	<b>\$343,407</b>	<b>\$0</b>	<b>\$0</b>	<b>\$106,569</b>	<b>\$2,384</b>	<b>\$2,121,717</b>	<b>\$0</b>	<b>(\$3,135)</b>
							<b>\$1,669,357</b>									

**Reconciliation of PA2 Funds:**

Beginning Balance	\$879,304
Current Year PA2 Expenditures	558,460
	<u>(343,407)</u>
Ending balance	<u>1,094,357</u>

**Reconciliation of Medicaid Managed Care (PEPM) Funds:**

PEPM Payments Received	\$1,405,900
Medicaid Savings Carried Over	32,036
Expenditures - SCCMHA admin	(8,593)
Expenditures - SCCMHA 6% Provider/Use Tax	(84,354)
Expenditures	(1,278,358)
Medicaid Savings Carryforward	<u>(66,631)</u>
Returned to PIHP	<u>0</u>

**Footnotes:**

(1) The auditee can retain unexpended MIChild Funds of \$3,135 as local funds per provisions of the Contract Agreement, Attachment A, Services 2. Treatment Services d.

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