

# COUNTY OF SAGINAW, MICHIGAN

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**INDEPENDENT AUDITORS' REPORT**

March 19, 2013

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, 2012, 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 Michigan'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 24% 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 and the report of the other auditors 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, 2012, 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 19, 2013, 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.

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

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

A handwritten signature in cursive script that reads "Lehmann Johnson".

## 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, 2012. 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 \$80,080,742 (net assets). Of this amount, \$40,217,732 (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 \$1,899,367 during 2012.
- 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 \$39,761,883, an increase of \$3,528,259 in comparison with the prior year. Approximately 75.9 percent of this total amount, or \$30,172,147, 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 \$14,367,477, or 39.9 percent of total general fund expenditures. Total fund balance for the general fund was \$14,812,477.
- The County's total bonded debt decreased by \$4,363,335 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 45 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 42 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 - 75 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 77 - 128 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 \$80,080,742 at the close of the most recent fiscal year.

#### Saginaw County Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and other assets	\$ 94,142,703	\$ 92,141,794	\$ 33,353,215	\$ 31,431,227	\$ 127,495,918	\$ 123,573,021
Capital assets, net	24,270,873	25,182,899	16,957,489	15,654,248	41,228,362	40,837,147
<b>Total assets</b>	<b>118,413,576</b>	<b>117,324,693</b>	<b>50,310,704</b>	<b>47,085,475</b>	<b>168,724,280</b>	<b>164,410,168</b>
<b>Liabilities</b>						
Long-term liabilities	51,920,040	47,592,401	24,467,725	23,176,513	76,387,765	70,768,914
Other liabilities	11,197,815	10,690,329	1,057,958	970,816	12,255,773	11,661,145
<b>Total liabilities</b>	<b>63,117,855</b>	<b>58,282,730</b>	<b>25,525,683</b>	<b>24,147,329</b>	<b>88,643,538</b>	<b>82,430,059</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	21,424,737	21,967,379	13,657,489	15,654,248	35,082,226	37,621,627
Restricted	4,780,784	3,343,358	-	-	4,780,784	3,343,358
Unrestricted	29,090,200	33,731,226	11,127,532	7,283,898	40,217,732	41,015,124
<b>Total net assets</b>	<b>\$ 55,295,721</b>	<b>\$ 59,041,963</b>	<b>\$ 24,785,021</b>	<b>\$ 22,938,146</b>	<b>\$ 80,080,742</b>	<b>\$ 81,980,109</b>

One of the largest portions of the County's net assets, \$35,082,226 (43.8 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, \$4,780,784 (6.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$40,217,732 (50.2 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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 23,887,090	\$ 24,820,364	\$ 7,794,840	\$ 8,237,805	\$ 31,681,930	\$ 33,058,169
Operating grants and contributions	37,628,557	43,072,765	-	-	37,628,557	43,072,765
Capital grants and contributions	10,515	-	1,610,996	50,404	1,621,511	50,404
General revenues:						
Property taxes	38,787,574	34,187,103	1,083,577	2,570,060	39,871,151	36,757,163
Accommodations tax	2,524,584	1,878,169	-	-	2,524,584	1,878,169
Grants and contributions not restricted to specific programs	683,143	577,535	58,710	270,039	741,853	847,574
Other revenue	211,445	813,917	342,071	703,576	553,516	1,517,493
<b>Total revenues</b>	<b>103,732,908</b>	<b>105,349,853</b>	<b>10,890,194</b>	<b>11,831,884</b>	<b>114,623,102</b>	<b>117,181,737</b>
<b>Expenses</b>						
Legislative	765,879	734,532	-	-	765,879	734,532
Judicial	18,542,630	18,001,300	-	-	18,542,630	18,001,300
General government	13,412,766	17,421,306	-	-	13,412,766	17,421,306
Public safety	25,217,007	23,995,965	-	-	25,217,007	23,995,965
Public works	967,033	1,001,916	-	-	967,033	1,001,916
Health and welfare	43,784,363	48,106,528	-	-	43,784,363	48,106,528
Community and economic development	3,500,029	2,764,152	-	-	3,500,029	2,764,152
Recreation and culture	2,049,507	2,135,610	-	-	2,049,507	2,135,610
Interest on long-term debt	1,518,623	1,702,171	-	-	1,518,623	1,702,171
Delinquent tax revolving	-	-	510,293	492,200	510,293	492,200
Delinquent tax foreclosure	-	-	716,536	718,761	716,536	718,761
Building Authority Event Center	-	-	4,196,524	4,518,023	4,196,524	4,518,023
Building Authority administration	-	-	121,535	155,402	121,535	155,402
Parking system	-	-	135,730	107,247	135,730	107,247
Harry W. Browne Airport	-	-	618,098	540,781	618,098	540,781
Inmate services	-	-	465,916	473,579	465,916	473,579
<b>Total expenses</b>	<b>109,757,837</b>	<b>115,863,480</b>	<b>6,764,632</b>	<b>7,005,993</b>	<b>116,522,469</b>	<b>122,869,473</b>
Change in net assets before transfers	(6,024,929)	(10,513,627)	4,125,562	4,825,891	(1,899,367)	(5,687,736)
Transfers	2,278,687	2,910,757	(2,278,687)	(2,910,757)	-	-
<b>Change in net assets</b>	<b>(3,746,242)</b>	<b>(7,602,870)</b>	<b>1,846,875</b>	<b>1,915,134</b>	<b>(1,899,367)</b>	<b>(5,687,736)</b>
Net assets, beginning of year	59,041,963	66,644,833	22,938,146	21,023,012	81,980,109	87,667,845
<b>Net assets, end of year</b>	<b>\$ 55,295,721</b>	<b>\$ 59,041,963</b>	<b>\$ 24,785,021</b>	<b>\$ 22,938,146</b>	<b>\$ 80,080,742</b>	<b>\$ 81,980,109</b>

The County's net assets decreased by \$1,899,367 during the current fiscal year; a \$3,746,242 decrease for governmental activities and a \$1,846,875 increase for business-type activities.

Governmental activities. Governmental activities decreased the County's net assets by \$3,746,242 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 from FY 2011 to FY 2012 showed a decrease of \$1,616,945 (1.5 percent). The County saw less revenue in the areas of charges for services, operating grants and contributions, 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 decreased during the year as compared to the prior year by approximately \$6,105,643 (5.3 percent). This was mainly in the area of general government and health and welfare due to the completion of energy efficiency upgrades at all County-owned facilities during FY 2011 and the reduction in the dollar amount of grants received and expended through Great Lakes Bay Michigan Works! consortium.

Business-type activities. Business-type activities increased the County's net assets by \$1,846,875. Key elements of this increase are as follows:

- Revenues decreased 8.0 percent, or \$941,690 mainly in the area of property taxes due to the reduction in the millage for the Event Center.
- Expenses decreased 3.4 percent, or \$241,361, as a result of decreased activity within the building authority event center fund, building authority administration fund, and the inmate services fund.
- Transfers netted out to a decrease of approximately \$632,070 or 21.7 percent. This is a result of decreased 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 \$39,761,883, an increase of \$3,528,259 in comparison with the prior year. Approximately 75.9 percent of this total amount (\$30,172,147) 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* (\$17,825,605) and *assigned fund balance* (\$12,346,542). 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. Approximately 1.1 percent of the total fund balance amount (\$445,000) is categorized as *nonspendable* for advances to the Mailing Department fund (\$25,000), the Inmate Services fund (\$20,000) and to the Drain Commission component unit (\$400,000). 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 (\$7,590,095), 2) pay debt service (\$1,430,873), 3) for permanent trusts (\$41,383), or 4) for restricted donations (\$82,385).

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 \$14,367,477, while total fund balance amounted to \$14,812,477. 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 39.9 percent of total general fund expenditures, while total fund balance represents 41.1 percent of that same amount.

The fund balance of the County's general fund increased by \$719,301 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue remained stagnant with a slight increase of \$198,874 (0.8 percent).
- State grants decreased by \$1,068,132 (14.7 percent) due to a decrease in Revenue Sharing from the State of \$1,108,815 offset with an increase in Convention Facility funds received from the State.
- Fines and forfeitures decreased by \$178,605 (16.7 percent) due to a decrease in local ordinance fines and costs receipted through District Court.
- Investment income decreased by \$46,042 (45.8 percent).
- Expenditures remained relatively flat with a small decrease of \$571,618 (0.2 percent) mainly in the area of judicial expenditures.
- Transfers in increased by \$2,866,232 (156.1 percent) mainly due to the transfer in of an amount from the Law Enforcement fund (\$2,685,000) Sheriff Services millage to be used towards the funding of the jail.
- Transfers out decreased by \$418,380 (5.2 percent) mainly in the appropriations to Law Enforcement (\$1,605,031) due to the passing of the Sheriff Services millage. This decrease was offset by an increase in an appropriation to the Public Improvement fund (\$1,438,602) which was made pursuant the Budget Resolution that two-thirds of the General Fund surplus be transferred to this fund.

The Health Department fund had an increase in fund balance for the current year of \$145,104, for an ending total of \$2,373,402. This increase was primarily the result of a decrease in expenditures.

The debt service funds have a total fund balance of \$1,430,873 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 \$71,406.

The capital projects funds have a total fund balance of \$3,046,182 of which \$20,079 is restricted for the Saginaw Valley Rail Trail Development Phase IV project overseen by the Parks and Recreation Commission. The remaining amount of \$577,363 is assigned for the mainframe conversion project and \$2,448,740 is assigned for public improvement projects as approved by the Board of Commissioners.

The permanent fund has a fund balance of \$41,383, which is entirely restricted for maintenance of the Saginaw Valley Rail Trail and \$6,383 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 \$6,361,483, while those for the Building Authority Event Center amounted to \$851,277. The combined unrestricted net assets of the nonmajor enterprise funds and the internal service funds were \$779,699 and \$6,884,549, respectively, at the end of the year. The Delinquent Tax Revolving Fund had an increase in net assets for the year of \$619,129, whereas the Building Authority Event Center had an increase of \$1,504,472. The combined decrease in net assets of the nonmajor enterprise funds was \$285,867 and the combined increase in net assets of the internal service funds was \$393,368 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 0.08 percent increase (\$29,353 increase in appropriations); whereas the difference between the original budget and final amended budget for revenues resulted in a 0.09 percent increase (\$36,310 increase 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 \$36,310 increase was allocated to the Public Works Commissioner activity that was offset with an increase to property taxes to combine the wages and fringes previously allocated to the soil erosion fund into the general fund pursuant to approval of the Board of Commissioners.
- Towards the end of the year, a \$43,026 increase was allocated to the Elections activity which was offset against the County Clerk's office to accommodate the printing of ballots for elections held November 2011, February 2012 and August 2012.
- A \$6,957 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 were higher than the amended budgetary estimates and expenditures were less than the amended budget, resulting in an actual increase in fund balance that was more than the final amended budget amount to not use any 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 \$565,658 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 unfavorable variance in charges for services of \$212,909 is due to lower than anticipated revenue received from the collection of District Court costs and Clerk's office fees.
- The favorable variance in reimbursements of \$674,109 is a result of higher than anticipated revenue received from the Department of Corrections for the detaining of diverted felons and parole holds.
- 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 as well as the reduction in health insurance premiums charged to employees for nine months out of the fiscal year. The exception to this would be in the area of health and welfare and the Medical Examiner office where there is an unfavorable variance of \$15,573. This unfavorable variance is due to higher than anticipated transportation and autopsy fees.
- The unfavorable variance in and transfers out occurred mainly as a result of the transfer of two-thirds of the surplus to the Public Improvement fund pursuant to the Budget Resolution as approved by the Board of Commissioners.

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, 2012, and September 30, 2011, along with the amount and percentage of increases and decreases in relation to the 2011 fund balance:

	2012	2011	Variance from 2011	Percent Increase/ (Decrease)
Revenues	\$ 39,712,986	\$ 40,969,255	\$ (1,256,269)	-3.07%
Expenditures	(36,010,445)	(36,082,063)	71,618	-0.20%
Revenues over expenditures	3,702,541	4,887,192	(1,184,651)	
Other financing sources (uses):				
Transfers in	4,702,196	1,835,964	2,866,232	156.12%
Transfers out	(7,685,436)	(8,103,816)	418,380	-5.16%
Net change in fund balances	719,301	(1,380,660)	2,099,961	
Fund balance, beginning of year	14,093,176	15,473,836	(1,380,660)	
Fund balance, end of year	\$ 14,812,477	\$ 14,093,176	\$ 719,301	5.10%

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	Total Fund Balance
Fund balance, beginning of year	\$ 445,000	\$ 13,648,176	\$ 14,093,176
2011/2012 Transactions:			
Excess revenue over expenditures	-	3,702,541	3,702,541
Total other financing sources (uses)	-	(2,983,240)	(2,983,240)
2011/2012 net increase (decrease)	-	719,301	719,301
Fund balance, end of year	\$ 445,000	\$ 14,367,477	\$ 14,812,477

The Committed for Future Use classification shown above is comprised of three different components: Employee Payroll Reserve, Budget Stabilization, and Subsequent Year Expenditures. The current balance for the Subsequent Year Expenditures is \$1,817,075 and denotes the amount that the Board of Commissioners has approved as use of fund balance to balance the FY 2013 budgeted revenues against expenditures.

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 \$11,288,662 or 50.0 percent and the current balance for Budget Stabilization is \$1,261,740 or 2.8 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 28.6 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, 2012 amounted to \$41,228,362 (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 increase in the County's investment in capital assets for the current fiscal year was 1.0 percent (a 3.6 percent decrease for governmental activities and a 8.3 percent increase for business-type activities).

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

- Construction began by the Parks and Recreation Department on Phase IV of the Saginaw Valley Rail Trail encompassing a path extension along Stroebel Road at a cost of \$30,500.
- The front entrance of the Courthouse was redone to install two sets of automated doors at a cost of \$62,680.
- Several printers, scanners, servers, and storage arrays were purchased for various departments at a cost of \$187,397. Also, a new livescan system with integrated palm capture was purchased for the sheriff's department for \$25,755 and juvenile court purchased a closed circuit camera system and video conferencing equipment at a total cost of \$45,995.
- Several vehicles were replaced in various county departments at a total cost of \$325,110.
- The Westside Senior Center was sold having an original value of \$69,500 plus land valued at \$12,000 and land improvements of \$13,137.
- The building authority purchased two buildings in downtown Saginaw across from the Dow Event Center for a total cost of \$1,205,000.
- Construction was completed at the Dow Event Center for a solar project for the total cost of \$325,599.
- Construction began at the properties located across from the Dow Event Center for demolition of the two buildings and asbestos work prior to demolition at a cost of \$716,846.
- Construction was completed 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.

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,549,807	\$ 3,550,857	\$ 2,258,248	\$ 1,053,248	\$ 5,808,055	\$ 4,604,105
Air rights	-	-	117,761	117,761	117,761	117,761
Construction in progress	30,500	-	774,279	322,532	804,779	322,532
Land improvements	6,022,862	6,264,029	-	-	6,022,862	6,264,029
Buildings	12,360,920	12,906,107	11,590,226	11,608,680	23,951,146	24,514,787
Equipment	1,656,998	1,815,932	501,533	565,762	2,158,531	2,381,694
Office furniture and fixtures	80,645	95,319	34,087	37,408	114,732	132,727
Planning and development	-	-	1,663,279	1,925,419	1,663,279	1,925,419
Vehicles	569,141	550,655	18,076	23,438	587,217	574,093
<b>Total</b>	<b>\$ 24,270,873</b>	<b>\$ 25,182,899</b>	<b>\$ 16,957,489</b>	<b>\$ 15,654,248</b>	<b>\$ 41,228,362</b>	<b>\$ 40,837,147</b>

Additional information on the County's capital assets can be found in note 6. on pages 52 - 56 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$80,540,169. Of this amount, \$54,355,832 comprises debt backed by the full faith and credit of the government and \$1,639,337 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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<b>Primary Government</b>						
General obligation bonds	\$ 32,391,136	\$ 33,495,520	\$ -	\$ -	\$ 32,391,136	\$ 33,495,520
General obligation notes	-	-	24,300,000	23,071,000	24,300,000	23,071,000
<b>Component Units</b>						
Revolving loans	1,228,181	1,228,181	-	-	1,228,181	1,228,181
Capital Lease	247,845	302,393	-	-	247,845	302,393
General obligation bonds and notes	22,373,007	26,806,410	-	-	22,373,007	26,806,410
<b>Total</b>	<b>\$ 56,240,169</b>	<b>\$ 61,832,504</b>	<b>\$ 24,300,000</b>	<b>\$ 23,071,000</b>	<b>\$ 80,540,169</b>	<b>\$ 84,903,504</b>

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

	Amount	Issue	Rate
2012 Series GOL Delinquent Tax Notes	\$ 13,500,000	4/25/2012	0.40% to 1.00%
Northwest Utilities Authority Sewage Disposal Bonds	390,000	12/2/2010	3.00%
Carrollton Twp Watermain Improvements Ph III Refunding	1,305,000	12/15/2011	2.23%
Building Authority Bonds, Series 2012	3,300,000	8/23/2012	2.00% to 2.90%

The County's total debt decreased by \$4,363,335 (5.1 percent) during the fiscal year.

The County maintains an "Aa3" 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 \$532,305,121, 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 59 - 63 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 2013 fiscal year:

- Property Taxes - Estimates received from the County Equalization Department anticipated that property tax revenue for the General Fund would decrease by 1.66% for fiscal 2013 while property tax revenue for the special millage funds would decrease by 1.0% for fiscal 2013.
- Wages and Fringe Benefits - The County's authorized staff count saw a slight decrease from 2012 to 2013 with the reduction of 5.64 F.T.E.'s or 671.34 F.T.E.'s budgeted for. The wage rates for these positions were frozen without increase for fiscal 2013. 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 increased due to the mid year decrease in 2012 and contributions to the retiree health reserve went up from \$9,000 to \$12,500 per covered employee. This 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 again resurrected for fiscal 2013 as had been anticipated and was addressed with the use of reserves in the general fund of \$1,817,075 to maintain current staffing levels and to balance anticipated revenues with expenditures.
- The Board of Commissioners have authorized the issuance of pension obligation bonds in an amount not to exceed \$75 million in an effort to stabilize one of the County's rising legacy costs in accordance with Public Act 329 of 2012. This matter will continue to be analyzed during 2013 to determine if it is in the best interests of the County to move forward with the pension obligation bond issuance.
- 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, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investment pool	\$ 46,088,002	\$ 17,442,509	\$ 63,530,511	\$ 30,513,103
Receivables (net)	45,945,493	16,489,071	62,434,564	29,335,163
Internal balances	701,779	(701,779)	-	-
Inventory	-	86,908	86,908	3,203,859
Other assets	121,276	36,506	157,782	605,884
Net pension asset	1,286,153	-	1,286,153	-
Capital assets, net:				
Assets not being depreciated	3,580,307	3,150,288	6,730,595	1,792,053
Assets being depreciated	20,690,566	13,807,201	34,497,767	204,706,648
<b>Total assets</b>	<b>118,413,576</b>	<b>50,310,704</b>	<b>168,724,280</b>	<b>270,156,710</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	9,806,649	1,041,026	10,847,675	13,444,978
Unearned revenue	1,391,166	16,932	1,408,098	3,942,772
Long-term liabilities:				
Due within one year	2,881,818	12,558,007	15,439,825	2,871,793
Due in more than one year	31,299,642	11,750,000	43,049,642	22,026,814
Other noncurrent liability - net other postemployment benefit liability	17,738,580	159,718	17,898,298	1,696,066
<b>Total liabilities</b>	<b>63,117,855</b>	<b>25,525,683</b>	<b>88,643,538</b>	<b>43,982,423</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	21,424,737	13,657,489	35,082,226	200,332,330
Restricted for:				
Debt service	1,430,873	-	1,430,873	690,779
Acquisition/construction of capital assets	3,226,143	-	3,226,143	9,057,197
Postemployment health benefits	-	-	-	5,279,216
Restricted contributions	82,385	-	82,385	3,154,336
Endowment				
Expendable	6,383	-	6,383	-
Nonexpendable	35,000	-	35,000	-
Unrestricted	29,090,200	11,127,532	40,217,732	7,660,429
<b>Total net assets</b>	<b>\$ 55,295,721</b>	<b>\$ 24,785,021</b>	<b>\$ 80,080,742</b>	<b>\$ 226,174,287</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, 2012

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	\$ 765,879	\$ -	\$ -	\$ -	\$ -	\$ (765,879)
Judicial	18,173,250	369,380	3,465,630	4,943,474	-	(10,133,526)
General government	15,053,880	(1,641,114)	3,226,114	4,643,407	-	(5,543,245)
Public safety	24,997,786	219,221	9,645,674	1,848,203	-	(13,723,130)
Public works	961,079	5,954	591,814	-	-	(375,219)
Health and welfare	42,729,503	1,054,860	6,729,604	25,547,412	-	(11,507,347)
Community and economic development	3,482,217	17,812	79,050	624,056	-	(2,796,923)
Recreation and culture	2,032,213	17,294	149,204	22,005	10,515	(1,867,783)
Interest on long-term debt	1,518,623	-	-	-	-	(1,518,623)
<b>Total governmental activities</b>	<b>109,714,430</b>	<b>43,407</b>	<b>23,887,090</b>	<b>37,628,557</b>	<b>10,515</b>	<b>(48,231,675)</b>
Business-type activities:						
Delinquent tax revolving	510,293	-	2,589,329	-	-	2,079,036
Delinquent tax foreclosure	716,536	-	1,002,070	-	-	285,534
Building Authority Event Center	4,196,524	-	2,894,863	-	1,555,000	253,339
Building Authority administration	121,535	-	17,401	-	-	(104,134)
Parking system	135,730	-	117,563	-	-	(18,167)
Harry W. Browne Airport	618,098	-	290,475	-	55,996	(271,627)
Inmate services	459,310	6,606	883,139	-	-	417,223
<b>Total business-type activities</b>	<b>6,758,026</b>	<b>6,606</b>	<b>7,794,840</b>	<b>-</b>	<b>1,610,996</b>	<b>2,641,204</b>
<b>Total primary government</b>	<b>\$ 116,472,456</b>	<b>\$ 50,013</b>	<b>\$ 31,681,930</b>	<b>\$ 37,628,557</b>	<b>\$ 1,621,511</b>	<b>\$ (45,590,471)</b>
<b>Component Units</b>						
Road Commission	\$ 21,488,951	\$ -	\$ 77,318	\$ 22,745,706	\$ -	\$ 1,334,073
Brownfield Redevelopment Authority	389,702	-	-	461,816	-	72,114
Department of Public Works	1,270,817	-	44,613	-	1,095,683	(130,521)
Drain Commission	1,947,925	-	80,960	-	682,289	(1,184,676)
Economic Development Corporation	4,530,128	-	1,787	4,497,532	-	(30,809)
Land Bank Authority	3,886,725	-	4,176	2,765,522	395,000	(722,027)
Saginaw County Community Mental Health Authority	63,599,486	-	2,279,685	63,032,711	191,335	1,904,245
<b>Total component units</b>	<b>\$ 97,113,734</b>	<b>\$ -</b>	<b>\$ 2,488,539</b>	<b>\$ 93,503,287</b>	<b>\$ 2,364,307</b>	<b>\$ 1,242,399</b>

(continued)

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

COUNTY OF SAGINAW, MICHIGAN

**Statement of Activities**

For the Year Ended September 30, 2012

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net assets				
Net (expense) revenue	\$ (48,231,675)	\$ 2,641,204	\$ (45,590,471)	\$ 1,242,399
General revenues:				
Property taxes	38,787,574	1,083,577	39,871,151	125,570
Accommodations tax	2,524,584	-	2,524,584	-
Grants and contributions not restricted to specific programs	683,143	58,710	741,853	-
Investment income - interest earned	145,233	342,450	487,683	412,329
Gain (loss) on sale of capital assets	66,212	(379)	65,833	-
Transfers - internal activities	2,278,687	(2,278,687)	-	-
Total general revenues and transfers	44,485,433	(794,329)	43,691,104	537,899
Change in net assets	(3,746,242)	1,846,875	(1,899,367)	1,780,298
Net assets, beginning of year	59,041,963	22,938,146	81,980,109	224,393,989
Net assets, end of year	\$ 55,295,721	\$ 24,785,021	\$ 80,080,742	\$ 226,174,287

(concluded)

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

COUNTY OF SAGINAW, MICHIGAN

**Balance Sheet**  
 Governmental Funds  
 September 30, 2012

	General	Health Department	Michigan Works!	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investment pool	\$ 13,665,945	\$ 2,359,341	\$ 788,871	\$ 21,290,215	\$ 38,104,372
Receivables (net):					
Taxes	4,307,647	-	-	231,922	4,539,569
Accounts	252,064	369,559	8,716	2,479,541	3,109,880
Notes	-	-	-	3,514,924	3,514,924
Accrued interest	21,330	-	777	21,718	43,825
Due from other funds	853,138	175,929	-	2,226,482	3,255,549
Due from other governmental units	832,883	705,773	1,065,176	1,899,948	4,503,780
Advances to other funds	45,000	-	-	-	45,000
Advances to component units	400,000	-	-	-	400,000
Other assets	11,742	2,822	47,820	33,892	96,276
<b>Total assets</b>	<b>\$ 20,389,749</b>	<b>\$ 3,613,424</b>	<b>\$ 1,911,360</b>	<b>\$ 31,698,642</b>	<b>\$ 57,613,175</b>
<b>Liabilities</b>					
Accounts payable	\$ 810,577	\$ 397,998	\$ 1,392,240	\$ 2,588,218	\$ 5,189,033
Accrued liabilities	806,302	159,405	27,777	870,535	1,864,019
Deposits payable	-	36,764	-	46,592	83,356
Due to other funds	1,441,282	-	-	1,072,692	2,513,974
Due to other governmental units	-	367,624	-	348,586	716,210
Advances from other governmental units	-	-	-	80,000	80,000
Deferred revenue	2,519,111	278,231	491,343	4,116,015	7,404,700
<b>Total liabilities</b>	<b>5,577,272</b>	<b>1,240,022</b>	<b>1,911,360</b>	<b>9,122,638</b>	<b>17,851,292</b>
<b>Fund balances</b>					
Nonspendable:					
Advances	445,000	-	-	-	445,000
Restricted for:					
General government	-	-	-	833,851	833,851
Public safety	-	-	-	86,247	86,247
Public works	-	-	-	718,519	718,519
Health and welfare	-	-	-	3,979,625	3,979,625
Community and economic development	-	-	-	1,593,094	1,593,094
Recreation	-	-	-	378,759	378,759
Donations	-	-	-	82,385	82,385
Debt service	-	-	-	1,430,873	1,430,873
Permanent trusts	-	-	-	41,383	41,383
Committed for:					
Employee payroll reserve	11,288,662	-	-	1,874,191	13,162,853
Budget stabilization	1,261,740	-	-	407,731	1,669,471
Subsequent year expenditures	1,817,075	-	-	-	1,817,075
Public safety	-	-	-	1,176,206	1,176,206
Assigned:					
General government	-	-	-	781,627	781,627
Public safety	-	-	-	2,149,104	2,149,104
Health and welfare	-	2,373,402	-	3,816,266	6,189,668
Capital projects	-	-	-	3,226,143	3,226,143
<b>Total fund balances</b>	<b>14,812,477</b>	<b>2,373,402</b>	<b>-</b>	<b>22,576,004</b>	<b>39,761,883</b>
<b>Total liabilities and fund balances</b>	<b>\$ 20,389,749</b>	<b>\$ 3,613,424</b>	<b>\$ 1,911,360</b>	<b>\$ 31,698,642</b>	<b>\$ 57,613,175</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, 2012

Fund balances - total governmental funds	\$ 39,761,883
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.	
Capital assets	46,996,824
Accumulated depreciation	(22,919,288)
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.	
Deferred revenue on taxes and notes receivable	6,013,534
Net pension asset	1,286,153
Long-term receivable for repayment of debt service	29,545,000
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.	
	7,035,297
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(32,391,136)
Other postemployment benefit obligation	(17,738,580)
Accrued interest on bonds payable	(647,759)
Accrued compensated absences	(1,646,207)
Net assets of governmental activities	<u>\$ 55,295,721</u>

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

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Revenue, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2012

	General	Health Department	Michigan Works!	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 23,523,248	\$ -	\$ -	\$ 15,579,182	\$ 39,102,430
Accommodations tax	-	-	-	2,524,584	2,524,584
Licenses and permits	237,780	321,398	-	21,935	581,113
Federal grants	345,818	6,313,794	11,450,672	5,407,539	23,517,823
State grants	6,186,279	2,264,241	788	4,523,931	12,975,239
Local grants and contributions	6,500	593,043	-	459,454	1,058,997
Charges for services	4,859,157	1,480,796	-	6,807,740	13,147,693
Fines and forfeitures	889,350	-	-	274,713	1,164,063
Investment income	54,473	-	1,420	61,092	116,985
Rental revenue	-	-	-	330,802	330,802
Donations	-	123,196	315,962	331,498	770,656
Reimbursements	3,596,926	1,690,929	1,654,997	3,081,593	10,024,445
Other revenue	13,455	530,805	26,972	97,586	668,818
<b>Total revenue</b>	<b>39,712,986</b>	<b>13,318,202</b>	<b>13,450,811</b>	<b>39,501,649</b>	<b>105,983,648</b>
<b>Expenditures</b>					
<b>Current:</b>					
Legislative	653,626	-	-	-	653,626
Judicial	12,069,924	-	-	4,337,516	16,407,440
General government	11,224,336	-	-	2,235,332	13,459,668
Public safety	9,449,337	-	-	14,057,500	23,506,837
Public works	260,050	-	-	617,735	877,785
Health and welfare	2,113,033	13,899,101	13,450,811	11,919,743	41,382,688
Community and economic development	240,139	-	-	3,469,087	3,709,226
Recreation and culture	-	-	-	1,881,888	1,881,888
Capital outlay	-	-	-	617,307	617,307
<b>Debt service:</b>					
Principal	-	-	-	1,104,384	1,104,384
Interest and fiscal charges	-	-	-	1,526,227	1,526,227
<b>Total expenditures</b>	<b>36,010,445</b>	<b>13,899,101</b>	<b>13,450,811</b>	<b>41,766,719</b>	<b>105,127,076</b>
Revenues over (under) expenditures	3,702,541	(580,899)	-	(2,265,070)	856,572
<b>Other financing sources (uses)</b>					
Transfers in	4,702,196	926,003	-	8,682,209	14,310,408
Transfers out	(7,685,436)	(200,000)	-	(3,796,285)	(11,681,721)
Proceeds from sale of capital assets	-	-	-	43,000	43,000
<b>Total other financing sources (uses)</b>	<b>(2,983,240)</b>	<b>726,003</b>	<b>-</b>	<b>4,928,924</b>	<b>2,671,687</b>
<b>Net change in fund balances</b>	<b>719,301</b>	<b>145,104</b>	<b>-</b>	<b>2,663,854</b>	<b>3,528,259</b>
Fund balance, beginning of year	14,093,176	2,228,298	-	19,912,150	36,233,624
<b>Fund balance, end of year</b>	<b>\$ 14,812,477</b>	<b>\$ 2,373,402</b>	<b>\$ -</b>	<b>\$ 22,576,004</b>	<b>\$ 39,761,883</b>

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

# COUNTY OF SAGINAW, MICHIGAN

## Reconciliation

Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended September 30, 2012

Net change in fund balances - total governmental funds	\$ 3,528,259
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.	
Capital outlay	617,306
Loss on disposal of capital assets	(74,295)
Depreciation expense	(1,438,526)
Revenues in the funds that represent repayment of taxes or loans receivable that do not affect the statement of activities	(1,148,870)
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	(49,449)
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.	
Principal payments on long-term liabilities	1,104,384
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.	
Change in accrued interest payable	7,595
Change in net other postemployment benefit obligation	(6,629,121)
Change in accrued compensated absences	(47,752)
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.	
Operating income from governmental activities in internal service funds	682,767
Investment income from governmental internal service funds	28,248
Gain on sale of capital assets in governmental internal service funds	23,212
Transfers out governmental internal service funds	(350,000)
Change in net assets of governmental activities	<u>\$ (3,746,242)</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 - General Fund

For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 22,921,280	\$ 22,957,590	\$ 23,523,248	\$ 565,658
Licenses and permits	269,625	269,625	237,780	(31,845)
Federal grants	370,840	370,840	345,818	(25,022)
State grants	6,180,105	6,180,105	6,186,279	6,174
Local revenue	6,500	6,500	6,500	-
Charges for services	5,072,066	5,072,066	4,859,157	(212,909)
Fines and forfeitures	915,800	915,800	889,350	(26,450)
Investment income	152,000	152,000	54,473	(97,527)
Reimbursements	2,922,817	2,922,817	3,596,926	674,109
Other revenue	10,350	10,350	13,455	3,105
<b>Total revenues</b>	<b>38,821,383</b>	<b>38,857,693</b>	<b>39,712,986</b>	<b>855,293</b>
<b>Expenditures</b>				
<b>Current:</b>				
Legislative - Board of Commissioners	671,146	671,146	653,626	(17,520)
<b>Judicial:</b>				
Circuit Court	3,594,076	3,572,927	3,521,941	(50,986)
District Court	4,045,086	4,065,086	3,853,927	(211,159)
Probate Court	873,798	873,802	779,775	(94,027)
Law Library	52,552	52,552	47,565	(4,987)
Family Division	2,880,792	2,880,804	2,771,233	(109,571)
Probation - Circuit Court	103,057	102,177	81,440	(20,737)
Probation - District Court	976,622	975,262	927,606	(47,656)
Assigned Counsel	94,109	89,109	85,062	(4,047)
Jury Commission	1,500	1,500	1,375	(125)
<b>Total judicial</b>	<b>12,621,592</b>	<b>12,613,219</b>	<b>12,069,924</b>	<b>(543,295)</b>
<b>General government:</b>				
Elections	100,700	143,726	143,724	(2)
Auditing	117,394	115,394	115,037	(357)
Coporate Counsel	154,000	154,000	106,329	(47,671)
County Clerk	1,187,726	1,144,026	1,139,407	(4,619)
Controller	1,079,172	1,064,515	987,277	(77,238)
Equalization	521,103	521,106	506,492	(14,614)
Prosecuting Attorney	3,153,487	3,146,625	3,034,836	(111,789)
Prosecuting Attorney - Welfare	549,447	549,447	508,861	(40,586)
Register of Deeds	594,529	594,349	576,203	(18,146)
County Treasurer	861,719	860,886	826,666	(34,220)
Maintenance	2,909,375	2,915,937	2,819,791	(96,146)
Maintenance - Telephone	90,000	91,500	91,414	(86)
Public Works Commissioner	359,481	395,792	368,299	(27,493)
<b>Total general government</b>	<b>11,678,133</b>	<b>11,697,303</b>	<b>11,224,336</b>	<b>(472,967)</b>

(continued)

# COUNTY OF SAGINAW, MICHIGAN

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

Budget and Actual - General Fund

For the Year Ended September 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued):</b>				
<b>Current (continued):</b>				
<b>Public safety:</b>				
Sheriff	\$ 717,464	\$ 718,689	\$ 703,530	\$ (15,159)
Marine Law Enforcement	8,205	8,555	6,083	(2,472)
Sheriff - Jail Division	8,768,023	8,786,361	8,664,796	(121,565)
Corrections reimbursement	76,393	76,393	74,928	(1,465)
<b>Total public safety</b>	<b>9,570,085</b>	<b>9,589,998</b>	<b>9,449,337</b>	<b>(140,661)</b>
<b>Public Works - Drains</b>	<b>276,000</b>	<b>276,000</b>	<b>260,050</b>	<b>(15,950)</b>
<b>Health and welfare:</b>				
Medical examiner	383,312	381,412	396,985	15,573
Veterans burial	122,000	122,000	29,684	(92,316)
Contributions to other agencies	1,686,803	1,687,346	1,686,364	(982)
<b>Total health and welfare</b>	<b>2,192,115</b>	<b>2,190,758</b>	<b>2,113,033</b>	<b>(77,725)</b>
<b>Community and economic development:</b>				
Plat Board	600	600	334	(266)
Contributions to other agencies	239,805	239,805	239,805	-
<b>Total community and economic development</b>	<b>240,405</b>	<b>240,405</b>	<b>240,139</b>	<b>(266)</b>
<b>Total expenditures</b>	<b>37,249,476</b>	<b>37,278,829</b>	<b>36,010,445</b>	<b>(1,268,384)</b>
<b>Revenues over expenditures</b>	<b>1,571,907</b>	<b>1,578,864</b>	<b>3,702,541</b>	<b>2,123,677</b>
<b>Other financing sources (uses)</b>				
Transfers in	4,702,196	4,702,196	4,702,196	-
Transfers out	(6,274,103)	(6,281,060)	(7,685,436)	1,404,376
<b>Total other financing sources (uses)</b>	<b>(1,571,907)</b>	<b>(1,578,864)</b>	<b>(2,983,240)</b>	<b>1,404,376</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>719,301</b>	<b>719,301</b>
<b>Fund balance, beginning of year</b>	<b>14,093,176</b>	<b>14,093,176</b>	<b>14,093,176</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 14,093,176</b>	<b>\$ 14,093,176</b>	<b>\$ 14,812,477</b>	<b>\$ 719,301</b>

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenue</b>				
Licenses and permits	\$ 345,925	\$ 345,925	\$ 321,398	\$ (24,527)
Federal grants	2,682,782	2,730,457	6,313,794	3,583,337
State grants	5,641,961	6,053,438	2,264,241	(3,789,197)
Local grants and contributions	695,755	688,798	593,043	(95,755)
Charges for services	2,931,941	2,969,441	1,480,796	(1,488,645)
Donations	62,500	82,500	123,196	40,696
Reimbursements	1,833,208	1,833,208	1,690,929	(142,279)
Other revenue	545,775	545,775	530,805	(14,970)
<b>Total revenues</b>	<b>14,739,847</b>	<b>15,249,542</b>	<b>13,318,202</b>	<b>(1,931,340)</b>
<b>Expenditures</b>				
Health and welfare	16,033,018	16,549,670	13,899,101	(2,650,569)
<b>Revenues (under) over expenditures</b>	<b>(1,293,171)</b>	<b>(1,300,128)</b>	<b>(580,899)</b>	<b>719,229</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,493,171	1,500,128	926,003	(574,125)
Transfers out	(200,000)	(200,000)	(200,000)	-
<b>Total other financing sources (uses)</b>	<b>1,293,171</b>	<b>1,300,128</b>	<b>726,003</b>	<b>(574,125)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>145,104</b>	<b>145,104</b>
<b>Fund balance, beginning of year</b>	<b>2,228,298</b>	<b>2,228,298</b>	<b>2,228,298</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 2,228,298</b>	<b>\$ 2,228,298</b>	<b>\$ 2,373,402</b>	<b>\$ 145,104</b>

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, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 15,143,208	\$ 17,750,929	\$ 11,450,672	\$ (6,300,257)
State grants	1,106,901	1,542,349	788	(1,541,561)
Investment income	1,737	1,737	1,420	(317)
Donations	25,263	329,019	315,962	(13,057)
Reimbursements	1,968,894	1,968,894	1,654,997	(313,897)
Other revenue	22,500	23,029	26,972	3,943
<b>Total revenues</b>	<b>18,268,503</b>	<b>21,615,957</b>	<b>13,450,811</b>	<b>(8,165,146)</b>
<b>Expenditures</b>				
Health and welfare	18,268,503	21,615,957	13,450,811	(8,165,146)
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Assets

Proprietary Funds  
September 30, 2012

	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	\$ 11,139,616	\$ 4,655,917	\$ 1,646,976	\$ 17,442,509	\$ 7,983,630
Receivables (net):					
Taxes	14,281,343	51,732	-	14,333,075	-
Accounts	1,805,774	22,480	65,335	1,893,589	278,818
Accrued interest	14,921	2,287	1,687	18,895	9,697
Due from other funds	-	-	-	-	9,184
Due from other governmental units	243,512	-	-	243,512	-
Inventory	-	49,919	36,989	86,908	-
Other assets	-	9,823	26,683	36,506	25,000
Total current assets	<u>27,485,166</u>	<u>4,792,158</u>	<u>1,777,670</u>	<u>34,054,994</u>	<u>8,306,329</u>
Noncurrent assets - capital assets:					
Land	-	1,223,614	1,034,634	2,258,248	-
Air rights	-	-	117,761	117,761	-
Land improvements	-	-	40,558	40,558	-
Buildings and improvements	-	14,328,984	1,020,504	15,349,488	-
Machinery and equipment	-	984,815	80,549	1,065,364	1,510,128
Office furniture and fixtures	-	61,201	-	61,201	-
Planning and development	-	-	8,685,412	8,685,412	-
Vehicles	-	53,052	85,989	139,041	991,504
Construction in progress	-	716,846	57,433	774,279	-
Accumulated depreciation	-	(3,326,834)	(8,207,029)	(11,533,863)	(2,308,295)
Total noncurrent assets - capital assets	<u>-</u>	<u>14,041,678</u>	<u>2,915,811</u>	<u>16,957,489</u>	<u>193,337</u>
Total assets	<u>27,485,166</u>	<u>18,833,836</u>	<u>4,693,481</u>	<u>51,012,483</u>	<u>8,499,666</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	42,236	387,031	68,682	497,949	117,690
Accrued liabilities	81,447	83,457	6,143	171,047	1,188,582
Deposits payable	-	361,781	10,249	372,030	-
Due to other funds	-	-	724,368	724,368	26,391
Unearned revenue	-	16,128	804	16,932	-
Notes payable - current	12,500,000	-	-	12,500,000	-
Total current liabilities	<u>12,623,683</u>	<u>848,397</u>	<u>810,246</u>	<u>14,282,326</u>	<u>1,332,663</u>
Noncurrent liabilities:					
Advances from other funds	-	-	20,000	20,000	25,000
Accrued liabilities	-	-	8,007	8,007	64,117
Notes payable	8,500,000	-	-	8,500,000	-
Bonds payable	-	3,300,000	-	3,300,000	-
Other noncurrent liability - net other postemployment benefit liability	-	-	159,718	159,718	-
Total noncurrent liabilities	<u>8,500,000</u>	<u>3,300,000</u>	<u>187,725</u>	<u>11,987,725</u>	<u>89,117</u>
Total liabilities	<u>21,123,683</u>	<u>4,148,397</u>	<u>997,971</u>	<u>26,270,051</u>	<u>1,421,780</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	-	10,741,678	2,915,811	13,657,489	193,337
Restricted for capital outlay	-	3,092,484	-	3,092,484	-
Unrestricted	6,361,483	851,277	779,699	7,992,459	6,884,549
Total net assets	<u>\$ 6,361,483</u>	<u>\$ 14,685,439</u>	<u>\$ 3,695,510</u>	<u>24,742,432</u>	<u>\$ 7,077,886</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				42,589	
Net assets of business-type activities				<u>\$ 24,785,021</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, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Delinquent Tax Revolving	Building Authority Event Center	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 649,402	\$ 2,606,016	\$ 2,089,783	\$ 5,345,201	\$ 209,777
Interest income	1,569,776	-	-	1,569,776	-
Fines and forfeitures	-	-	33,604	33,604	-
Rental revenue	-	-	105,281	105,281	111,197
Reimbursements	-	-	5,651	5,651	17,362,710
Other revenue	370,151	288,847	76,329	735,327	377,110
<b>Total operating revenues</b>	<b>2,589,329</b>	<b>2,894,863</b>	<b>2,310,648</b>	<b>7,794,840</b>	<b>18,060,794</b>
Operating expenses					
Personal services	-	1,386,766	36,545	1,423,311	1,024,101
Fringe benefits	-	-	70,754	70,754	14,263,710
Supplies	-	330,014	439,812	769,826	184,947
Services and charges	245,226	1,823,932	1,086,797	3,155,955	1,771,116
Other	-	348,107	-	348,107	-
Depreciation	-	416,326	318,041	734,367	125,012
<b>Total operating expenses</b>	<b>245,226</b>	<b>4,305,145</b>	<b>1,951,949</b>	<b>6,502,320</b>	<b>17,368,886</b>
Operating income (loss)	2,344,103	(1,410,282)	358,699	1,292,520	691,908
Nonoperating revenues (expenses)					
Property taxes	-	1,083,577	-	1,083,577	-
Federal grants	-	58,710	54,560	113,270	-
State grants	-	-	1,436	1,436	-
Investment income	40,093	3,853	298,504	342,450	28,248
Land bank contribution	-	350,000	-	350,000	-
Capital contribution	-	1,205,000	-	1,205,000	-
Interest expense and fiscal charges	(265,067)	(6,386)	-	(271,453)	-
Gain (loss) on sale of capital assets	-	-	(379)	(379)	23,212
<b>Total nonoperating revenues (expenses)</b>	<b>(224,974)</b>	<b>2,694,754</b>	<b>354,121</b>	<b>2,823,901</b>	<b>51,460</b>
Income (loss) before transfers	2,119,129	1,284,472	712,820	4,116,421	743,368
Transfers					
Transfers in	-	220,000	1,100	221,100	-
Transfers out	(1,500,000)	-	(999,787)	(2,499,787)	(350,000)
<b>Net transfers</b>	<b>(1,500,000)</b>	<b>220,000</b>	<b>(998,687)</b>	<b>(2,278,687)</b>	<b>(350,000)</b>
Change in net assets	619,129	1,504,472	(285,867)	1,837,734	393,368
Net assets, beginning of year	5,742,354	13,180,967	3,981,377		6,684,518
<b>Net assets, end of year</b>	<b>\$ 6,361,483</b>	<b>\$ 14,685,439</b>	<b>\$ 3,695,510</b>		<b>\$ 7,077,886</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				9,141	
Change in net assets of business-type activities				<u>\$ 1,846,875</u>	

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, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Delinquent Tax Revolving	Building Authority Event Center	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 1,189,129	\$ 2,875,424	\$ 2,346,372	\$ 6,410,925	\$ -
Receipts from interfund services provided	-	92,975	-	92,975	17,537,140
Payments for interfund services provided	-	-	(412,622)	(412,622)	-
Payments to employees	(56,207)	(1,380,986)	(108,275)	(1,545,468)	(1,407,194)
Payments to suppliers	(205,062)	(2,376,628)	(1,504,724)	(4,086,414)	(15,961,550)
Other operating revenue	370,151	288,847	76,329	735,327	377,110
Net cash provided by (used in) operating activities	1,298,011	(500,368)	397,080	1,194,723	545,506
Cash flows from noncapital financing activities					
Property tax collections	-	1,083,577	-	1,083,577	-
Contribution from land bank	-	350,000	-	350,000	-
Capital contribution	-	1,205,000	-	1,205,000	-
Transfers in	-	220,000	1,100	221,100	-
Transfers out	(1,500,000)	-	(999,787)	(2,499,787)	(350,000)
Proceeds from issuing long-term debt	13,500,000	-	-	13,500,000	-
Principal paid on long-term debt	(15,571,000)	-	-	(15,571,000)	-
Interest paid on long-term debt	(265,067)	-	-	(265,067)	-
Net cash provided by (used in) noncapital financing activities	(3,836,067)	2,858,577	(998,687)	(1,976,177)	(350,000)
Cash flows from capital and related financing activities					
Proceeds from federal grants	-	58,710	-	58,710	-
Proceeds from issuance of capital debt	-	3,300,000	-	3,300,000	-
Interest paid on capital debt	-	(6,386)	-	(6,386)	-
Proceeds from sale of capital assets	-	-	55,996	55,996	23,212
Payments for capital asset acquisition	-	(1,980,556)	(57,433)	(2,037,989)	(108,501)
Net cash provided by (used in) capital and related financing activities	-	1,371,768	(1,437)	1,370,331	(85,289)
Cash flows from investing activities					
Investment income	40,093	3,853	298,504	342,450	28,248
Net change in cash and investment pool	(2,497,963)	3,733,830	(304,540)	931,327	138,465
Cash and investment pool, beginning of year	13,637,579	922,087	1,951,516	16,511,182	7,845,165
Cash and investment pool, end of year	\$ 11,139,616	\$ 4,655,917	\$ 1,646,976	\$ 17,442,509	\$ 7,983,630

(continued)

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Delinquent Tax Revolving	Building Authority Event Center	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Operating income (loss)	\$ 2,344,103	\$ (1,410,282)	\$ 358,699	\$ 1,292,520	\$ 691,908
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	416,326	318,041	734,367	125,012
Changes in assets and liabilities:					
Receivables	(849,167)	12,172	115,273	(721,722)	26,655
Due from other funds	-	92,975	-	92,975	21,946
Due from other governmental units	(180,882)	270,039	-	89,157	-
Inventory	-	3,969	(12,903)	(8,934)	-
Other assets	500	(22)	(20,851)	(20,373)	20,573
Accounts payable	39,664	106,617	(7,266)	139,015	(48,947)
Accrued liabilities	(56,207)	5,780	(976)	(51,403)	(96,496)
Deposits payable	-	14,861	(2,999)	11,862	-
Due to other funds	-	-	(412,622)	(412,622)	(195,145)
Unearned revenue	-	(12,803)	(221)	(13,024)	-
Net OPEB obligation	-	-	62,905	62,905	-
Net cash provided by (used in) operating activities	<u>\$ 1,298,011</u>	<u>\$ (500,368)</u>	<u>\$ 397,080</u>	<u>\$ 1,194,723</u>	<u>\$ 545,506</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, 2012

	Post- Employment Health Benefits Trust Fund	Agency Funds
<b>Assets</b>		
Cash and investment pool	\$ 12,729	\$ 10,224,446
Investments, at fair value - mutual funds	12,619,745	-
Receivables (net):		
Taxes	-	16,839
Accounts	152,267	4,575,015
Accrued interest	-	656
<b>Total assets</b>	<u>12,784,741</u>	<u>\$ 14,816,956</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 598,249
Accrued liabilities	296,945	-
Deposits payable	-	5,573,740
Due to other governmental units	-	8,644,967
<b>Total liabilities</b>	<u>296,945</u>	<u>\$ 14,816,956</u>
<b>Total net assets</b>		
Held in trust for postemployment health benefits	<u>\$ 12,487,796</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, 2012

Additions	
Contributions:	
Employer	\$ 3,432,030
Retirees	<u>260,598</u>
Total contributions	<u>3,692,628</u>
Investment earnings:	
Net increase in fair value of investments	1,641,820
Interest and dividends	<u>417,103</u>
Net investment earnings	<u>2,058,923</u>
Total additions	<u>5,751,551</u>
Deductions	
Participant benefits	3,606,990
Administrative expenses	<u>517,307</u>
Total deductions	<u>4,124,297</u>
Change in net assets	1,627,254
Net assets, beginning of year	<u>10,860,542</u>
Net assets, end of year	<u><u>\$ 12,487,796</u></u>

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

# COUNTY OF SAGINAW, MICHIGAN

## Combining Statement of Net Assets

Component Units  
September 30, 2012

	Road Commission 12/31/2011	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
<b>Assets</b>				
Cash and investment pool	\$ 214,597	\$ 1,304,773	\$ 189,640	\$ 4,794,889
Investments	4,529,075	-	-	-
Receivables (net)	3,056,946	355,255	17,632,456	4,329,647
Inventory	380,880	-	-	-
Other assets	377,961	-	-	333
Capital assets, net:				
Assets not being depreciated	618,385	-	-	101,333
Assets being depreciated	161,441,854	-	-	37,159,271
<b>Total assets</b>	<b>170,619,698</b>	<b>1,660,028</b>	<b>17,822,096</b>	<b>46,385,473</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	1,015,872	82,200	236,463	533,673
Unearned revenue	3,443	153,863	-	100,506
Long-term liabilities:				
Due within one year	-	51,757	972,000	542,334
Due in more than one year	1,825,694	231,419	16,427,486	2,543,399
Other noncurrent liability - net other postemployment benefit liability	1,696,066	-	-	-
<b>Total liabilities</b>	<b>4,541,075</b>	<b>519,239</b>	<b>17,635,949</b>	<b>3,719,912</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	160,832,058	-	-	34,174,871
Restricted for:				
Debt service	-	-	168,615	522,164
Acquisition/construction of capital assets	5,246,565	-	-	3,810,632
Postemployment health benefits	-	-	-	-
Medicaid	-	-	-	-
Unrestricted	-	1,140,789	17,532	4,157,894
<b>Total net assets</b>	<b>\$ 166,078,623</b>	<b>\$ 1,140,789</b>	<b>\$ 186,147</b>	<b>\$ 42,665,561</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
\$ 99,735	\$ 921,648	\$ 8,592,293	\$ 16,117,575
-	-	9,866,453	14,395,528
286,304	1,379,000	2,295,555	29,335,163
-	2,667,360	155,619	3,203,859
-	-	227,590	605,884
-	-	1,072,335	1,792,053
-	-	6,105,523	204,706,648
<u>386,039</u>	<u>4,968,008</u>	<u>28,315,368</u>	<u>270,156,710</u>
148,844	167,045	11,260,881	13,444,978
-	650,000	3,034,960	3,942,772
-	-	1,305,702	2,871,793
-	-	998,816	22,026,814
-	-	-	1,696,066
<u>148,844</u>	<u>817,045</u>	<u>16,600,359</u>	<u>43,982,423</u>
-	-	5,325,401	200,332,330
-	-	-	690,779
-	-	-	9,057,197
-	-	5,279,216	5,279,216
-	-	3,154,336	3,154,336
237,195	4,150,963	(2,043,944)	7,660,429
<u>\$ 237,195</u>	<u>\$ 4,150,963</u>	<u>\$ 11,715,009</u>	<u>\$ 226,174,287</u>

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# COUNTY OF SAGINAW, MICHIGAN

## Combining Statement of Activities

Component Units

For the Year Ended September 30, 2012

	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Road Commission</b>				
Governmental Activities:				
Highways and streets	\$ 21,488,951	\$ 77,318	\$ 22,745,706	\$ -
				\$ 1,334,073
<b>Brownfield Redevelopment Authority</b>				
Governmental Activities:				
Community and economic development	389,702	-	461,816	-
				72,114
<b>Department of Public Works</b>				
Governmental Activities:				
Public works	540,569	44,613	-	1,095,683
Interest on long-term debt	730,248	-	-	-
				599,727
				(730,248)
<b>Total Department of Public Works</b>	<b>1,270,817</b>	<b>44,613</b>	<b>-</b>	<b>1,095,683</b>
				<b>(130,521)</b>
<b>Drain Commission</b>				
Governmental Activities:				
Public works	1,796,614	80,960	-	682,289
Interest on long-term debt	151,311	-	-	-
				(1,033,365)
				(151,311)
<b>Total Drain Commission</b>	<b>1,947,925</b>	<b>80,960</b>	<b>-</b>	<b>682,289</b>
				<b>(1,184,676)</b>
<b>Economic Development Corporation</b>				
Business-type Activities:				
Community and economic development	4,530,128	1,787	4,497,532	-
				(30,809)
<b>Land Bank Authority</b>				
Business-type Activities:				
Community and economic development	3,886,725	4,176	2,765,522	395,000
				(722,027)
<b>Saginaw County Community Mental Health Authority</b>				
Business-type Activities:				
Community services	63,599,486	2,279,685	63,032,711	191,335
				1,904,245
<b>Total component units</b>	<b>\$ 97,113,734</b>	<b>\$ 2,488,539</b>	<b>\$ 93,503,287</b>	<b>\$ 2,364,307</b>
				<b>\$ 1,242,399</b>

(continued)

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

# COUNTY OF SAGINAW, MICHIGAN

## Combining Statement of Activities

Component Units

For the Year Ended September 30, 2012

	Road Commission 12/31/2011	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Change in net assets				
Net (expense) revenue	<u>\$ 1,334,073</u>	<u>\$ 72,114</u>	<u>\$ (130,521)</u>	<u>\$ (1,184,676)</u>
General revenues:				
Property taxes	-	125,570	-	-
Investment income - interest earned	<u>37,036</u>	<u>17,747</u>	<u>641</u>	<u>5,011</u>
Total general revenues	<u>37,036</u>	<u>143,317</u>	<u>641</u>	<u>5,011</u>
Change in net assets	1,371,109	215,431	(129,880)	(1,179,665)
Net assets, beginning of year	<u>164,707,514</u>	<u>925,358</u>	<u>316,027</u>	<u>43,845,226</u>
Net assets, end of year	<u><u>\$ 166,078,623</u></u>	<u><u>\$ 1,140,789</u></u>	<u><u>\$ 186,147</u></u>	<u><u>\$ 42,665,561</u></u>

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



Economic Development Corporation	Land Bank Authority	Saginaw County Community Mental Health Authority	Total
<u>\$ (30,809)</u>	<u>\$ (722,027)</u>	<u>\$ 1,904,245</u>	<u>\$ 1,242,399</u>
-	-	-	125,570
<u>668</u>	<u>5,584</u>	<u>345,642</u>	<u>412,329</u>
<u>668</u>	<u>5,584</u>	<u>345,642</u>	<u>537,899</u>
(30,141)	(716,443)	2,249,887	1,780,298
<u>267,336</u>	<u>4,867,406</u>	<u>9,465,122</u>	<u>224,393,989</u>
<u>\$ 237,195</u>	<u>\$ 4,150,963</u>	<u>\$ 11,715,009</u>	<u>\$ 226,174,287</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, Michigan (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 be financially accountable.

**Blended component unit** - The Building Authority has been included as part of the County’s 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 five-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, 2011 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’s financial statements to be misleading or incomplete.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

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's financial statements to be misleading or incomplete.

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's 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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *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*.

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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

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 Department of Public Health.

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

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

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

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

*Permanent 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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

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.

#### *Advances*

Advances to and advances from governmental funds represent noncurrent 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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *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:

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

### *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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *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).

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 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.

## 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. 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, 2012, established that the 2012 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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 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, 2012.

	Budget	Actual	Variance
General fund - Health and Welfare Medical Examiner	\$ 381,412	\$ 396,985	\$ (15,573)

The above item represents a violation of the County’s budgeting policies. Revenues were sufficient to cover expenditures.

### 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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

- 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:	
Cash and investment pool	\$ 63,530,511
Component Units:	
Cash and investment pool	30,513,103
Fiduciary Fund Financial Statement Captions:	
Cash and investment pool	10,237,175
Investments	<u>12,619,745</u>
<b>Total</b>	<b><u>\$ 116,900,534</u></b>

Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 68,952,616
Investments - primary government	28,147,966
Investments - component units	9,866,453
Cash - component units	8,592,293
Cash on hand	65,747
Adjustment for funds with other fiscal year ends	<u>1,275,459</u>
<b>Total</b>	<b><u>\$ 116,900,534</u></b>

	Carrying Amount (Fair Value)	Maturity Less than 1 Year	Maturity 1-5 Years	Credit Rating
Investments - primary government				
MBIA Governmental Investment Pool	\$ 1,325,824	\$ 1,325,824	\$ -	n/a
Mutual funds	12,619,745	12,619,745	-	n/a
U.S. agencies	<u>14,202,397</u>	<u>6,338,598</u>	<u>7,863,799</u>	AAA
<b>Total</b>	<b><u>\$ 28,147,966</u></b>	<b><u>\$ 20,284,167</u></b>	<b><u>\$ 7,863,799</u></b>	

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 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 \$68,210,189 of the County’s bank balance of \$71,198,794 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.

*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. At September 30, 2012, the County has the following investments of which exceeded 5% of total investments:

	Carrying Amount (Fair Value)	% of total Investments
Investments - primary government		
Portfolio optimization	\$ 6,706,164	24%
US treasury note	2,161,317	8%
FHLB Bond	2,000,000	7%
Natexis	2,001,435	7%
Saginaw County LTD tax notes	3,000,000	11%
Wayne County LTD tax notes	2,420,380	9%

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 5. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 4,539,569	\$ 14,333,075	\$ -
Special assessments	-	-	4,184,335
Accounts receivable	32,933,698	1,893,589	2,712,364
Notes			
Due within one year	2,001,170	-	-
Due after one year	1,545,135	-	253,863
Interest	53,522	18,895	5,599
Due from other governments	4,503,780	243,512	22,179,002
Advances to component unit	400,000	-	-
Less: allowance for uncollectible accounts	(31,381)	-	-
<b>Total receivables</b>	<b>\$ 45,945,493</b>	<b>\$ 16,489,071</b>	<b>\$ 29,335,163</b>

Of the amounts recorded as receivables, \$35,222,534, \$4,825,973 and \$20,176,763 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)	\$ 2,519,111	\$ -
Property taxes receivable (Nonmajor Governmental Funds)	288,812	-
Notes receivable (Nonmajor Governmental Funds)	3,205,611	-
Grant drawdowns prior to meeting all eligibility requirements (Health Department Fund)	-	278,231
Grant drawdowns prior to meeting all eligibility requirements (Michigan Works! Fund)	-	491,343
Grant drawdowns prior to meeting all eligibility requirements (Nonmajor Governmental Funds)	-	621,592
	<u>\$ 6,013,534</u>	<u>\$ 1,391,166</u>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 6. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 3,550,857	\$ 10,950	\$ (12,000)		\$ 3,549,807
Construction in progress	-	30,500	-		30,500
	<u>3,550,857</u>	<u>41,450</u>	<u>(12,000)</u>	<u>-</u>	<u>3,580,307</u>
Capital assets being depreciated:					
Land improvements	8,691,088	-	(13,137)		8,677,951
Buildings and improvements	28,065,058	62,680	(69,500)		28,058,238
Machinery and equipment	5,974,596	296,567	(196,883)		6,074,280
Office furniture & fixtures	200,376	-	-		200,376
Vehicles	2,858,595	325,110	(276,401)		2,907,304
	<u>45,789,713</u>	<u>684,357</u>	<u>(555,921)</u>	<u>-</u>	<u>45,918,149</u>
Less accumulated depreciation:					
Land improvements	(2,427,059)	(230,920)	2,890		(2,655,089)
Buildings and improvements	(15,158,951)	(572,075)	33,708		(15,697,318)
Machinery and equipment	(4,158,664)	(439,245)	180,627		(4,417,282)
Office furniture & fixtures	(105,057)	(14,674)	-		(119,731)
Vehicles	(2,307,940)	(306,624)	276,401		(2,338,163)
	<u>(24,157,671)</u>	<u>(1,563,538)</u>	<u>493,626</u>	<u>-</u>	<u>(25,227,583)</u>
Total capital assets being depreciated, net	<u>21,632,042</u>	<u>(879,181)</u>	<u>(62,295)</u>	<u>-</u>	<u>20,690,566</u>
Governmental activities capital assets, net	<u>\$ 25,182,899</u>	<u>\$ (837,731)</u>	<u>\$ (74,295)</u>	<u>\$ -</u>	<u>\$ 24,270,873</u>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,053,248	\$ 1,205,000	\$ -	\$ -	\$ 2,258,248
Air rights	117,761	-	-	-	117,761
Construction in progress	322,532	774,279	-	(322,532)	774,279
	<u>1,493,541</u>	<u>1,979,279</u>	<u>-</u>	<u>(322,532)</u>	<u>3,150,288</u>
Capital assets being depreciated:					
Land improvements	40,558	-	-	-	40,558
Buildings and improvements	15,020,739	58,710	-	270,039	15,349,488
Machinery and equipment	1,071,056	-	(5,692)	-	1,065,364
Office furniture & fixtures	61,201	-	-	-	61,201
Planning and development	8,632,919	-	-	52,493	8,685,412
Vehicles	139,041	-	-	-	139,041
	<u>24,965,514</u>	<u>58,710</u>	<u>(5,692)</u>	<u>322,532</u>	<u>25,341,064</u>
Less accumulated depreciation:					
Land improvements	(40,558)	-	-	-	(40,558)
Buildings and improvements	(3,412,058)	(347,204)	-	-	(3,759,262)
Machinery and equipment	(505,296)	(63,848)	5,313	-	(563,831)
Office furniture & fixtures	(23,794)	(3,320)	-	-	(27,114)
Planning and development	(6,707,500)	(314,633)	-	-	(7,022,133)
Vehicles	(115,603)	(5,362)	-	-	(120,965)
	<u>(10,804,809)</u>	<u>(734,367)</u>	<u>5,313</u>	<u>-</u>	<u>(11,533,863)</u>
Total capital assets					
being depreciated, net	<u>14,160,705</u>	<u>(675,657)</u>	<u>(379)</u>	<u>322,532</u>	<u>13,807,201</u>
Business-type activities					
capital assets, net	<u>\$ 15,654,246</u>	<u>\$ 1,303,622</u>	<u>\$ (379)</u>	<u>\$ -</u>	<u>\$ 16,957,489</u>

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

### Governmental activities:

Judicial	\$ 77,536
General government	379,267
Public safety	442,592
Public works	77,085
Health and welfare	313,441
Recreation and culture	148,605
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	<u>125,012</u>
	<u>\$ 1,563,538</u>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### Business-type activities:

Building Authority Event Center	\$	416,326
Harry W. Browne Airport		317,567
Inmate services		474
		<u>474</u>
	<u>\$</u>	<u>734,367</u>

### Discretely presented component units

Activity for the Drain Commission for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 101,333	\$ -	\$ -	\$ -	\$ 101,333
Capital assets being depreciated:					
Infrastructure	61,910,256	-	-	-	61,910,256
Equipment	47,699	-	-	-	47,699
	<u>61,957,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,957,955</u>
Less accumulated depreciation:					
Infrastructure	(23,526,477)	(1,238,205)	-	-	(24,764,682)
Equipment	(30,638)	(3,364)	-	-	(34,002)
	<u>(23,557,115)</u>	<u>(1,241,569)</u>	<u>-</u>	<u>-</u>	<u>(24,798,684)</u>
Total capital assets being depreciated, net	<u>38,400,840</u>	<u>(1,241,569)</u>	<u>-</u>	<u>-</u>	<u>37,159,271</u>
Component unit activities capital assets, net	<u>\$ 38,502,173</u>	<u>\$ (1,241,569)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,260,604</u>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

Activity for the Road Commission for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 618,385	\$ -	\$ -	\$ -	\$ 618,385
Capital assets being depreciated:					
Land and improvements, infrastructure	37,489,801	465,729	-	-	37,955,530
Land improvements	444,577	-	-	-	444,577
Depletable assets	42,008	-	-	-	42,008
Buildings and improvements	2,231,785	-	-	-	2,231,785
Office furniture & fixtures	820,101	25,205	(13,508)	-	831,798
Infrastructure	240,133,495	11,122,111	-	-	251,255,606
Equipment	14,220,889	1,231,084	(272,972)	-	15,179,001
	<u>295,382,656</u>	<u>12,844,129</u>	<u>(286,480)</u>	<u>-</u>	<u>307,940,305</u>
Less accumulated depreciation:					
Land improvements	(401,661)	(8,480)	-	-	(410,141)
Depletable assets	(3,914)	-	-	-	(3,914)
Buildings and improvements	(1,762,341)	(50,743)	-	-	(1,813,084)
Office furniture & fixtures	(625,944)	(85,743)	13,465	-	(698,222)
Infrastructure	(123,184,416)	(8,191,813)	-	-	(131,376,229)
Equipment	(11,571,811)	(898,022)	272,972	-	(12,196,861)
	<u>(137,550,087)</u>	<u>(9,234,801)</u>	<u>286,437</u>	<u>-</u>	<u>(146,498,451)</u>
Total capital assets being depreciated, net	<u>157,832,569</u>	<u>3,609,328</u>	<u>(43)</u>	<u>-</u>	<u>161,441,854</u>
Road Commission capital assets, net	<u>\$ 158,450,954</u>	<u>\$ 3,609,328</u>	<u>\$ (43)</u>	<u>\$ -</u>	<u>\$ 162,060,239</u>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

Activity for the Community Mental Health Authority for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 773,493	\$ 68,522	\$ -	\$ -	\$ 842,015
Construction in progress	692,287	230,320	-	(692,287)	230,320
	<u>1,465,780</u>	<u>298,842</u>	<u>-</u>	<u>(692,287)</u>	<u>1,072,335</u>
Capital assets being depreciated:					
Buildings and improvements	9,995,435	1,876,192	-	692,287	12,563,914
Office furniture & fixtures	958,082	251,599	-	-	1,209,681
Vehicles	1,026,816	475,725	(111,546)	-	1,390,995
Equipment	1,282,731	668,893	(48,519)	-	1,903,105
	<u>13,263,064</u>	<u>3,272,409</u>	<u>(160,065)</u>	<u>692,287</u>	<u>17,067,695</u>
Less accumulated depreciation:					
Buildings and improvements	(8,325,867)	(190,467)	-	-	(8,516,334)
Office furniture & fixtures	(671,433)	(54,958)	-	-	(726,391)
Vehicles	(663,162)	(155,698)	111,546	-	(707,314)
Equipment	(880,704)	(158,787)	27,358	-	(1,012,133)
	<u>(10,541,166)</u>	<u>(559,910)</u>	<u>138,904</u>	<u>-</u>	<u>(10,962,172)</u>
Total capital assets being depreciated, net	<u>2,721,898</u>	<u>2,712,499</u>	<u>(21,161)</u>	<u>692,287</u>	<u>6,105,523</u>
Community Mental Health Authority capital assets, net	<u>\$ 4,187,678</u>	<u>\$ 3,011,341</u>	<u>\$ (21,161)</u>	<u>\$ -</u>	<u>\$ 7,177,858</u>

## 7. PAYABLES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 5,306,723	\$ 497,949	\$ 7,149,450
Accrued liabilities	3,700,360	171,047	4,607,283
Due to other governments	716,210	-	1,162,853
Deposits payable	83,356	372,030	125,392
Advance from primary government	-	-	400,000
Total payables	<u>\$ 9,806,649</u>	<u>\$ 1,041,026</u>	<u>\$ 13,444,978</u>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012, was as follows:

Due to/from primary government funds:

	Due from Other Funds	Due to Other Funds
General fund	\$ 853,138	\$ 1,441,282
Health department	175,929	-
Nonmajor governmental funds	2,226,482	1,072,692
Nonmajor enterprise funds	-	724,368
Internal service funds	9,184	26,391
	<u>\$ 3,264,733</u>	<u>\$ 3,264,733</u>

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.

Advances to/from other funds:

	Advance From	Advance To
General	\$ 45,000	\$ -
Nonmajor enterprise funds	-	20,000
Internal service funds	-	25,000
	<u>\$ 45,000</u>	<u>\$ 45,000</u>

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

For the year ended September 30, 2012, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 4,702,196	\$ 7,685,436
Health department	926,003	200,000
Nonmajor governmental funds	8,682,209	3,796,285
Delinquent tax revolving fund	-	1,500,000
Building Authority - Event Center	220,000	-
Nonmajor enterprise funds	1,100	999,787
Internal service funds	-	350,000
	<u>\$ 14,531,508</u>	<u>\$ 14,531,508</u>

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, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Primary Government</b>					
Governmental activities:					
General obligation bonds	\$ 33,495,520	\$ -	\$ (1,104,384)	\$ 32,391,136	\$ 1,171,494
Long-term advances	80,000	-	-	80,000	-
Compensated absences	1,656,285	87,498	(33,459)	1,710,324	1,710,324
	<u>\$ 35,231,805</u>	<u>\$ 87,498</u>	<u>\$ (1,137,843)</u>	<u>\$ 34,181,460</u>	<u>\$ 2,881,818</u>
Business-type activities:					
General obligation notes	\$ 23,071,000	\$ 16,800,000	\$ (15,571,000)	\$ 24,300,000	\$ 12,550,000
Compensated absences	8,700	10,982	(11,675)	8,007	8,007
	<u>\$ 23,079,700</u>	<u>\$ 16,810,982</u>	<u>\$ (15,582,675)</u>	<u>\$ 24,308,007</u>	<u>\$ 12,558,007</u>
<b>Component Units</b>					
Road Commission:					
Compensated absences	\$ 559,156	\$ 62,581	\$ (24,224)	\$ 597,513	\$ -
SIB Loan	1,228,181	-	-	1,228,181	-
	<u>\$ 1,787,337</u>	<u>\$ 62,581</u>	<u>\$ (24,224)</u>	<u>\$ 1,825,694</u>	<u>\$ -</u>
Brownfield Redevelopment Authority:					
Loans from State of Michigan	\$ 333,846	\$ -	\$ (50,670)	\$ 283,176	\$ 51,757
Department of Public Works:					
General obligation bonds	\$ 19,680,000	\$ 1,695,000	\$ (3,975,514)	\$ 17,399,486	\$ 972,000
Drain Commission:					
General obligation bonds and notes	\$ 4,981,067	\$ -	\$ (1,895,334)	\$ 3,085,733	\$ 542,334
Community Mental Health Authority:					
Notes	\$ 1,811,497	\$ -	\$ (206,885)	\$ 1,604,612	\$ 1,176,796
Capital lease	302,393	23,396	(77,944)	247,845	83,700
Compensated absences	422,253	66,636	(36,828)	452,061	45,206
	<u>\$ 2,536,143</u>	<u>\$ 90,032</u>	<u>\$ (321,657)</u>	<u>\$ 2,304,518</u>	<u>\$ 1,305,702</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, \$64,117 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%	\$ 32,391,136
Business-type activities	1.23 - 4.0%	<u>24,300,000</u>
Total primary government		<u>\$ 56,691,136</u>

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
2013	\$ 1,171,494	\$ 1,574,248	\$ 12,550,000	\$ 250,088
2014	1,238,641	1,530,455	8,565,000	150,500
2015	1,375,824	1,483,711	80,000	63,700
2016	1,383,045	1,431,894	100,000	62,100
2017	1,300,303	1,369,536	115,000	60,100
2018-2022	8,326,747	5,738,551	815,000	261,213
2023-2027	11,815,082	3,282,802	955,000	197,929
2028-2032	5,780,000	438,500	1,120,000	91,095
Total	<u>\$ 32,391,136</u>	<u>\$ 16,849,697</u>	<u>\$ 24,300,000</u>	<u>\$ 1,136,725</u>

### 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 annual installments beginning in September 2004 and ending in April 2019 and bear an interest rate of 2.00% to 2.25%.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

Annual principal and interest requirements to service all debt outstanding as of September 30, 2012, are as follows:

Year Ending September 30,	Principal	Interest
2013	\$ 51,757	\$ 5,965
2014	52,867	4,855
2015	37,295	3,722
2016	38,078	2,939
2017	38,876	2,141
2018-2019	64,303	1,817
<b>Total</b>	<b>\$ 283,176</b>	<b>\$ 21,439</b>

### *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.

During the current fiscal year the Department of Public Works issued General Obligation Refunding bonds for \$1,305,000 to refund the Carrollton Township Water Main Improvements Project Phase III bonds which had \$1,270,000 in principal outstanding. The bond is issued for ten years and bear interest at 2.23%. The refunding resulted in an economic gain of \$74,155.

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 2051 and bear interest at varying rates from 2.00% to 7.00%. 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
2013	\$ 972,000	\$ 687,913
2014	1,344,486	657,946
2015	1,307,000	595,271
2016	1,338,000	538,432
2017	1,025,000	479,345
2018-2022	2,720,000	1,855,935
2023-2027	1,858,000	1,390,746
2028-2032	1,841,000	1,060,796
2033-2037	1,959,000	745,252
2038-2042	1,726,000	408,282
2043-2047	1,071,000	154,091
2048-2051	238,000	18,420
<b>Total</b>	<b>\$ 17,399,486</b>	<b>\$ 8,592,429</b>

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *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
2013	\$ 542,334	\$ 97,755
2014	677,334	86,613
2015	477,334	63,055
2016	482,334	47,288
2017	471,396	31,302
2018-2020	<u>435,001</u>	<u>32,440</u>
Total	<u>\$ 3,085,733</u>	<u>\$ 358,453</u>

### *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, 2012, are as follows:

Year Ending September 30,	Principal	Interest
2013	1,176,796	49,571
2014	141,532	13,409
2015	146,842	8,096
2016	<u>139,442</u>	<u>2,587</u>
Total	<u>\$ 1,604,612</u>	<u>\$ 73,663</u>

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 \$18,938 for the year ended September 30, 2012.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

Required future payments for remaining noncancelable lease terms in excess of one year as of September 30, 2012 are as follows:

	Year Ending September 30,	Principal
	2013	\$ 83,700
	2014	83,700
	2015	83,700
	2016	<u>34,898</u>
Total minimum payments due		\$ 285,998
Less amounts representing interest at 4.5%		<u>(38,153)</u>
Present value of net minimum lease payments		<u>\$ 247,845</u>

### 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, 2012, was \$75,000.

## 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 11, 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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

*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 2012 was \$378,790 based upon current payroll levels per the 2009 actuarial valuation. Under the plan, employees in eight 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	\$ 4,545,480
Less: Interest on net pension asset	(106,848)
Plus: Adjustment to annual required contribution	<u>156,297</u>
Annual pension cost	4,594,929
Contributions made	<u>(4,545,480)</u>
Decrease in net pension asset	49,449
Net pension asset, beginning of year	<u>(1,335,602)</u>
Net pension asset, end of year	<u><u>\$ (1,286,153)</u></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, 2011, the date of the latest actuarial valuation, was 17 years.

Three-Year Trend Information			
Fiscal Period Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2010	\$ 3,007,374	97%	\$ 1,386,952
9/30/2011	3,886,802	99%	1,335,602
9/30/2012	4,594,929	99%	1,286,153

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, MERS was 64 percent funded. The actuarial accrued liability for benefits was \$138,842,567, and the actuarial value of assets was \$89,484,329, resulting in an unfunded actuarial accrued liability (UAAL) of \$49,358,238. The covered payroll (annual payroll of active employees covered by MERS) was \$6,152,188, and the ratio of the UAAL to the covered payroll was 802 percent.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 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
12/31/2009	\$ 194,872	177%	\$ 150,000
12/31/2010	251,039	100%	-
12/31/2011	346,311	100%	-

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, MERS was 92 percent funded. The actuarial accrued liability for benefits was \$26,498,544, and the actuarial value of assets was \$24,385,884, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,112,660. The covered payroll (annual payroll of active employees covered by MERS) was \$3,418,831, and the ratio of the UAAL to the covered payroll was 62 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
9/30/2010	\$ 295,333	100%	\$ -
9/30/2011	329,328	100%	-
9/30/2012	339,305	100%	-

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, MERS was 63 percent funded. The actuarial accrued liability for benefits was \$16,415,960, and the actuarial value of assets was \$10,255,234, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,160,726. The covered payroll (annual payroll of active employees covered by MERS) was \$923,398, and the ratio of the UAAL to the covered payroll was 667 percent.

### 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%

Currently, the County has a two-tiered system regarding employee and employer contributions to the defined contribution pension plan based upon the employee’s date of hire. Current plan provisions do not allow for any employee to change their election contribution. Each bargaining group negotiated a specific date to use when defining an employee as a new hire or as a current employee and these dates generally reflect the date their contract was ratified. These dates range for new hires fall between November 2004 and September 2007 (refer to specific bargaining agreements for exact dates).

Employees classified as current employees under each bargaining agreement may elect to contribute either 0% or 3% of their annual salary. If the employee elects to contribute 0% of their salary, the County is required to contribute 6% of the employee’s salary. If the employee elects to contribute 3% of their salary, the County is required to contribute 9% of the employee’s annual salary.

More recently, employees classified as a new hire under each bargaining agreement may elect to contribute either 0% or 6% of their annual salary. If the employee elects to contribute 0% of their annual salary, the County is required to contribute 3% of the employee’s annual salary. If the employee elects to contribute 6% of their annual salary, the County is required to contribute 6% of the employee’s annual salary.

Plan provisions and contribution requirements are established and may be amended by the Saginaw County Board of Commissioners.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

At September 30, 2012, there were 528 plan members. Employer contributions to the Plan for the year ended September 30, 2012, amounted to \$1,837,446 and employee contributions were \$860,143.

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

### 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 \$4,057,775.

*Funding progress.* For the year ended September 30, 2012, 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, 2011, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	427
Active employees	<u>315</u>
Total	<u><u>742</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 contracts.

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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

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 2022 and beyond.

*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	\$ 10,901,234
Less: Interest on net OPEB obligation	672,376
Plus: Adjustment to annual required contribution	(823,809)
Annual OPEB cost	<u>10,749,801</u>
Contributions made	(4,057,775)
Increase in net OPEB obligation	<u>6,692,026</u>
Net OPEB obligation, beginning of year	<u>11,206,272</u>
Net OPEB obligation, end of year	<u><u>\$ 17,898,298</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
9/30/2012	10,749,801	38%	17,898,298

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, the Plan was 9 percent funded. The actuarial accrued liability for benefits was \$136,884,482, and the actuarial value of assets was \$11,913,064, resulting in an unfunded actuarial accrued liability (UAAL) of \$124,971,418. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,109,758, and the ratio of the UAAL to the covered payroll was 827 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 - Road Commission

*Plan description.* The Road Commission administers a single employer defined benefit post employment benefit plan (the "Plan"). The Plan provides healthcare, dental and life insurance benefits in accordance with the Saginaw County Road Commission's union contract Article 28, to all employees who retire from the Road Commission and qualify for benefits under MERS. Coverage for non-union employees is provided upon the discretion of management. As the time of the last actuarial report, as of December 31, 2007, the Plan provided up to 100% of health insurance benefits depending on coverage elected by the employee.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

*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.

The Plan’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 was as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
12/31/2009	\$ 1,400,661	63%	\$ 480,797
12/31/2010	1,406,270	64%	941,263
12/31/2011	1,539,457	51%	1,696,066

*Funded Status and Funding Progress.* As of December 31, 2007, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits was \$23,370,956, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$23,370,956.

*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 4.5% per year compounded annually, (b) projected salary increases of 4.8 to 12.9% depending on age, attributable to seniority/merit, and (c) health care cost increases of 4.5% to 9%.

### 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 2012 was as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/2010	\$ 1,540,048	100%	\$ -
9/30/2011	1,729,851	100%	-
9/30/2012	1,807,694	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, 2009. 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 2009 and scaling down by 1% every other year until it is 4.5% for 2018 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 \$350,000 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 \$1,000,000. 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.

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

The claims liability of \$85,209 reported at September 30, 2012, 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.

The changes in the claims liability for the years ended September 30, 2011 and 2012, are as follows:

	Current Year Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2011	\$ 282,639	\$ (135,833)	\$ 99,694	\$ 47,112
2012	47,112	62,546	24,449	85,209

### 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 \$250,000 for each claim. After the first \$250,000 and up to \$15,000,000, insurance is provided by Travelers. 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, 2011 and 2012, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2011	\$ 1,134,566	\$ 152,872	\$ 621,705	\$ 665,733
2012	665,733	(125,664)	132,771	407,298

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 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, 2011 and 2012, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2011	\$ 1,031,223	\$ 10,039,122	\$ 10,089,951	\$ 980,394
2012	980,394	7,656,454	8,030,837	606,011

### 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, 2011 and 2012, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2011	\$ 23,663	\$ 552,267	\$ 552,025	\$ 23,905
2012	23,905	448,201	434,696	37,410

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### *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. 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, 2011 and 2012, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2011	\$ 2,642	\$ 59,963	\$ 58,023	\$ 4,582
2012	4,582	38,933	42,002	1,513

## 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, 2011, totaled \$5,027,106,717. The tax levy for 2011/2012 operations were based on the following rates:

General Operating	4.85580	mills
Law Enforcement	0.33940	mills
Mosquito Control	0.49930	mills
Senior Citizens	0.43000	mills
Sheriff Service	1.00000	mills
Hospital Debt	0.45850	mills
County Parks	0.16150	mills
Castle Museum	0.19970	mills
Event Center	0.22500	mills
Animal Control	0.15000	mills
Hospital Operating	0.20000	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).

# COUNTY OF SAGINAW, MICHIGAN

## Notes To Financial Statements

### 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, 2012, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 3,580,307	\$ 3,150,288	\$ 1,792,053
Capital assets being depreciated, net	<u>20,690,566</u>	<u>13,807,201</u>	<u>204,706,648</u>
	<u>24,270,873</u>	<u>16,957,489</u>	<u>206,498,701</u>
Related debt:			
Bonds and notes payable	32,391,136	3,300,000	6,166,371
Less: long-term receivable for repayment of debt service	<u>(29,545,000)</u>	<u>-</u>	<u>-</u>
	<u>2,846,136</u>	<u>3,300,000</u>	<u>6,166,371</u>
Invested in capital assets, net of related debt	<u>\$ 21,424,737</u>	<u>\$ 13,657,489</u>	<u>\$ 200,332,330</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
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%	6,477,736	721%
2011	89,484,329	138,842,567	49,358,238	64%	6,152,188	802%

Schedule of Employer Contributions		
Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2007	\$ 3,088,881	95%
2008	3,213,772	97%
2009	3,287,468	97%
2010	3,007,374	97%
2011	3,835,452	100%
2012	4,545,480	100%

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%	\$ 17,582,701	475%
2009	11,544,398	98,501,429	86,957,031	12%	17,177,565	506%
2010	13,065,654	131,957,659	118,892,005	10%	15,678,759	758%
2011	11,913,064	136,884,482	124,971,418	9%	15,109,758	827%

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%
2012	10,901,234	37%

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, 2011) follows:

Actuarial cost method	Individual entry age
Amortization method	Level dollar, open
Remaining amortization period	26 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 2013, grading to 4.5 percent in 2022

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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 a special voted tax, 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 Management 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 Activity 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.

## COUNTY OF SAGINAW, MICHIGAN

### Nonmajor Governmental Funds (Continued)

#### Special Revenue Funds (Continued)

**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.

**Dredged Materials Disposal Facility** - This fund is used to account for the operations and 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, rental agreements, and interest earnings. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

**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.

## COUNTY OF SAGINAW, MICHIGAN

### Nonmajor Governmental Funds (Continued)

#### Special Revenue Funds (Continued)

**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.

**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.

**Remonumentation Fund** - This fund is used to account for surveying and remonumentation 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)

**Jail Records Management Fund** - This fund is used to account for the creation and maintenance of a records management system for the Saginaw County jail. 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 1968, as amended.

**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.

## COUNTY OF SAGINAW, MICHIGAN

### ■ Nonmajor Governmental Funds (Concluded)

#### Debt Service Funds (Concluded)

**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.

#### 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.

**Mainframe Conversion Project Fund** - This fund is used to account for the conversion of the County's existing mainframe software to a .net platform and replace existing IBM hardware. It is anticipated that this conversion will take place in four separate phases over several years. Money for the operation of this fund is supplied from contributions from other funds 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.

**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, 2012

	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	\$ 1,068,684	\$ 253,095	\$ 722,391	\$ 19,173	\$ 1,400
Receivables (net):					
Taxes	8,010	32,207	14,984	-	-
Accounts	157,680	4,768	6,506	-	7,410
Notes	-	-	-	-	-
Accrued interest	1,575	605	1,067	-	63
Due from other funds	2,459	424	-	-	-
Due from other governmental units	-	-	-	-	393,237
Other assets	1,128	-	2,784	-	1,166
<b>Total assets</b>	<u>\$ 1,239,536</u>	<u>\$ 291,099</u>	<u>\$ 747,732</u>	<u>\$ 19,173</u>	<u>\$ 403,276</u>
<b>Liabilities</b>					
Accounts payable	\$ 21,076	\$ 3,097	\$ 24,641	\$ -	\$ 11,455
Accrued liabilities	80,085	38,818	16,678	4,648	79,346
Deposits payable	4,971	-	-	-	-
Due to other funds	678,089	-	-	-	6,139
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	25,846	32,207	14,984	-	-
<b>Total liabilities</b>	<u>810,067</u>	<u>74,122</u>	<u>56,303</u>	<u>4,648</u>	<u>96,940</u>
<b>Fund balances</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation	-	-	368,428	-	-
Donations	-	-	2,271	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for:					
Employee payroll reserve	429,469	216,977	95,779	-	-
Budget stabilization	-	-	44,990	-	-
Public safety	-	-	-	-	-
Assigned:					
General government	-	-	-	14,525	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	306,336
Capital projects	-	-	179,961	-	-
<b>Total fund balances</b>	<u>429,469</u>	<u>216,977</u>	<u>691,429</u>	<u>14,525</u>	<u>306,336</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,239,536</u>	<u>\$ 291,099</u>	<u>\$ 747,732</u>	<u>\$ 19,173</u>	<u>\$ 403,276</u>

Special Revenue Funds						
Solid Waste	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Planning Commission	Dredged Materials Disposal
\$ 819,423	\$ 3,979	\$ 244,021	\$ 1,657,361	\$ 1,174,181	\$ 59,752	\$ 7,134
-	-	16,575	33,256	40,330	-	-
74,075	790,651	2,819	14,270	8,599	-	-
-	-	-	-	-	2,001,170	-
1,053	-	357	2,252	1,794	11	11
-	-	-	-	-	-	-
-	-	-	213,503	-	57,987	-
-	-	-	26,249	-	-	-
<u>\$ 894,551</u>	<u>\$ 794,630</u>	<u>\$ 263,772</u>	<u>\$ 1,946,891</u>	<u>\$ 1,224,904</u>	<u>\$ 2,118,920</u>	<u>\$ 7,145</u>
\$ 103	\$ 754,883	\$ -	\$ 85,724	\$ 47,568	\$ 71,805	\$ 2,726
-	-	-	59,818	28,767	6,664	-
-	-	-	-	-	-	-
175,929	39,747	-	-	-	-	-
-	-	-	-	-	228,989	-
-	-	-	-	-	-	-
-	-	16,575	65,243	40,330	1,773,723	-
<u>176,032</u>	<u>794,630</u>	<u>16,575</u>	<u>210,785</u>	<u>116,665</u>	<u>2,081,181</u>	<u>2,726</u>
-	-	-	-	-	5,725	-
-	-	-	-	-	-	-
718,519	-	-	-	-	-	-
-	-	-	1,020,075	658,772	-	-
-	-	-	-	-	-	-
-	-	10,331	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	236,866	510,028	296,113	-	-
-	-	-	206,003	153,354	-	-
-	-	-	-	-	-	-
-	-	-	-	-	32,014	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4,419
-	-	-	-	-	-	-
<u>718,519</u>	<u>-</u>	<u>247,197</u>	<u>1,736,106</u>	<u>1,108,239</u>	<u>37,739</u>	<u>4,419</u>
<u>\$ 894,551</u>	<u>\$ 794,630</u>	<u>\$ 263,772</u>	<u>\$ 1,946,891</u>	<u>\$ 1,224,904</u>	<u>\$ 2,118,920</u>	<u>\$ 7,145</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 September 30, 2012

	Special Revenue Funds				
	Principal Residence Exemption	Courthouse Preservation Technology	Animal Control	Land Reutilization	Small Cities Reuse
<b>Assets</b>					
Cash and investment pool	\$ 69,953	\$ 174,415	\$ 183,032	\$ -	\$ 1,598,992
Receivables (net):					
Taxes	41,270	-	2,753	-	-
Accounts	1,079	-	7,003	-	-
Notes	-	-	-	-	1,513,754
Accrued interest	55	195	-	-	1,917
Due from other funds	-	-	-	582,787	-
Due from other governmental units	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<u>\$ 112,357</u>	<u>\$ 174,610</u>	<u>\$ 192,788</u>	<u>\$ 582,787</u>	<u>\$ 3,114,663</u>
<b>Liabilities</b>					
Accounts payable	\$ 25,583	\$ (49)	\$ 4,591	\$ 582,787	\$ 2,984
Accrued liabilities	882	-	12,987	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	649	-	-	4,831
Due to other governmental units	40,725	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	-	-	2,753	-	1,513,754
<b>Total liabilities</b>	<u>67,190</u>	<u>600</u>	<u>20,331</u>	<u>582,787</u>	<u>1,521,569</u>
<b>Fund balances</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	1,593,094
Recreation	-	-	-	-	-
Donations	-	-	80,114	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for:					
Employee payroll reserve	-	-	88,959	-	-
Budget stabilization	-	-	3,384	-	-
Public safety	-	-	-	-	-
Assigned:					
General government	45,167	174,010	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<u>45,167</u>	<u>174,010</u>	<u>172,457</u>	<u>-</u>	<u>1,593,094</u>
<b>Total liabilities and fund balances</b>	<u>\$ 112,357</u>	<u>\$ 174,610</u>	<u>\$ 192,788</u>	<u>\$ 582,787</u>	<u>\$ 3,114,663</u>

Special Revenue Funds						
Register of Deeds Automation	E-911 Telephone Surcharge	Mobile Data Maintenance & Repair	Area Records Management System	County Library Board	Remonumentation	Special Projects
\$ 825,182	\$ 1,036,055	\$ 1,876,374	\$ 265,043	\$ -	\$ 20,000	\$ 433,889
-	-	-	-	-	-	-
5,340	1,163,674	-	18,434	-	-	56,160
-	-	-	-	-	-	-
993	1,661	2,229	352	-	-	-
-	-	-	19,178	-	-	-
-	98,209	-	-	-	41,834	84,186
-	-	-	-	-	-	-
<u>\$ 831,515</u>	<u>\$ 2,299,599</u>	<u>\$ 1,878,603</u>	<u>\$ 303,007</u>	<u>\$ -</u>	<u>\$ 61,834</u>	<u>\$ 574,235</u>
\$ 3,389	\$ -	\$ 24,873	\$ 4,473	\$ -	\$ 54,205	\$ 76,394
-	-	-	6,032	-	-	8,268
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,389	-	24,873	10,505	-	54,205	84,662
828,126	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,299,599	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	7,629	489,573
-	-	1,853,730	292,502	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
828,126	2,299,599	1,853,730	292,502	-	7,629	489,573
<u>\$ 831,515</u>	<u>\$ 2,299,599</u>	<u>\$ 1,878,603</u>	<u>\$ 303,007</u>	<u>\$ -</u>	<u>\$ 61,834</u>	<u>\$ 574,235</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 September 30, 2012

	Special Revenue Funds				
	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections	Local Correction Officer Training	Jail Records Management
<b>Assets</b>					
Cash and investment pool	\$ 1,863,846	\$ -	\$ -	\$ 88,030	\$ -
Receivables (net):					
Taxes	-	-	-	-	-
Accounts	15,826	-	-	690	-
Notes	-	-	-	-	-
Accrued interest	1,440	-	-	84	-
Due from other funds	9,235	25,281	7,408	-	-
Due from other governmental units	240,332	73,623	62,606	-	19,178
Other assets	700	-	-	-	-
<b>Total assets</b>	<b>\$ 2,131,379</b>	<b>\$ 98,904</b>	<b>\$ 70,014</b>	<b>\$ 88,804</b>	<b>\$ 19,178</b>
<b>Liabilities</b>					
Accounts payable	\$ 360,553	\$ 1,408	\$ 10,732	\$ 1,728	\$ -
Accrued liabilities	18,587	17,744	5,762	829	-
Deposits payable	41,621	-	-	-	-
Due to other funds	11,711	78,772	50,648	-	19,178
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	522,701	-	-	-	-
<b>Total liabilities</b>	<b>955,173</b>	<b>97,924</b>	<b>67,142</b>	<b>2,557</b>	<b>19,178</b>
<b>Fund balances</b>					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	-	-	86,247	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation	-	-	-	-	-
Donations	-	-	-	-	-
Debt service	-	-	-	-	-
Permanent trusts	-	-	-	-	-
Committed for:					
Employee payroll reserve	-	-	-	-	-
Budget stabilization	-	-	-	-	-
Public safety	1,176,206	-	-	-	-
Assigned:					
General government	-	-	-	-	-
Public safety	-	-	2,872	-	-
Health and welfare	-	980	-	-	-
Capital projects	-	-	-	-	-
<b>Total fund balances</b>	<b>1,176,206</b>	<b>980</b>	<b>2,872</b>	<b>86,247</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,131,379</b>	<b>\$ 98,904</b>	<b>\$ 70,014</b>	<b>\$ 88,804</b>	<b>\$ 19,178</b>

Special Revenue Funds				Debt Service Funds		
MSU Extension	Department of Human Services	Child Care	Veterans' Trust	Hospital Construction	Qualified Energy Bond	Juvenile Center Renovation
\$ 79,856	\$ 486,503	\$ 3,224,740	\$ -	\$ 1,203,419	\$ 40	\$ 29,271
-	-	-	-	38,907	-	3,630
6,657	-	131,330	-	6,475	-	95
-	-	-	-	-	-	-
100	-	-	-	1,476	-	36
-	-	-	-	-	-	-
63,724	29,572	513,541	8,416	-	-	-
953	-	743	169	-	-	-
<u>\$ 151,290</u>	<u>\$ 516,075</u>	<u>\$ 3,870,354</u>	<u>\$ 8,585</u>	<u>\$ 1,250,277</u>	<u>\$ 40</u>	<u>\$ 33,032</u>
\$ 65,037	\$ 20,135	\$ 217,306	\$ 4,803	\$ -	\$ -	\$ -
1,604	414,550	68,466	-	-	-	-
-	-	-	-	-	-	-
578	1,390	-	3,782	-	-	-
-	-	78,872	-	-	-	-
-	80,000	-	-	-	-	-
65,362	-	-	-	38,907	-	3,630
<u>132,581</u>	<u>516,075</u>	<u>364,644</u>	<u>8,585</u>	<u>38,907</u>	<u>-</u>	<u>3,630</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,179	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,211,370	40	29,402
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,709	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,504,531	-	-	-	-
-	-	-	-	-	-	-
<u>18,709</u>	<u>-</u>	<u>3,505,710</u>	<u>-</u>	<u>1,211,370</u>	<u>40</u>	<u>29,402</u>
<u>\$ 151,290</u>	<u>\$ 516,075</u>	<u>\$ 3,870,354</u>	<u>\$ 8,585</u>	<u>\$ 1,250,277</u>	<u>\$ 40</u>	<u>\$ 33,032</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 September 30, 2012

	Debt Service Fund	Permanent Fund	Capital Project Funds		
	Building Authority	Rail Trail Endowment	Parks Building & Site	Mainframe Coverion Project	Qualified Energy Bond Project
<b>Assets</b>					
Cash and investment pool	\$ 189,827	\$ 41,332	\$ 21,291	\$ 576,648	\$ -
Receivables (net):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Accrued interest	234	51	29	715	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<b>\$ 190,061</b>	<b>\$ 41,383</b>	<b>\$ 21,320</b>	<b>\$ 577,363</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 1,241	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,241</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	190,061	-	-	-	-
Permanent trusts	-	41,383	-	-	-
Committed for:					
Employee payroll reserve	-	-	-	-	-
Budget stabilization	-	-	-	-	-
Public safety	-	-	-	-	-
Assigned					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital projects	-	-	20,079	577,363	-
<b>Total fund balances</b>	<b>190,061</b>	<b>41,383</b>	<b>20,079</b>	<b>577,363</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 190,061</b>	<b>\$ 41,383</b>	<b>\$ 21,320</b>	<b>\$ 577,363</b>	<b>\$ -</b>



	Total
Public Improvement	Nonmajor Governmental Funds
\$ 971,883	\$ 21,290,215
-	231,922
-	2,479,541
-	3,514,924
1,363	21,718
1,579,710	2,226,482
-	1,899,948
-	33,892
<u>\$ 2,552,956</u>	<u>\$ 31,698,642</u>

\$ 102,967	2,588,218
-	870,535
-	46,592
1,249	1,072,692
-	348,586
-	80,000
-	4,116,015
<u>104,216</u>	<u>9,122,638</u>

-	833,851
-	86,247
-	718,519
-	3,979,625
-	1,593,094
-	378,759
-	82,385
-	1,430,873
-	41,383
-	1,874,191
-	407,731
-	1,176,206
-	781,627
-	2,149,104
-	3,816,266
2,448,740	3,226,143
<u>2,448,740</u>	<u>22,576,004</u>
<u>\$ 2,552,956</u>	<u>\$ 31,698,642</u>

(concluded)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2012

	Special Revenue Funds				
	Law Enforcement	County Road Patrol Millage	Parks & Recreation	G.I.S. System	Friend of the Court
Revenue					
Property taxes	\$ 4,804,675	\$ 1,627,656	\$ 774,389	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	2,555,830
State grants	-	-	6,595	-	211,736
Local grants and contributions	-	-	-	-	-
Charges for services	8,475	4,801	64,020	-	340,920
Fines and forfeitures	2,610	-	-	-	-
Investment income	3,307	1,617	2,721	-	149
Rental revenue	-	-	-	-	-
Donations	-	-	15,410	-	-
Reimbursements	891,816	-	3,061	165,315	70,985
Other revenue	-	-	6,174	-	-
<b>Total revenue</b>	<b>5,710,883</b>	<b>1,634,074</b>	<b>872,370</b>	<b>165,315</b>	<b>3,179,620</b>
Expenditures					
Current:					
Judicial	-	-	-	-	4,083,924
General government	-	-	-	157,704	-
Public safety	3,117,661	1,851,874	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	846,455	-	-
Capital outlay	-	26,567	14,755	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>3,117,661</b>	<b>1,878,441</b>	<b>861,210</b>	<b>157,704</b>	<b>4,083,924</b>
Revenues over (under) expenditures	2,593,222	(244,367)	11,160	7,611	(904,304)
Other financing sources (uses)					
Transfers in	416,000	-	-	-	993,627
Transfers out	(2,701,500)	(12,000)	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(2,285,500)</b>	<b>(12,000)</b>	<b>-</b>	<b>-</b>	<b>993,627</b>
Net change in fund balances	307,722	(256,367)	11,160	7,611	89,323
Fund balance, beginning of year	121,747	473,344	680,269	6,914	217,013
<b>Fund balance, end of year</b>	<b>\$ 429,469</b>	<b>\$ 216,977</b>	<b>\$ 691,429</b>	<b>\$ 14,525</b>	<b>\$ 306,336</b>

Special Revenue Funds						
Solid Waste	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Planning Commission	Dredged Materials Disposal
\$ -	\$ -	\$ 957,780	\$ 2,061,885	\$ 2,394,799	\$ -	\$ -
-	2,524,584	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,247,768	-	455,777	-
-	-	-	206,987	-	12,787	-
-	-	-	500	-	-	-
279,202	-	-	214,699	9,937	60	-
-	-	-	-	-	-	-
3,218	-	786	5,311	4,902	29	42
-	-	-	-	1,500	-	12,320
-	-	-	225,019	-	-	-
-	-	21,861	18,559	339,874	-	-
-	-	-	52,470	1,292	24,258	-
<u>282,420</u>	<u>2,524,584</u>	<u>980,427</u>	<u>4,033,198</u>	<u>2,752,304</u>	<u>492,911</u>	<u>12,362</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
475,212	-	-	-	-	-	-
-	-	-	3,774,610	2,806,112	-	21,435
-	2,524,584	-	-	-	584,522	-
-	-	981,345	-	-	-	-
-	-	-	35,833	15,188	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>475,212</u>	<u>2,524,584</u>	<u>981,345</u>	<u>3,810,443</u>	<u>2,821,300</u>	<u>584,522</u>	<u>21,435</u>
<u>(192,792)</u>	<u>-</u>	<u>(918)</u>	<u>222,755</u>	<u>(68,996)</u>	<u>(91,611)</u>	<u>(9,073)</u>
-	-	-	-	41,976	80,303	-
(147,867)	-	-	-	-	-	-
-	-	-	43,000	-	-	-
<u>(147,867)</u>	<u>-</u>	<u>-</u>	<u>43,000</u>	<u>41,976</u>	<u>80,303</u>	<u>-</u>
(340,659)	-	(918)	265,755	(27,020)	(11,308)	(9,073)
<u>1,059,178</u>	<u>-</u>	<u>248,115</u>	<u>1,470,351</u>	<u>1,135,259</u>	<u>49,047</u>	<u>13,492</u>
<u>\$ 718,519</u>	<u>\$ -</u>	<u>\$ 247,197</u>	<u>\$ 1,736,106</u>	<u>\$ 1,108,239</u>	<u>\$ 37,739</u>	<u>\$ 4,419</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2012

	Special Revenue Funds				
	Principal Residence Exemption	Courthouse Preservation Technology	Animal Control	Land Reutilization	Small Cities Reuse
Revenue					
Property taxes	\$ -	\$ -	\$ 719,642	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	21,935	-	-
Federal grants	-	-	-	-	-
State grants	-	-	-	-	-
Local grants and contributions	-	-	-	-	-
Charges for services	896	184,338	47,912	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	3,874	639	-	-	5,103
Rental revenue	-	-	-	-	-
Donations	-	-	17,976	-	-
Reimbursements	-	-	-	-	363,243
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>4,770</b>	<b>184,977</b>	<b>807,465</b>	<b>-</b>	<b>368,346</b>
Expenditures					
Current:					
Judicial	-	16,272	-	-	-
General government	-	-	-	582,787	-
Public safety	-	-	785,503	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	18,474	-	-	-	318,352
Recreation and culture	-	-	-	-	-
Capital outlay	-	21,463	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>18,474</b>	<b>37,735</b>	<b>785,503</b>	<b>582,787</b>	<b>318,352</b>
Revenues over (under) expenditures	(13,704)	147,242	21,962	(582,787)	49,994
Other financing sources (uses)					
Transfers in	-	-	-	582,787	-
Transfers out	-	(250,000)	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(250,000)</b>	<b>-</b>	<b>582,787</b>	<b>-</b>
Net change in fund balances	(13,704)	(102,758)	21,962	-	49,994
Fund balance, beginning of year	58,871	276,768	150,495	-	1,543,100
Fund balance, end of year	\$ 45,167	\$ 174,010	\$ 172,457	\$ -	\$ 1,593,094

Special Revenue Funds						
Register of Deeds Automation	E-911 Telephone Surcharge	Mobile Data Maintenance & Repair	Area Records Management System	County Library Board	Remonumentation	Special Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	214,559
-	432,789	-	-	-	71,762	112,997
-	-	-	-	-	-	-
197,760	4,755,795	370,500	207,736	-	-	9,050
-	-	-	-	54,088	-	16,860
2,513	4,660	5,992	1,094	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	450
-	-	38,318	8,539	-	-	179,580
-	-	-	-	-	-	2,192
<u>200,273</u>	<u>5,193,244</u>	<u>414,810</u>	<u>217,369</u>	<u>54,088</u>	<u>71,762</u>	<u>535,688</u>
-	-	-	-	-	-	237,320
96,190	-	-	-	-	71,761	-
-	5,374,922	431,638	283,387	-	-	148,395
-	-	-	-	-	-	142,523
-	-	-	-	-	-	-
-	-	-	-	-	-	23,155
-	-	-	-	54,088	-	-
-	-	-	53,930	-	-	24,886
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>96,190</u>	<u>5,374,922</u>	<u>431,638</u>	<u>337,317</u>	<u>54,088</u>	<u>71,761</u>	<u>576,279</u>
<u>104,083</u>	<u>(181,678)</u>	<u>(16,828)</u>	<u>(119,948)</u>	<u>-</u>	<u>1</u>	<u>(40,591)</u>
-	-	190,500	-	-	-	107,592
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>190,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,592</u>
104,083	(181,678)	173,672	(119,948)	-	1	67,001
<u>724,043</u>	<u>2,481,277</u>	<u>1,680,058</u>	<u>412,450</u>	<u>-</u>	<u>7,628</u>	<u>422,572</u>
<u>\$ 828,126</u>	<u>\$ 2,299,599</u>	<u>\$ 1,853,730</u>	<u>\$ 292,502</u>	<u>\$ -</u>	<u>\$ 7,629</u>	<u>\$ 489,573</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2012

	Special Revenue Funds				
	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections	Local Correction Officer Training	Jail Records Management
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	758,183	92,942	-	-	-
State grants	252,968	234,296	308,518	-	19,178
Local grants and contributions	-	-	-	-	-
Charges for services	25,233	2,416	-	83,990	-
Fines and forfeitures	124,026	77,129	-	-	-
Investment income	4,066	-	-	227	-
Rental revenue	-	-	-	-	-
Donations	9,708	500	-	-	-
Reimbursements	572,470	32,402	-	-	-
Other revenue	1,100	-	-	-	-
<b>Total revenue</b>	<b>1,747,754</b>	<b>439,685</b>	<b>308,518</b>	<b>84,217</b>	<b>19,178</b>
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	644,901	-	-	-
Public safety	1,591,020	-	264,342	87,544	19,178
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	76,801	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>1,667,821</b>	<b>644,901</b>	<b>264,342</b>	<b>87,544</b>	<b>19,178</b>
Revenues over (under) expenditures	79,933	(205,216)	44,176	(3,327)	-
Other financing sources (uses)					
Transfers in	76,518	205,592	-	-	-
Transfers out	(12,000)	-	(41,304)	-	-
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>64,518</b>	<b>205,592</b>	<b>(41,304)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	144,451	376	2,872	(3,327)	-
Fund balance, beginning of year	1,031,755	604	-	89,574	-
<b>Fund balance, end of year</b>	<b>\$ 1,176,206</b>	<b>\$ 980</b>	<b>\$ 2,872</b>	<b>\$ 86,247</b>	<b>\$ -</b>

Special Revenue Funds				Debt Service Funds		
MSU Extension	Department of Human Services	Child Care	Veterans' Trust	Hospital Construction	Qualified Energy Bond	Juvenile Center Renovation
\$ -	\$ -	\$ -	\$ -	\$ 2,238,907	\$ -	\$ (551)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16,949	-	65,531	-	-	-	-
137,630	372,882	2,063,633	79,173	-	-	-
262,259	-	186,180	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
211	-	-	-	4,040	13	99
-	-	-	-	-	158,091	-
24,542	-	37,893	-	-	-	-
24,840	-	258,674	-	-	-	-
104	-	9,996	-	-	-	-
<u>466,535</u>	<u>372,882</u>	<u>2,621,907</u>	<u>79,173</u>	<u>2,242,947</u>	<u>158,104</u>	<u>(452)</u>
-	-	-	-	-	-	-
676,752	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	589,792	4,648,621	79,173	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	735,000	124,384	-
-	-	-	-	1,480,119	33,707	-
<u>676,752</u>	<u>589,792</u>	<u>4,648,621</u>	<u>79,173</u>	<u>2,215,119</u>	<u>158,091</u>	<u>-</u>
<u>(210,217)</u>	<u>(216,910)</u>	<u>(2,026,714)</u>	<u>-</u>	<u>27,828</u>	<u>13</u>	<u>(452)</u>
215,382	216,910	3,116,047	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>215,382</u>	<u>216,910</u>	<u>3,116,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,165	-	1,089,333	-	27,828	13	(452)
13,544	-	2,416,377	-	1,183,542	27	29,854
<u>\$ 18,709</u>	<u>\$ -</u>	<u>\$ 3,505,710</u>	<u>\$ -</u>	<u>\$ 1,211,370</u>	<u>\$ 40</u>	<u>\$ 29,402</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2012

	Debt Service Fund	Permanent Fund	Capital Projects Funds		
	Building Authority	Rail Trail Endowment	Parks Building & Site	Mainframe Conversion Project	Qualified Energy Bond Project
<b>Revenue</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	-
State grants	-	-	-	-	-
Local grants and contributions	-	-	10,515	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	815	137	101	1,679	69
Rental revenue	158,891	-	-	-	-
Donations	-	-	-	-	-
Reimbursements	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total revenue</b>	<b>159,706</b>	<b>137</b>	<b>10,616</b>	<b>1,679</b>	<b>69</b>
<b>Expenditures</b>					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	22,500	224,316	-
Debt service:					
Principal	245,000	-	-	-	-
Interest and fiscal charges	12,401	-	-	-	-
<b>Total expenditures</b>	<b>257,401</b>	<b>-</b>	<b>22,500</b>	<b>224,316</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>(97,695)</b>	<b>137</b>	<b>(11,884)</b>	<b>(222,637)</b>	<b>69</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	800,000	-
Transfers out	(1,100)	-	-	-	(9,265)
Proceeds from sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,100)</b>	<b>-</b>	<b>-</b>	<b>800,000</b>	<b>(9,265)</b>
<b>Net change in fund balances</b>	<b>(98,795)</b>	<b>137</b>	<b>(11,884)</b>	<b>577,363</b>	<b>(9,196)</b>
<b>Fund balance, beginning of year</b>	<b>288,856</b>	<b>41,246</b>	<b>31,963</b>	<b>-</b>	<b>9,196</b>
<b>Fund balance, end of year</b>	<b>\$ 190,061</b>	<b>\$ 41,383</b>	<b>\$ 20,079</b>	<b>\$ 577,363</b>	<b>\$ -</b>



	Total
Public Improvement	Nonmajor Governmental Funds
\$ -	\$ 15,579,182
-	2,524,584
-	21,935
-	5,407,539
-	4,523,931
-	459,454
-	6,807,740
-	274,713
3,678	61,092
-	330,802
-	331,498
92,056	3,081,593
-	97,586
<u>95,734</u>	<u>39,501,649</u>
-	4,337,516
5,237	2,235,332
102,036	14,057,500
-	617,735
-	11,919,743
-	3,469,087
-	1,881,888
101,068	617,307
-	1,104,384
-	1,526,227
<u>208,341</u>	<u>41,766,719</u>
<u>(112,607)</u>	<u>(2,265,070)</u>
1,638,975	8,682,209
(621,249)	(3,796,285)
-	43,000
<u>1,017,726</u>	<u>4,928,924</u>
905,119	2,663,854
<u>1,543,621</u>	<u>19,912,150</u>
<u>\$ 2,448,740</u>	<u>\$ 22,576,004</u>

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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, 2012

	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	\$ 712,376	\$ 334,912	\$ 78,614	\$ 319,827	\$ 201,247	\$ 1,646,976
Receivables (net):						
Accounts	-	-	1,507	16,060	47,768	65,335
Accrued interest	1,280	407	-	-	-	1,687
Inventory	-	-	-	36,989	-	36,989
Other assets	-	-	-	26,683	-	26,683
<b>Total current assets</b>	<b>713,656</b>	<b>335,319</b>	<b>80,121</b>	<b>399,559</b>	<b>249,015</b>	<b>1,777,670</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	-	-	80,549
Vehicles	-	-	-	58,775	27,214	85,989
Planning and development	-	-	-	8,685,412	-	8,685,412
Construction in progress	-	-	-	57,433	-	57,433
Accumulated depreciation	-	-	(114,482)	(8,065,333)	(27,214)	(8,207,029)
<b>Total noncurrent assets - capital assets</b>	<b>-</b>	<b>-</b>	<b>41,273</b>	<b>2,874,538</b>	<b>-</b>	<b>2,915,811</b>
<b>Total assets</b>	<b>713,656</b>	<b>335,319</b>	<b>121,394</b>	<b>3,274,097</b>	<b>249,015</b>	<b>4,693,481</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	11,286	-	774	3,964	52,658	68,682
Accrued liabilities	4,801	-	1,342	-	-	6,143
Deposits payable	-	-	-	-	10,249	10,249
Due to other funds	582,787	-	473	-	141,108	724,368
Unearned revenue	-	-	-	804	-	804
<b>Total current liabilities</b>	<b>598,874</b>	<b>-</b>	<b>2,589</b>	<b>4,768</b>	<b>204,015</b>	<b>810,246</b>
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	20,000	20,000
Long-term accrued liabilities	4,107	-	3,900	-	-	8,007
Other noncurrent liability - net other postemployment benefit liability	110,675	-	49,043	-	-	159,718
<b>Total noncurrent liabilities</b>	<b>114,782</b>	<b>-</b>	<b>52,943</b>	<b>-</b>	<b>20,000</b>	<b>187,725</b>
<b>Total liabilities</b>	<b>713,656</b>	<b>-</b>	<b>55,532</b>	<b>4,768</b>	<b>224,015</b>	<b>997,971</b>
<b>Net assets</b>						
Invested in capital assets	-	-	41,273	2,874,538	-	2,915,811
Unrestricted	-	335,319	24,589	394,791	25,000	779,699
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ 335,319</b>	<b>\$ 65,862</b>	<b>\$ 3,269,329</b>	<b>\$ 25,000</b>	<b>\$ 3,695,510</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, 2012

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Operating revenues						
Charges for services	\$ 1,002,070	\$ 17,401	\$ 83,959	\$ 185,194	\$ 801,159	\$ 2,089,783
Fines and forfeitures	-	-	33,604	-	-	33,604
Rental revenue	-	-	-	105,281	-	105,281
Reimbursements	-	-	-	-	5,651	5,651
Other revenue	-	-	-	-	76,329	76,329
<b>Total operating revenues</b>	<b>1,002,070</b>	<b>17,401</b>	<b>117,563</b>	<b>290,475</b>	<b>883,139</b>	<b>2,310,648</b>
Operating expenses						
Personal services	-	578	35,967	-	-	36,545
Fringe benefits	-	-	70,754	-	-	70,754
Supplies	-	-	3,083	747	435,982	439,812
Services and charges	716,536	5,950	27,291	307,560	29,460	1,086,797
Depreciation	-	-	-	317,567	474	318,041
<b>Total operating expenses</b>	<b>716,536</b>	<b>6,528</b>	<b>137,095</b>	<b>625,874</b>	<b>465,916</b>	<b>1,951,949</b>
<b>Operating income (loss)</b>	<b>285,534</b>	<b>10,873</b>	<b>(19,532)</b>	<b>(335,399)</b>	<b>417,223</b>	<b>358,699</b>
Nonoperating revenues (expenses)						
Federal grants	-	-	-	54,560	-	54,560
State grants	-	-	-	1,436	-	1,436
Investment income	297,253	1,095	-	-	156	298,504
Loss on sale of assets	-	-	-	-	(379)	(379)
<b>Total nonoperating revenues</b>	<b>297,253</b>	<b>1,095</b>	<b>-</b>	<b>55,996</b>	<b>(223)</b>	<b>354,121</b>
<b>Income (loss) before transfers</b>	<b>582,787</b>	<b>11,968</b>	<b>(19,532)</b>	<b>(279,403)</b>	<b>417,000</b>	<b>712,820</b>
Transfers						
Transfers in	-	1,100	-	-	-	1,100
Transfers out	(582,787)	-	-	-	(417,000)	(999,787)
<b>Net transfers</b>	<b>(582,787)</b>	<b>1,100</b>	<b>-</b>	<b>-</b>	<b>(417,000)</b>	<b>(998,687)</b>
<b>Change in net assets</b>	<b>-</b>	<b>13,068</b>	<b>(19,532)</b>	<b>(279,403)</b>	<b>-</b>	<b>(285,867)</b>
<b>Net assets, beginning of year</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>
<b>Net assets, end of year</b>	<b>\$ -</b>	<b>\$ 335,319</b>	<b>\$ 65,862</b>	<b>\$ 3,269,329</b>	<b>\$ 25,000</b>	<b>\$ 3,695,510</b>

COUNTY OF SAGINAW, MICHIGAN

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended September 30, 2012

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
<b>Cash flows from operating activities</b>						
Receipts from customers	\$ 1,116,087	\$ 26,149	\$ 117,140	\$ 293,271	\$ 793,725	\$ 2,346,372
Payments for interfund services provided	(382,948)	-	(52)	-	(29,622)	(412,622)
Payments to employees	(1,202)	(578)	(106,495)	-	-	(108,275)
Payments to suppliers	(682,737)	(6,123)	(13,249)	(356,533)	(446,082)	(1,504,724)
Other operating revenue	-	-	-	-	76,329	76,329
<b>Net cash provided by (used in) operating activities</b>	<u>49,200</u>	<u>19,448</u>	<u>(2,656)</u>	<u>(63,262)</u>	<u>394,350</u>	<u>397,080</u>
<b>Cash flows from noncapital financing activities</b>						
Transfers in	-	1,100	-	-	-	1,100
Transfers out	(582,787)	-	-	-	(417,000)	(999,787)
<b>Net cash provided by (used in) non capital financing activities</b>	<u>(582,787)</u>	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>(417,000)</u>	<u>(998,687)</u>
<b>Cash flows from capital and related financing activities</b>						
Proceeds from federal and state grants	-	-	-	55,996	-	55,996
Payments for capital asset acquisition	-	-	-	(57,433)	-	(57,433)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,437)</u>	<u>-</u>	<u>(1,437)</u>
<b>Cash flows from investing activities</b>						
Investment income	297,253	1,095	-	-	156	298,504
<b>Net change in cash and investment pool</b>	<u>(236,334)</u>	<u>21,643</u>	<u>(2,656)</u>	<u>(64,699)</u>	<u>(22,494)</u>	<u>(304,540)</u>
<b>Cash and investment pool:</b>						
Beginning of year	948,710	313,269	81,270	384,526	223,741	1,951,516
End of year	<u>\$ 712,376</u>	<u>\$ 334,912</u>	<u>\$ 78,614</u>	<u>\$ 319,827</u>	<u>\$ 201,247</u>	<u>\$ 1,646,976</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

**Combining Statement of Cash Flows**

Nonmajor Enterprise Funds

For the Year Ended September 30, 2012

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Cash flows from operating activities						
Operating income (loss)	\$ 285,534	\$ 10,873	\$ (19,532)	\$ (335,399)	\$ 417,223	\$ 358,699
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	317,567	474	318,041
Changes in assets and liabilities:						
Receivables	114,017	8,748	(423)	3,017	(10,086)	115,273
Due from other funds	-	-	-	-	-	-
Inventory	-	-	-	(12,903)	-	(12,903)
Other assets	-	-	-	(20,851)	-	(20,851)
Accounts payable	(9,699)	(173)	(2,282)	(14,472)	19,360	(7,266)
Accrued liabilities	(1,202)	-	226	-	-	(976)
Deposits payable	-	-	-	-	(2,999)	(2,999)
Due to other funds	(382,948)	-	(52)	-	(29,622)	(412,622)
Unearned revenue	-	-	-	(221)	-	(221)
Net OPEB obligation	43,498	-	19,407	-	-	62,905
Net cash provided by (used in) operating activities	<u>\$ 49,200</u>	<u>\$ 19,448</u>	<u>\$ (2,656)</u>	<u>\$ (63,262)</u>	<u>\$ 394,350</u>	<u>\$ 397,080</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, 2012

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
<b>Assets</b>				
Current assets:				
Cash and investment pool	\$ 107,252	\$ 409,079	\$ 351,951	\$ 119,963
Receivables (net):				
Accounts	-	68,587	603	-
Accrued interest	551	523	-	171
Due from other funds	-	-	-	578
Other assets	-	-	-	-
Total current assets	<u>107,803</u>	<u>478,189</u>	<u>352,554</u>	<u>120,712</u>
Noncurrent assets - capital assets:				
Machinery and equipment	-	-	1,440,487	69,641
Vehicles	-	-	-	-
Accumulated depreciation	-	-	(1,373,917)	(35,050)
Total noncurrent assets - capital assets	<u>-</u>	<u>-</u>	<u>66,570</u>	<u>34,591</u>
<b>Total assets</b>	<u>107,803</u>	<u>478,189</u>	<u>419,124</u>	<u>155,303</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	71,043	8,548	-
Accrued liabilities	-	2,370	36,332	423
Due to other funds	-	-	-	-
Total current liabilities	<u>-</u>	<u>73,413</u>	<u>44,880</u>	<u>423</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Long-term accrued liabilities	-	8,006	46,746	627
Total noncurrent liabilities	<u>-</u>	<u>8,006</u>	<u>46,746</u>	<u>627</u>
<b>Total liabilities</b>	<u>-</u>	<u>81,419</u>	<u>91,626</u>	<u>1,050</u>
<b>Net assets</b>				
Invested in capital assets	-	-	66,570	34,591
Unrestricted	107,803	396,770	260,928	119,662
<b>Total net assets</b>	<u>\$ 107,803</u>	<u>\$ 396,770</u>	<u>\$ 327,498</u>	<u>\$ 154,253</u>

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 19,206	\$ 308,958	\$ 2,047,449	\$ 19,469	\$ 4,600,042	\$ 261	\$ 7,983,630
-	-	11,216	-	193,861	4,551	278,818
-	-	2,533	-	5,918	1	9,697
-	-	-	-	8,606	-	9,184
20,000	-	5,000	-	-	-	25,000
<u>39,206</u>	<u>308,958</u>	<u>2,066,198</u>	<u>19,469</u>	<u>4,808,427</u>	<u>4,813</u>	<u>8,306,329</u>
-	-	-	-	-	-	1,510,128
-	991,504	-	-	-	-	991,504
-	(899,328)	-	-	-	-	(2,308,295)
-	<u>92,176</u>	-	-	-	-	<u>193,337</u>
<u>39,206</u>	<u>401,134</u>	<u>2,066,198</u>	<u>19,469</u>	<u>4,808,427</u>	<u>4,813</u>	<u>8,499,666</u>
14,206	244	813	1,579	16,702	4,555	117,690
-	-	714,508	539	434,410	-	1,188,582
-	1,898	-	15,887	8,606	-	26,391
<u>14,206</u>	<u>2,142</u>	<u>715,321</u>	<u>18,005</u>	<u>459,718</u>	<u>4,555</u>	<u>1,332,663</u>
25,000	-	-	-	-	-	25,000
-	-	4,090	1,464	3,184	-	64,117
<u>25,000</u>	-	<u>4,090</u>	<u>1,464</u>	<u>3,184</u>	-	<u>89,117</u>
<u>39,206</u>	<u>2,142</u>	<u>719,411</u>	<u>19,469</u>	<u>462,902</u>	<u>4,555</u>	<u>1,421,780</u>
-	92,176	-	-	-	-	193,337
-	<u>306,816</u>	<u>1,346,787</u>	-	<u>4,345,525</u>	<u>258</u>	<u>6,884,549</u>
<u>\$ -</u>	<u>\$ 398,992</u>	<u>\$ 1,346,787</u>	<u>\$ -</u>	<u>\$ 4,345,525</u>	<u>\$ 258</u>	<u>\$ 7,077,886</u>

# COUNTY OF SAGINAW, MICHIGAN

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

For the Year Ended September 30, 2012

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
Operating revenues				
Charges for services	\$ -	\$ -	\$ 33,937	\$ -
Rental revenue	-	-	-	6,024
Reimbursements	4,670,557	2,725,549	1,686,147	80,760
Other revenue	-	141,474	-	-
<b>Total operating revenues</b>	<b>4,670,557</b>	<b>2,867,023</b>	<b>1,720,084</b>	<b>86,784</b>
Operating expenses				
Personal services	-	120,492	804,477	9,918
Fringe benefits	4,639,666	2,697,588	323,248	6,072
Supplies	-	-	21,351	-
Services and charges	21,021	1,083	434,135	75,562
Depreciation	-	-	49,040	12,657
<b>Total operating expenses</b>	<b>4,660,687</b>	<b>2,819,163</b>	<b>1,632,251</b>	<b>104,209</b>
Operating income (loss)	9,870	47,860	87,833	(17,425)
Nonoperating revenues (expenses)				
Investment income	1,485	1,410	-	541
Gain on sale of capital assets	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>1,485</b>	<b>1,410</b>	<b>-</b>	<b>541</b>
Income (loss) before transfers	11,355	49,270	87,833	(16,884)
Transfers				
Transfers out	-	-	(300,000)	-
Change in net assets	11,355	49,270	(212,167)	(16,884)
Net assets, beginning of year	96,448	347,500	539,665	171,137
Net assets, end of year	<u>\$ 107,803</u>	<u>\$ 396,770</u>	<u>\$ 327,498</u>	<u>\$ 154,253</u>

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 175,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,777
-	105,173	-	-	-	-	111,197
-	-	1,386,508	68,738	6,512,704	231,747	17,362,710
-	-	-	-	235,636	-	377,110
<u>175,840</u>	<u>105,173</u>	<u>1,386,508</u>	<u>68,738</u>	<u>6,748,340</u>	<u>231,747</u>	<u>18,060,794</u>
-	-	45,952	14,175	29,087	-	1,024,101
-	-	17,426	11,940	6,567,770	-	14,263,710
163,182	-	-	-	414	-	184,947
12,658	50,310	837,997	42,623	63,980	231,747	1,771,116
-	63,315	-	-	-	-	125,012
<u>175,840</u>	<u>113,625</u>	<u>901,375</u>	<u>68,738</u>	<u>6,661,251</u>	<u>231,747</u>	<u>17,368,886</u>
-	(8,452)	485,133	-	87,089	-	691,908
-	-	7,577	-	17,232	3	28,248
-	23,212	-	-	-	-	23,212
-	23,212	7,577	-	17,232	3	51,460
-	14,760	492,710	-	104,321	3	743,368
-	-	(50,000)	-	-	-	(350,000)
-	14,760	442,710	-	104,321	3	393,368
-	384,232	904,077	-	4,241,204	255	6,684,518
<u>\$ -</u>	<u>\$ 398,992</u>	<u>\$ 1,346,787</u>	<u>\$ -</u>	<u>\$ 4,345,525</u>	<u>\$ 258</u>	<u>\$ 7,077,886</u>

# COUNTY OF SAGINAW, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2012

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
<b>Cash flows from operating activities</b>				
Receipts from interfund services provided	\$ 4,670,645	\$ 2,722,227	\$ 1,723,852	\$ 117,348
Payments to employees	-	-	(1,120,857)	(15,859)
Payments to suppliers	(4,660,687)	(2,814,693)	(444,442)	(82,646)
Other operating revenue	-	141,474	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>9,958</b>	<b>49,008</b>	<b>158,553</b>	<b>18,843</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers out	-	-	(300,000)	-
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of capital assets	-	-	-	-
Payments for capital asset acquisition	-	-	-	(13,444)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,444)</b>
<b>Cash flows from investing activities</b>				
Investment income	1,485	1,410	-	541
<b>Net change in cash and investment pool</b>	<b>11,443</b>	<b>50,418</b>	<b>(141,447)</b>	<b>5,940</b>
<b>Cash and investment pool, beginning of year</b>	<b>95,809</b>	<b>358,661</b>	<b>493,398</b>	<b>114,023</b>
<b>Cash and investment pool, end of year</b>	<b>\$ 107,252</b>	<b>\$ 409,079</b>	<b>\$ 351,951</b>	<b>\$ 119,963</b>
<b>Cash flows from operating activities</b>				
Operating income (loss)	\$ 9,870	\$ 47,860	\$ 87,833	\$ (17,425)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	49,040	12,657
Changes in assets and liabilities:				
Receivables	88	(3,342)	3,768	41
Due from other funds	-	20	-	30,523
Other assets	-	-	25,573	-
Accounts payable	-	3,162	(14,529)	(7,084)
Accrued liabilities	-	1,308	6,868	131
Due to other funds	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 9,958</b>	<b>\$ 49,008</b>	<b>\$ 158,553</b>	<b>\$ 18,843</b>

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 175,840	\$ 107,071	\$ 1,183,053	\$ 65,857	\$ 6,539,954	\$ 231,293	\$ 17,537,140
-	-	(63,378)	(26,115)	(180,985)	-	(1,407,194)
(176,597)	(50,066)	(797,277)	(44,293)	(6,659,562)	(231,287)	(15,961,550)
-	-	-	-	235,636	-	377,110
(757)	57,005	322,398	(4,551)	(64,957)	6	545,506
-	-	(50,000)	-	-	-	(350,000)
-	23,212	-	-	-	-	23,212
-	(95,057)	-	-	-	-	(108,501)
-	(71,845)	-	-	-	-	(85,289)
-	-	7,577	-	17,232	3	28,248
(757)	(14,840)	279,975	(4,551)	(47,725)	9	138,465
19,963	323,798	1,767,474	24,020	4,647,767	252	7,845,165
<u>\$ 19,206</u>	<u>\$ 308,958</u>	<u>\$ 2,047,449</u>	<u>\$ 19,469</u>	<u>\$ 4,600,042</u>	<u>\$ 261</u>	<u>\$ 7,983,630</u>
\$ -	\$ (8,452)	\$ 485,133	\$ -	\$ 87,089	\$ -	\$ 691,908
-	63,315	-	-	-	-	125,012
-	-	(687)	-	27,243	(456)	26,655
-	-	-	-	(8,599)	2	21,946
-	-	(5,000)	-	-	-	20,573
(757)	244	(1,465)	(1,580)	(27,398)	460	(48,947)
-	-	47,185	(90)	(151,898)	-	(96,496)
-	1,898	(202,768)	(2,881)	8,606	-	(195,145)
<u>\$ (757)</u>	<u>\$ 57,005</u>	<u>\$ 322,398</u>	<u>\$ (4,551)</u>	<u>\$ (64,957)</u>	<u>\$ 6</u>	<u>\$ 545,506</u>

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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 operating millage.

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, 2012

	Trust & Agency	State Education Tax	Library Penal Fine
<b>Assets</b>			
Cash and investment pool	\$ 1,621,286	\$ 8,460,735	\$ 129,876
Receivables (net):			
Taxes	-	-	-
Accounts	4,570,887	-	1,200
Accrued interest	21	-	480
<b>Total assets</b>	<u>\$ 6,192,194</u>	<u>\$ 8,460,735</u>	<u>\$ 131,556</u>
<b>Liabilities</b>			
Accounts payable	\$ 574,942	\$ 7	\$ -
Deposits payable	5,573,740	-	-
Due to other governmental units	43,512	8,460,728	131,556
<b>Total liabilities</b>	<u>\$ 6,192,194</u>	<u>\$ 8,460,735</u>	<u>\$ 131,556</u>



Hospital Millage	Dependent Care	Medical Spending Reimbursement	Total
\$ 3,262	\$ 2,541	\$ 6,746	10,224,446
16,839	-	-	16,839
2,928	-	-	4,575,015
155	-	-	656
<u>\$ 23,184</u>	<u>\$ 2,541</u>	<u>\$ 6,746</u>	<u>\$ 14,816,956</u>
\$ 16,839	\$ 2,541	\$ 3,920	598,249
-	-	-	5,573,740
6,345	-	2,826	8,644,967
<u>\$ 23,184</u>	<u>\$ 2,541</u>	<u>\$ 6,746</u>	<u>\$ 14,816,956</u>

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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, 2012

	Brownfield Redevelopment Authority	Adjustments	Statement of Net Assets
<b>Assets</b>			
Cash and investment pool	\$ 1,304,773	\$ -	\$ 1,304,773
Accounts receivable	72,135	-	72,135
Due from Federal Government	127,489	-	127,489
Notes receivable	153,863	-	153,863
Accrued interest receivable	1,768	-	1,768
<b>Total assets</b>	<b>\$ 1,660,028</b>	<b>\$ -</b>	<b>1,660,028</b>
<b>Liabilities</b>			
Accounts payable	\$ 82,200	\$ -	82,200
Unearned revenue	153,863	-	153,863
Long-term liabilities:			
Due within one year	-	51,757	51,757
Due in more than one year	-	231,419	231,419
<b>Total liabilities</b>	<b>236,063</b>	<b>283,176</b>	<b>519,239</b>
<b>Fund balances/net assets</b>			
Unreserved	1,423,965	(1,423,965)	-
<b>Total liabilities and fund balances</b>	<b>\$ 1,660,028</b>		
<b>Net assets</b>			
Unrestricted		1,140,789	1,140,789
<b>Total net assets</b>		<b>\$ 1,140,789</b>	<b>\$ 1,140,789</b>

# 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, 2012

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
<b>Revenues</b>			
Federal grants	\$ 351,461	\$ -	\$ 351,461
Property taxes	125,570	-	125,570
Reimbursements	110,355	-	110,355
Investment income	17,747	-	17,747
<b>Total revenues</b>	<u>605,133</u>	<u>-</u>	<u>605,133</u>
<b>Expenditures / expenses</b>			
Current:			
Community and economic development	382,650	-	382,650
Debt service:			
Principal	50,670	(50,670)	-
Interest and fiscal charges	7,052	-	7,052
<b>Total expenditures / expenses</b>	<u>440,372</u>	<u>(50,670)</u>	<u>389,702</u>
Net change in fund balances	164,761	(164,761)	-
Change in net assets	-	215,431	215,431
Fund balance / net assets, beginning of year	<u>1,259,204</u>	<u>(333,846)</u>	<u>925,358</u>
Fund balance / net assets, end of year	<u>\$ 1,423,965</u>	<u>\$ (283,176)</u>	<u>\$ 1,140,789</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, 2012

	Debt Service	Construction	Total Governmental Funds	Adjustments	Statement of Net Assets
<b>Assets</b>					
Cash and investment pool	\$ 168,615	\$ -	\$ 168,615	\$ -	\$ 168,615
Accrued interest receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governmental units	-	-	-	17,632,456	17,632,456
Prepaid items	637,030	-	637,030	(637,030)	-
<b>Total assets</b>	<b>\$ 805,645</b>	<b>\$ -</b>	<b>\$ 805,645</b>	<b>\$ 16,995,426</b>	<b>17,801,071</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	-	-
Accrued liabilities	-	-	-	232,970	232,970
Deferred revenue	636,760	-	636,760	(636,760)	-
Long-term liabilities:					
Due within one year	-	-	-	972,000	972,000
Due in more than one year	-	-	-	16,427,486	16,427,486
<b>Total liabilities</b>	<b>636,760</b>	<b>-</b>	<b>636,760</b>	<b>16,995,696</b>	<b>17,632,456</b>
<b>Fund balances/net assets</b>					
Reserved for:					
Debt service	168,885	-	168,885	(168,885)	-
<b>Total liabilities and fund balances</b>	<b>\$ 805,645</b>	<b>\$ -</b>	<b>\$ 805,645</b>		
<b>Net assets</b>					
Restricted for:					
Debt service				\$ 168,615	\$ 168,615

# 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, 2012

	Debt Service	Construction	Total Governmental Funds	Adjustments	Statement of Activities
<b>Revenues</b>					
Local grants and contributions	\$ 3,497,502	\$ -	\$ 3,497,502	\$ (2,401,819)	\$ 1,095,683
Investment income	181	460	641	-	641
Reimbursements	-	-	-	-	-
<b>Total revenues</b>	<b>3,497,683</b>	<b>460</b>	<b>3,498,143</b>	<b>(2,401,819)</b>	<b>1,096,324</b>
<b>Expenditures / expenses</b>					
Current:					
Public works	36,496	465,069	501,565	-	501,565
Debt service:					
Principal	3,970,514	-	3,970,514	(3,970,514)	-
Interest and fiscal charges	758,145	-	758,145	(27,897)	730,248
<b>Total expenditures / expenses</b>	<b>4,765,155</b>	<b>465,069</b>	<b>5,230,224</b>	<b>(3,998,411)</b>	<b>1,231,813</b>
<b>Other financing sources</b>					
Proceeds from issuance of debt	1,305,000	390,000	1,695,000	(1,695,000)	-
<b>Net change in fund balances</b>	<b>37,528</b>	<b>(74,609)</b>	<b>(37,081)</b>	<b>37,081</b>	<b>-</b>
<b>Change in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(135,489)</b>	<b>(135,489)</b>
<b>Fund balance / net assets, beginning of year</b>	<b>131,357</b>	<b>74,609</b>	<b>205,966</b>	<b>98,138</b>	<b>304,104</b>
<b>Fund balance / net assets, end of year</b>	<b>\$ 168,885</b>	<b>\$ -</b>	<b>\$ 168,885</b>	<b>\$ (270)</b>	<b>\$ 168,615</b>

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Net Assets

Department of Public Works Component Unit - Proprietary Fund  
September 30, 2012

	Administration
<b>Assets</b>	
Cash and investment pool	\$ 21,025
<b>Liabilities</b>	
Accounts payable	3,493
<b>Net assets</b>	
Unrestricted	\$ 17,532

# 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, 2012

	Administration
Operating revenues	
Licenses and permits	<u>\$ 44,613</u>
Operating expenses	
Supplies	477
Services and charges	<u>38,527</u>
Total operating expenses	<u>39,004</u>
Operating income	5,609
Net assets, beginning of year	<u>11,923</u>
Net assets, end of year	<u><u>\$ 17,532</u></u>

# COUNTY OF SAGINAW, MICHIGAN

## Statement of Cash Flows

Department of Public Works Component Unit  
For the Year Ended September 30, 2012

	Administration
Cash flows from operating activities	
Receipts from customers	\$ 44,613
Payments to suppliers	<u>(40,357)</u>
Net cash provided by operating activities	4,256
Cash and cash equivalents, beginning of year	<u>16,769</u>
Cash and cash equivalents, end of year	<u><u>\$ 21,025</u></u>
Cash flows from operating activities	
Operating income	\$ 5,609
Adjustments to reconcile operating income to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts payable	<u>(1,353)</u>
Net cash provided by operating activities	<u><u>\$ 4,256</u></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, 2012

	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	\$ 316,480	\$ 205,857	\$ 4,228,254	\$ 49
Receivables (net):				
Special assessments	1,292,939	2,891,396	-	-
Accounts	-	-	-	-
Notes Receivable	-	-	100,000	-
Due from other funds	-	-	-	-
Prepaid items	333	1,471,117	-	-
Capital assets, net:				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
<b>Total assets</b>	<b>\$ 1,609,752</b>	<b>\$ 4,568,370</b>	<b>\$ 4,328,254</b>	<b>\$ 49</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 77,086	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	369,326	25,682
Advances from primary government	-	-	-	-
Deferred revenue	1,292,939	4,363,019	100,000	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
<b>Total liabilities</b>	<b>1,292,939</b>	<b>4,363,019</b>	<b>546,412</b>	<b>25,682</b>
<b>Fund balances/net assets</b>				
Restricted for:				
Debt service	316,813	205,351	-	-
Capital projects	-	-	3,781,842	(25,633)
<b>Total fund balances</b>	<b>316,813</b>	<b>205,351</b>	<b>3,781,842</b>	<b>(25,633)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,609,752</b>	<b>\$ 4,568,370</b>	<b>\$ 4,328,254</b>	<b>\$ 49</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt				
Restricted for:				
Debt service				
Acquisition/construction of capital assets				
Unrestricted				
<b>Total net assets</b>				



Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Net Assets
\$ 15,200	\$ 29,049	\$ 4,794,889	\$ -	\$ 4,794,889
-	-	4,184,335	-	4,184,335
19,690	25,622	45,312	-	45,312
-	-	100,000	-	100,000
393,616	1,392	395,008	(395,008)	-
-	-	1,471,450	(1,471,117)	333
-	-	-	37,159,271	37,159,271
-	-	-	101,333	101,333
<u>\$ 428,506</u>	<u>\$ 56,063</u>	<u>10,990,994</u>	<u>35,394,479</u>	<u>46,385,473</u>
\$ 28,506	\$ 1,640	107,232	-	107,232
-	-	-	26,441	26,441
-	-	395,008	(395,008)	-
400,000	-	400,000	-	400,000
-	-	5,755,958	(5,655,452)	100,506
-	-	-	542,334	542,334
-	-	-	2,543,399	2,543,399
<u>428,506</u>	<u>1,640</u>	<u>6,658,198</u>	<u>(2,938,286)</u>	<u>3,719,912</u>
-	-	522,164	(522,164)	-
-	54,423	3,810,632	(3,810,632)	-
-	54,423	4,332,796	(4,332,796)	-
<u>\$ 428,506</u>	<u>\$ 56,063</u>	<u>\$ 10,990,994</u>		
			34,174,871	34,174,871
			522,164	522,164
			3,810,632	3,810,632
			4,157,894	4,157,894
			<u>\$ 42,665,561</u>	<u>\$ 42,665,561</u>

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, 2012

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Revenues				
Special assessments	\$ 307,148	\$ -	\$ 301,680	\$ -
Local grants and contributions	161,820	1,592,394	37,479	-
Investment income	242	186	4,241	159
Reimbursements	-	-	38,935	-
Total revenues	<u>469,210</u>	<u>1,592,580</u>	<u>382,335</u>	<u>159</u>
Expenditures / expenses				
Current:				
Public works	250	-	541,664	(14,484)
Depreciation	-	-	-	-
Debt service:				
Principal	370,334	1,495,000	-	-
Interest and fiscal charges	73,129	97,394	-	-
Total expenditures	<u>443,713</u>	<u>1,592,394</u>	<u>541,664</u>	<u>(14,484)</u>
Revenues over (under) expenditures/expenses	<u>25,497</u>	<u>186</u>	<u>(159,329)</u>	<u>14,643</u>
Other financing sources (uses)				
Transfers in	6,356	-	236,987	-
Transfers out	-	-	(6,356)	(236,987)
Total other financing sources (uses)	<u>6,356</u>	<u>-</u>	<u>230,631</u>	<u>(236,987)</u>
Net change in fund balances	31,853	186	71,302	(222,344)
Change in net assets	-	-	-	-
Fund balance / net assets, beginning of year	<u>284,960</u>	<u>205,165</u>	<u>3,710,540</u>	<u>196,711</u>
Fund balance / net assets, end of year	<u>\$ 316,813</u>	<u>\$ 205,351</u>	<u>\$ 3,781,842</u>	<u>\$ (25,633)</u>

Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Activities
\$ -	\$ -	\$ 608,828	\$ -	\$ 608,828
-	-	1,791,693	(1,718,232)	73,461
-	183	5,011	-	5,011
-	42,025	80,960	-	80,960
-	42,208	2,486,492	(1,718,232)	768,260
-	27,615	555,045	-	555,045
-	-	-	1,241,569	1,241,569
-	-	1,865,334	(1,865,334)	-
-	-	170,523	(19,212)	151,311
-	27,615	2,590,902	(642,977)	1,947,925
-	14,593	(104,410)	(1,075,255)	(1,179,665)
-	-	243,343	-	243,343
-	-	(243,343)	-	(243,343)
-	-	-	-	-
-	14,593	(104,410)	(1,075,255)	(1,179,665)
-	-	-	-	-
-	39,830	4,437,206	39,408,020	43,845,226
\$ -	\$ 54,423	\$ 4,332,796	\$ 38,332,765	\$ 42,665,561

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## SINGLE AUDIT ACT COMPLIANCE

COUNTY OF SAGINAW, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended September 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster:				
Non-cash assistance (commodities)				
Entitlement Commodities	10.555	MDE	N/A	\$ 3,143
Cash assistance				
National School Lunch Program - Children's Facility	10.555	MDE	730008002	65,531
				<u>68,674</u>
Women and Infant Care	10.557	MDCH	N/A	<u>833,149</u>
SNAP Cluster:				
Food Assistance & Employment Training Type A	10.561	MDELEG	N/A	161,032
Food Assistance & Employment Training / SS Type B	10.561	MDELEG	N/A	3,168
				<u>164,200</u>
<b>Total U.S. Department of Agriculture</b>				<u>1,066,023</u>
<b>U.S. Department of Housing and Urban Development</b>				
Home Maintenance Self Help	14.218	Saginaw	N/A	<u>6,431</u>
CDBG - State-Administered Small Cities Program Cluster:				
Community Development Block Grant	14.228	MSHDA	MSC-2011-0540-HOA	104,355
Community Development Block Grant - Administration	14.228	MSHDA	MSC-2011-0540-HOA	28,499
Saginaw County Renewable Energy Park	14.228	MEDC	MSC 209110-EDIG	4,304,591
				<u>4,437,445</u>
Economic Development Initiative - Special Project (Dow Event Center Solar PV System)	14.251	Direct	B-10-SP-MI-0311	<u>58,710</u>
ARRA - NSP2 (Neighborhood Stabilization Program - Land Bank Authority)	14.256	MSHDA	NS2-2009-6110	<u>1,564,922</u>
Health Homes Demonstration Grants:				
Healthy Homes and Lead Hazard Control	14.901	Direct	MILHB0467-10	791,840
Preventative Intervention for Childhood Asthma & Lead Poisoning in the City of Saginaw, Michigan (Healthy Homes)	14.901	UofM	MILHH0161-08	47,675
				<u>839,515</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>6,907,023</u>
<b>U.S. Department of Justice</b>				
Juvenile Accountability Block Grants:				
Truancy Early Intervention VIII	16.523	MDHS	JAIBG-11-73001	9,416
Truancy Early Intervention IX	16.523	MDHS	JAIBG-12-73001	10,313
				<u>19,729</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Justice (continued)				
Juvenile Justice and Delinquency Prevention Allocation:				
Drug Court	16.540	MDHS	JDMHC-09-73001	13,750
Drug Court	16.540	MDHS	JDMHC-12-73001	14,879
Disproportionate Minority Contract	16.540	MDHS	071B1300618	135,463
				<u>164,092</u>
State Criminal Alien Assistance Program	16.606	Direct	N/A	<u>5,487</u>
Bulletproof Vest Partnership Program	16.607	Direct	N/A	<u>1,249</u>
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	Direct	2009-DJ-BX-0837	192,247
Prosecutor's BAYANET-Bay Area Narcotics Enforcement Team	16.738	MSP	2011-DJ-BX-2440	46,306
ARRA - JAG - Saginaw Inner City Initiative	16.803	MDCH	2009-SU-B9-0017	46,636
ARRA - JAG - Saginaw Collaborative Information Sharing Initiative	16.803	MDCH	2009-SU-B9-0017	120,386
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	Direct	2009-SB-B9-1423	341,298
				<u>746,873</u>
BJA FY 2010 Congressionally Selected - Saginaw County Regional Information Sharing Project	16.753	Direct	2010-DD-BX-0406	<u>7,113</u>
Total U.S. Department of Justice				<u>944,543</u>
U.S. Department of Labor				
Employment Services Cluster:				
Employment Service	17.207	MDELEG	N/A	622,828
Wagner Peyser Earn & Learn	17.207	MDELEG	N/A	80,000
				<u>702,828</u>
ARRA - Reemployment Services (RES EUC)	17.225	MDELEG	N/A	<u>142,323</u>
Trade Adjustment Assistance:				
Trade Adjustment Assistance	17.245	MDELEG	N/A	947,309
Trade Case Management	17.245	MDELEG	N/A	56,570
				<u>1,003,879</u>
Workforce Investment Act Cluster:				
Workforce Investment Act - SWA Earn & Learn	17.258	MDELEG	N/A	70,841
Workforce Investment Act - Adult	17.258	MDELEG	N/A	1,255,611
Workforce Investment Act - Administration	17.258	MDELEG	N/A	149,924
Workforce Investment Act - Capacity Building Type E	17.258	MDELEG	N/A	5,072
Workforce Investment Act - One Stop Operations	17.258	MDELEG	N/A	36,001
Workforce Investment Act - TANF Replacement Funds Type M	17.258	MDELEG	N/A	58,287
Workforce Investment Act - ECAR Year 2	17.258	MDELEG	N/A	3,763

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Labor (continued)				
Workforce Investment Act Cluster (continued):				
Youth Gang Initiative	17.258	MDELEG	N/A	23,625
Workforce Investment Act - JET Support	17.258	MDELEG	N/A	4,959
Workforce Investment Act - SWA Earn & Learn	17.259	MDELEG	N/A	76,875
Workforce Investment Act - Youth	17.259	MDELEG	N/A	1,215,029
Workforce Investment Act - Administration	17.259	MDELEG	N/A	162,694
Workforce Investment Act - Capacity Building Type E	17.259	MDELEG	N/A	5,504
Workforce Investment Act - One Stop Operations	17.259	MDELEG	N/A	39,068
Workforce Investment Act - TANF Replacement Funds Type M	17.259	MDELEG	N/A	63,252
Workforce Investment Act - ECAR Year 2	17.259	MDELEG	N/A	4,083
Youth Gang Initiative	17.259	MDELEG	N/A	25,637
Workforce Investment Act - JET Support	17.259	MDELEG	N/A	5,381
Workforce Investment Act - Administration	17.260	MDELEG	N/A	160,329
Workforce Investment Act - ECAR Year 2	17.260	MDELEG	N/A	4,024
ARRA - Workforce Investment Act - Dislocated Worker NEG REI Mid Mi	17.260	MDELEG	N/A	387,167
Workforce Investment Act - SWA Earn & Learn	17.278	MDELEG	N/A	75,757
Workforce Investment Act - Dislocated Worker	17.278	MDELEG	N/A	981,046
Workforce Investment Act - Capacity Building Type E	17.278	MDELEG	N/A	5,424
Workforce Investment Act - One Stop Operations	17.278	MDELEG	N/A	38,500
Workforce Investment Act - TANF Replacement Funds Type M	17.278	MDELEG	N/A	62,332
Youth Gang Initiative	17.278	MDELEG	N/A	25,265
Workforce Investment Act - JET Support	17.278	MDELEG	N/A	5,303
				<u>4,950,753</u>
ARRA - SESP	17.275	MDELEG	SESP2010ARRA	<u>647,023</u>
Total U.S. Department of Labor				<u>7,446,806</u>
U.S. Department of Transportation				
Airport Improvement Program:				
Airport Improvement Program	20.106	MDOT-A	B-26-0114-1708	51,907
Airport Improvement Program	20.106	MDOT-A	B-26-0114-1811	2,653
				<u>54,560</u>
Urban Planning - FHWA	20.205	MDOT	2009-0008-Z2	<u>207,211</u>
Federal Transit Cluster:				
Urban Planning - FTA	20.500	MDOT	2009-0008-Z9	3,907
Urban Planning - FTA	20.500	MDOT	2009-0008-Z3	55,425
				<u>59,332</u>
Rural Transit Assistance Program (RTAP)	20.509	MPTA	N/A	<u>2,494</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	MPTA	2007-0283-Z2	<u>29,261</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Transportation (continued)				
Highway Safety Cluster:				
Police Traffic Services (Alcohol Reduction S.C.A.R.E.)	20.600	MSP	PT-12-04	38,140
Police Traffic Services (Project Safe & Sober)	20.601	MSP	PT-12-04	42,686
				<u>80,826</u>
Total U.S. Department of Transportation				<u>433,684</u>
U.S. Department of Veteran's Affairs				
Veteran's Medical Care Benefits Hospitalization and Medical Services	64.009	MOAS	N/A	<u>859</u>
U.S. Environment of Protection Agency				
Cap Grant for the Drinking Water Revolving Fund	66.468	MDEQ	FS97548707	300
Michigan Agriculture Environmental Assurance Program (MAEAP) Clean Sweep Program	66.469	MDOA	791N2200013	28,457
Saginaw River/Bay - Eat Safe Fish and Game	66.802	MDCH	N/A	1,655
Brownfield Assessment and Cleanup Cooperative Agreements (Assessment Coalition)	66.818	Direct	BF-00E96701-0	<u>351,461</u>
Total U.S. Environmental Protection Agency				<u>381,873</u>
U.S. Department of Health and Human Services				
Aging Cluster:				
Case Coordination and Support	93.044	MOAS	N/A	80,978
Case Coordination and Support - In-Home Support Services	93.044	MOAS	N/A	41,288
Outreach	93.044	MOAS	N/A	17,603
Transportation	93.044	MOAS	N/A	12,570
Senior Center Staffing - MO	93.044	MOAS	N/A	10,512
Senior Center Staffing	93.044	MOAS	N/A	9,000
Senior Center Operations	93.044	MOAS	N/A	6,469
Nutrition - Title III C-1 Congregate	93.045	MOAS	N/A	115,181
Nutrition - Title III C-2 HDM	93.045	MOAS	N/A	183,357
Nutrition - Title III C-2 HDM Weekend	93.045	MOAS	N/A	29,205
Nutrition Services Incentive Program - Congregate	93.053	MOAS	N/A	40,292
Nutrition Services Incentive Program - HDM	93.053	MOAS	N/A	123,580
Nutrition Services Incentive Program - HDM Weekend	93.053	MOAS	N/A	10,063
				<u>680,098</u>
National Family Caregiver Support, Title III, Part E:				
Title III E Kinship Care	93.052	MOAS	N/A	4,701
National Family Caregiver Support Program	93.052	MOAS	N/A	51,897
Supplemental funds - Title III E	93.052	MOAS	N/A	19,181
				<u>75,779</u>

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Public Health Emergency Preparedness:				
Bioterrorism - Focus A	93.069	MDCH	N/A	138,914
Bioterrorism - Focus C	93.069	MDCH	N/A	95,519
				<u>234,433</u>
TB Control	93.116	MDCH	N/A	<u>100</u>
Project Hope / HIV/STI Peer Education	93.135	UofM	5-U48-DP-001901-02	<u>46,350</u>
Family Planning General Services	93.217	MDCH	N/A	<u>161,545</u>
Immunization Cluster:				
Immunizations - IAP	93.268	MDCH	N/A	88,160
Immunizations - Fixed Fees	93.268	MDCH	N/A	7,600
Federally Funded Vaccines	93.268	MDCH	N/A	365,211
				<u>460,971</u>
Child Enforcement Support:				
Title IV-D Maintenance Assistance (Federal Incentive) (FOC)	93.563	MDHS	CSFOC-10-73001	301,204
Title IV-D Cooperative Reimbursement Program (FOC)	93.563	MDHS	CSFOC-10-73001	2,246,426
Title IV-D Cooperative Reimbursement Program (PA)	93.563	MDHS	CSPA-10-73002	335,848
				<u>2,883,478</u>
TANF Cluster:				
TANF - JET Supportive Services Type E	93.558	MDELEG	N/A	105,000
TANF - JET Type T	93.558	MDELEG	N/A	2,980,059
				<u>3,085,059</u>
Community-Based Child Abuse Prevention Grant (Children's Trust Fund)	93.590	MDHS	CTFDS-11-73001	<u>10,518</u>
Federal Access and Visitation	93.597	SCAO	N/A	<u>8,200</u>
Foster Care Independence Program - SYEP (Summer Youth)	93.674	MDELEG	N/A	<u>28,098</u>
Medicaid Cluster:				
Nurse Family Partnership Services	93.778	MDCH	N/A	54,965
CSHCS Medicaid Outreach	93.778	MDCH	N/A	640
CSHCS Outreach & Advocacy	93.778	MDCH	N/A	39,780
Substance Abuse - Medicaid	93.778	MDCH	N/A	909,981
Medicaid Outreach	93.778	MDCH	N/A	59,461
CSHCS Care Coordination Services	93.778	MDCH	N/A	3,425
CSHCS Care Coordination	93.778	MDCH	N/A	4,695
CSHCS Cash Management	93.778	MDCH	N/A	2,267

continued...

COUNTY OF SAGINAW, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Year Ended September 30, 2012

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
Medicaid Cluster (continued):				
Medicaid Reimbursement - TCM	93.778	MOAS	N/A	14,236
POS Waiver	93.778	MOAS	N/A	46,926
				<u>1,136,376</u>
Healthy Start Initiative	93.926	HRSA	N/A	<u>598,515</u>
HIV/AIDS Prevention Counseling	93.940	MDCH	N/A	<u>15,265</u>
Block Grants for Prevention and Treatment:				
Substance Abuse Prevention and Treatment Block Grant	93.959	ODCP	N/A	1,367,467
B.A.S.A.R.A. Substance Abuse Treatment	93.959	ODCP	N/A	108,415
				<u>1,475,882</u>
STD Control Grant	93.977	MDCH	N/A	<u>222,389</u>
Maternal and Child Health Services Block Grant:				
Local MCH Block Grant	93.994	MDCH	N/A	200,524
Fetal Infant Mortality Review (FIMR) Case Abstraction	93.994	MDCH	N/A	4,860
Childhood Lead Poisoning	93.994	MDCH	N/A	37,863
CSHCS Outreach & Advocacy	93.994	MDCH	N/A	33,439
CSHCS Care Coordination Services	93.994	MDCH	N/A	910
CSHCS Care Coordination	93.994	MDCH	N/A	830
				<u>278,426</u>
Total U.S. Department of Health and Human Services				<u>11,401,482</u>
Corporation for National and Community Service				
Foster Grandparent Program	94.011	Direct	10SFNMI004	<u>252,317</u>
U.S. Department of Homeland Security				
Marine Safety Program	97.012	MDNR	N/A	4,483
Emergency Food and Shelter National Board Program	97.024	UWSC	481400-005	175
Emergency Management Performance Grant	97.042	MSP	EMW-2012-EP-00033	30,738
3rd District Regional Homeland Security Planning Grant	97.067	Bay	N/A	<u>20,168</u>
Total U.S. Department of Homeland Security				<u>55,564</u>
Total expenditures of federal awards				<u>\$ 28,890,174</u>

See notes to schedule of expenditures of federal awards

# COUNTY OF SAGINAW, MICHIGAN

## Notes to the Schedule of Expenditures of Federal Awards

### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Saginaw, Michigan (the "County") under programs of the federal government for the year ended September 30, 2012. 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.

The County's reporting entity is defined in Note 1 of this report. The County's financial statements include the operations of the Saginaw County Community Mental Health Authority and the Saginaw County Road Commission discretely-presented component units, which received federal awards that are not included in the Schedule for the year ended September 30, 2012, as these entities were separately audited.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. 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. Pass-through entity identifying numbers are presented where available.

### 3. PASS-THROUGH AGENCIES

The County receives certain federal grant as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
Bay	Bay County, Michigan
HRSA	Health Resources and Services Administration
MDCH	Michigan Department of Community Health
MDE	Michigan Department of Education
MDELEG	Michigan Department of Energy, Labor and Economic Growth
MDEQ	Michigan Department of Environmental Quality, Resource Management Division
MDHS	Michigan Department of Human Services
MDNR	Michigan Department of Natural Resources
MDOT	Michigan Department of Transportation
MDOT-A	Michigan Department of Transportation - Aeronautics
MEDC	Michigan Economic Development Corporation
MOAS	Michigan Office of Aging Services and Region VII Area Agency on Aging
MPTA	Michigan Public Transit Authority
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
ODCP	Office of Drug Control Policy

## COUNTY OF SAGINAW, MICHIGAN

### Notes to the Schedule of Expenditures of Federal Awards

Saginaw	City of Saginaw, Michigan
SCAO	State Court Administrative Office
UofM	Regents of the University of Michigan
UWSC	United Way of Saginaw County

#### 4. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided approximately 95% of the federal awards for the TANF cluster as well as 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, 2013

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, 2012, which collectively comprise the County of Saginaw, Michigan's basic financial statements, and have issued our report thereon dated March 19, 2013. 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, 2013.

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 cursive script that reads "Lehmann Johnson".

**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, 2013

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, 2012. 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, 2012.

## 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.

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 cursive script, reading "Lehmann Lobson".

# COUNTY OF SAGINAW, MICHIGAN

## Schedule of Findings and Questioned Costs September 30, 2012

### 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)? \_\_\_\_\_ yes X no

#### *Identification of Major Programs:*

#### CFDA Number

14.256  
16.738/16.803/16.804  
17.225  
17.258/17.259/17.260/17.278  
93.558

#### Name of Federal Program or Cluster

Neighborhood Stabilization Program  
Edward Byrne Memorial Justice Assistance Grant Program  
Unemployment Insurance  
Workforce Investment Act Cluster  
Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$ 866,705

Auditee qualified as low-risk auditee? X yes \_\_\_\_\_ no

# COUNTY OF SAGINAW, MICHIGAN

## Schedule of Findings and Questioned Costs September 30, 2012

### SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

# COUNTY OF SAGINAW, MICHIGAN

## Schedule of Findings and Questioned Costs September 30, 2012

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

No matters were reported.

# COUNTY OF SAGINAW, MICHIGAN

## Schedule of Findings and Questioned Costs September 30, 2012

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

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

Salaried 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. This finding has been corrected.

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