

COUNTY OF SAGINAW, MICHIGAN

For the Fiscal
Year Ended
September 30,
2013

Financial
Statements and
Single Audit Act
Compliance

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

COUNTY OF SAGINAW, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

March 25, 2014

Board of Commissioners
County of Saginaw
Saginaw, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Saginaw, Michigan (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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 discretely presented component unit, which represent 64 percent, 74 percent, and 23 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison 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.

Other Matters

Required Supplementary Information

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 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 any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County'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 combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2014, 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* in considering the County's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

As management of the *County of Saginaw, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2013. 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 \$72,750,958 (Net Position). Of this amount, \$30,738,861 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$7,329,784 during 2013.
- 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 \$40,907,606, an increase of \$1,145,723 in comparison with the prior year. Approximately 78.6 percent of this total amount, or \$32,161,494, 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 \$15,089,888, or 40.7 percent of total general fund expenditures. Total fund balance for the general fund was \$15,534,888.
- The County's total bonded debt decreased by \$6,634,759 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 position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the County itself (known as the *primary government*), but also includes the Road Commission, Brownfield Redevelopment Authority, Department of Public Works, Drain Commission, Economic Development Corporation, Land Bank Authority, and Saginaw County Community Mental Health Authority which are legally separate entities that 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 18 - 20 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 funds balance sheet and the governmental funds 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, Michigan Works! Fund, and Planning Commission Fund, each of which is considered to be major funds. Data from the other 41 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 21 - 29 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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 30 - 33 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 34 - 35 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 42 - 78 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 80 - 131 of this report.

Government-wide Financial Analysis

As noted earlier, net position 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 \$72,750,958 at the close of the most recent fiscal year.

	Saginaw County Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$ 93,407,352	\$ 94,142,703	\$ 22,427,847	\$ 33,353,215	\$ 115,835,199	\$ 127,495,918
Capital assets, net	23,715,958	24,270,873	21,674,758	16,957,489	45,390,716	41,228,362
Total assets	117,123,310	118,413,576	44,102,605	50,310,704	161,225,915	168,724,280
Liabilities						
Long-term liabilities	59,937,382	51,920,040	16,903,591	24,467,725	76,840,973	76,387,765
Other liabilities	10,216,319	11,197,815	1,417,665	1,057,958	11,633,984	12,255,773
Total liabilities	70,153,701	63,117,855	18,321,256	25,525,683	88,474,957	88,643,538
Net Position						
Invested in capital assets, net of related debt	18,187,382	21,424,737	17,924,758	13,657,489	36,112,140	35,082,226
Restricted	5,934,957	4,780,784	-	-	5,934,957	4,780,784
Unrestricted	22,847,270	29,090,200	7,856,591	11,127,532	30,703,861	40,217,732
Total net position	\$ 46,969,609	\$ 55,295,721	\$ 25,781,349	\$ 24,785,021	\$ 72,750,958	\$ 80,080,742

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

One of the largest portions of the County's net position, \$36,112,140 (49.6 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 position, \$5,934,957 (8.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$30,703,861 (42.3 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities.

	Saginaw County Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 24,626,064	\$ 23,887,090	\$ 7,957,542	\$ 7,794,840	\$ 32,583,606	\$ 31,681,930
Operating grants and contributions	36,275,104	37,628,557	-	-	36,275,104	37,628,557
Capital grants and contributions	340,336	10,515	691,022	1,610,996	1,031,358	1,621,511
General revenues:						
Property taxes	36,626,860	38,787,574	1,037,543	1,083,577	37,664,403	39,871,151
Accommodations tax	2,620,560	2,524,584	-	-	2,620,560	2,524,584
Grants and contributions not restricted to specific programs	785,633	683,143	-	58,710	785,633	741,853
Other revenue	380,218	211,445	392,481	342,071	772,699	553,516
Total revenues	101,654,775	103,732,908	10,078,588	10,890,194	111,733,363	114,623,102
Expenses						
Legislative	626,259	765,879	-	-	626,259	765,879
Judicial	19,036,806	18,542,630	-	-	19,036,806	18,542,630
General government	16,940,019	13,412,766	-	-	16,940,019	13,412,766
Public safety	25,954,043	25,217,007	-	-	25,954,043	25,217,007
Public works	823,497	967,033	-	-	823,497	967,033
Health and welfare	42,556,590	43,784,363	-	-	42,556,590	43,784,363
Community and economic development	3,394,400	3,500,029	-	-	3,394,400	3,500,029
Recreation and culture	2,042,358	2,049,507	-	-	2,042,358	2,049,507
Interest on long-term debt	1,208,752	1,518,623	-	-	1,208,752	1,518,623
Delinquent tax revolving	-	-	366,084	510,293	366,084	510,293
Delinquent tax foreclosure	-	-	657,705	716,536	657,705	716,536
Building Authority Event Center	-	-	4,287,524	4,196,524	4,287,524	4,196,524
Building Authority administration	-	-	72,976	121,535	72,976	121,535
Parking system	-	-	137,167	135,730	137,167	135,730
Harry W. Browne Airport	-	-	494,409	618,098	494,409	618,098
Inmate services	-	-	464,558	465,916	464,558	465,916
Total expenses	112,582,724	109,757,837	6,480,423	6,764,632	119,063,147	116,522,469

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

	Saginaw County Changes in Net Position (Continued)					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Change in net position before transfers	\$ (10,927,949)	\$ (6,024,929)	\$ 3,598,165	\$ 4,125,562	\$ (7,329,784)	\$ (1,899,367)
Transfers	2,601,837	2,278,687	(2,601,837)	(2,278,687)	-	-
Change in net position	(8,326,112)	(3,746,242)	996,328	1,846,875	(7,329,784)	(1,899,367)
Net position, beginning of year	55,295,721	59,041,963	24,785,021	22,938,146	80,080,742	81,980,109
Net position, end of year	\$ 46,969,609	\$ 55,295,721	\$ 25,781,349	\$ 24,785,021	\$ 72,750,958	\$ 80,080,742

The County's net position decreased by \$7,329,784 during the current fiscal year; a \$8,326,112 decrease for governmental activities and a \$996,328 increase for business-type activities.

Governmental activities. Governmental activities decreased the County's net position by \$8,326,112 thereby accounting for the majority of the total decrease in the government's net position during the year. Key elements of this decrease are as follows:

- Revenues from FY 2012 to FY 2013 showed a decrease of \$2,078,133 (2.0 percent). The County saw less revenue in the areas of operating grants and contributions, property taxes and investment income. The County Treasurer continues to be conservative in investments to keep them in 100% FDIC insured accounts which typically pay a slightly lower rate for interest.
- Expenses increased during the year as compared to the prior year by approximately \$2,824,887 (2.6 percent). This was mainly in the area of general government due to the escrow requirements related to the refinancing of HealthSource Saginaw debt. The refinancing of this debt provided an estimated present value savings of approximately \$2,200,000 to the County and its taxpayers.

Business-type activities. Business-type activities increased the County's net position by \$996,328. Key elements of this increase are as follows:

- Revenues decreased 7.5 percent, or \$811,606 mainly in the area of capital grants and contributions due to the reduction in the Event Center of contributed money for the parking lot and parking ramp renovations.
- Expenses decreased 4.2 percent, or \$284,209, as a result of decreased activity within the delinquent tax revolving fund and Harry W. Browne airport fund that was offset with an increase in activity within the building authority event center fund.
- Transfers netted out to an increase of approximately \$323,150 or 14.2 percent. This is a result of decreased activity in the building authority event center fund offset with an increase in 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$40,907,606, an increase of \$1,145,723 in comparison with the prior year. Approximately 78.6 percent of this total amount (\$32,161,494) 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* (\$18,282,828) and *assigned fund balance* (\$13,878,666). 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 (\$480,000) is categorized as *nonspendable* for advances to the Mailing Department fund (\$25,000), the Inmate Services fund (\$20,000), to the Drain Commission component unit (\$400,000) as well as a permanent trust (\$35,000). The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been set aside to: 1) specific purposes (\$6,895,208), 2) pay debt service (\$1,267,148), 3) for permanent trusts (\$3,462), or 4) for restricted donations (\$100,294).

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 \$15,089,888, while total fund balance amounted to \$15,534,888. 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 40.7 percent of total general fund expenditures, while total fund balance represents 41.9 percent of that same amount.

The fund balance of the County's general fund increased by \$722,411 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue remained relatively stagnant with a decrease of \$841,738 (3.6 percent).
- Charges for services increased by \$824,864 (17.0 percent) mainly due to the one-time transfer of monies collected by the Register of Deeds office since fiscal year 2006 for online deed searches and copies. These monies were being held in a separate bank account and had not previously been reported in the financial system.
- Expenditures remained relatively flat overall with the largest increase occurring in the area of public safety of \$644,830 (6.8 percent).
- Transfers in decreased by \$226,850 (4.8 percent) mainly due to a one-time transfer in from the Health Department in the amount of \$200,000 during fiscal year 2012.
- Transfers out decreased by \$1,074,462 (14.0 percent) mainly in the appropriations to the Child Care fund (\$1,085,664) due to the recovery of excess appropriations from prior fiscal years. It should also be noted that an appropriation to the Public Improvement fund (\$1,444,826) was made pursuant to the Budget Resolution that two-thirds of the General Fund surplus be transferred to this fund. The amount of this transfer was an increase of \$6,224 from the prior fiscal year amount (\$1,438,602).

The Health Department fund had an increase in fund balance for the current year of \$73,453, for an ending total of \$2,446,855. This increase was the result of several factors including an increase in revenues offset with an increase in expenditures and the elimination of the appropriation to the general fund.

The debt service funds have a total fund balance of \$1,267,148 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 \$163,725.

The capital projects funds have a total fund balance of \$4,194,539 of which \$14,301 is assigned for the Saginaw Valley Rail Trail Development Phase IV project overseen by the Parks and Recreation Commission. The remaining amount of \$407,198 is assigned for the mainframe conversion project and \$3,773,040 is assigned for public improvement projects as approved by the Board of Commissioners.

The permanent fund has a fund balance of \$38,462, of which \$35,000 is nonspendable and the remaining \$3,462 restricted for maintenance of the Saginaw Valley Rail Trail.

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

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

Unrestricted net position of the Delinquent Tax Revolving Fund at the end of the year amounted to \$6,853,938, while those for the Building Authority Event Center amounted to \$202,898. The combined unrestricted net position of the nonmajor enterprise funds and the internal service funds were \$755,669 and \$7,264,738, respectively, at the end of the year. The Delinquent Tax Revolving Fund had an increase in net position for the year of \$492,455, whereas the Building Authority Event Center had an increase of \$131,163. The combined increase in net position of the nonmajor enterprise funds was \$371,215 and the combined increase in net position of the internal service funds was \$362,643 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 0.72 percent increase (\$276,106 increase in appropriations); whereas the difference between the original budget and final amended budget for revenues resulted in a 2.57 percent increase (\$987,251 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, an adjustment was made to computer services-processing line items throughout the departments that resulted in a net decrease in expenditures of \$83,551 that was mainly offset with an increase to transfers out to MSU Extension of \$87,474 to cover the increase in their computer services-processing line item budget.
- During the year, a \$60,000 decrease was allocated to the Family Division activity which was offset against transfers out to the Public Improvement fund to incorporate the Juvenile Court ImageSoft iJustice imaging program pursuant to approval by the Board of Commissioners.
- At the end of the year, a \$570,000 increase was allocated to charges for services offset with a \$70,000 an increase in the Register of Deeds activity and a \$500,000 decrease in the use of fund balance to account for the one-time transfer of funds received by the Register of Deeds for online record copying services that began in 2006 pursuant to approval by the Board of Commissioners.
- At the end of the year, a \$41,000 increase was allocated to the Medical Examiner activity offset with an increase in charges for services for medical examiner fees charged for cremation permits and autopsy fees pursuant to approval by the Board of Commissioners.
- At the end of the year, pursuant to approval by the Board of Commissioners, a \$362,177 increase was allocated to reimbursements for money received from the Department of Corrections for parole holds and diverted felons that was mostly allocated as follows: a \$26,807 increase in transfers out to the Prosecutor Special Projects fund to cover a decrease in the BAYANET grant; a \$65,126 increase to the Controller activity to account for additional expenditures incurred due to the retirement and replacement of the Controller as well as for fees paid to the County attorney for negotiating 16 collective bargaining agreements; a \$10,000 increase in the Law Library activity to cover additional books and publications; a \$255,500 increase in the Sheriff Jail Division activity to cover additional costs incurred as a result of 3 retirements and costs of providing medical services to jail inmates.
- A \$11,926 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 which resulted in no use of 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 \$104,186 occurred due to not budgeting for money received from the DNR, unpaid personal property taxes, PILT as well as the interest earned on delinquent and personal property taxes.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- The unfavorable variance in fines and forfeitures of \$60,005 is due to lower than anticipated revenue received from the collection of local ordinance fines and costs by District Court.
- The favorable variance in reimbursements of \$451,362 is a result of higher than anticipated revenue received from the Department of Corrections for the detaining of diverted felons and parole holds as well as reimbursements received from various departments for indirect cost allocations.
- 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 implementation of a hiring freeze during the fiscal year which further increased the delay in the filling of vacancies.
- 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 that was offset with the reduction in the transfer out to the Child Care fund.

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, 2013, and September 30, 2012, along with the amount and percentage of increases and decreases in relation to the 2012 fund balance:

	2013	2012	Variance from 2012	Percent Increase/ (Decrease)
Revenues	\$ 39,942,602	\$ 39,712,986	\$ 229,616	0.58%
Expenditures	(37,084,563)	(36,010,445)	(1,074,118)	2.98%
Revenues over expenditures	2,858,039	3,702,541	(844,502)	
Other financing sources (uses):				
Transfers in	4,475,346	4,702,196	(226,850)	-4.82%
Transfers out	(6,610,974)	(7,685,436)	1,074,462	-13.98%
Net change in fund balances	722,411	719,301	3,110	
Fund balance, beginning of year	14,812,477	14,093,176	719,301	
Fund balance, end of year	\$ 15,534,888	\$ 14,812,477	\$ 722,411	4.88%

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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	\$ 14,367,477	\$ 14,812,477
2012/2013 Transactions:			
Excess revenue over expenditures	-	2,858,039	2,858,039
Total other financing sources (uses)	-	(2,135,628)	(2,135,628)
2012/2013 net increase (decrease)	-	722,411	722,411
Fund balance, end of year	\$ 445,000	\$ 15,089,888	\$ 15,534,888

The Committed for Future Use classification shown above is comprised of three different components: Employee Payroll Reserve, Budget Stabilization, and Subsequent Years' Expenditures. The current balance for the Subsequent Years' Expenditures is \$971,495 and denotes the amount that the Board of Commissioners has approved as use of fund balance to balance the FY 2014 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 \$11,311,615 or 50 percent of the most current Board approved General Fund budget for property tax collections and the current balance for Budget Stabilization is \$2,806,778 or 6.3 percent of the most current Board approved General Fund budget.

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, conference center, and an outdoor pavilion. 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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 26.3 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, 2013 amounted to \$45,390,716 (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 10.1 percent (a 2.3 percent decrease for governmental activities and a 27.8 percent increase for business-type activities).

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

- Construction continued 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 \$362,692.
- The Courthouse began a closed caption tv security system project to add cameras to the perimeter and the interior of the building at a cost of \$91,977.
- Several printers, scanners, servers, and storage arrays were purchased for various departments at a cost of \$162,868. Also, a new security camera system was purchased and installed at the sheriff's department administration and jail buildings at a cost of \$53,295 and the health department purchased a chemistry analyzer for their laboratory department at a cost of \$89,952.
- Several vehicles were replaced in various county departments at a total cost of \$298,175.
- Construction was completed at the properties located across from the Dow Event Center that included the demolition of two buildings and asbestos work prior to demolition, construction of a parking lot on the site of one of the buildings, construction of an outdoor pavilion on the site of the other building, and renovations to the parking ramp at a combined total cost of \$5,483,611.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- Construction began at the Harry W. Browne Airport on a new terminal building at a cost of \$554,895.

County of Saginaw's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,549,807	\$ 3,549,807	\$ 2,258,248	\$ 2,258,248	\$ 5,808,055	\$ 5,808,055
Air rights	-	-	117,761	117,761	117,761	117,761
Construction in progress	485,170	30,500	568,451	774,279	1,053,621	804,779
Land improvements	5,792,138	6,022,862	4,101,249	-	9,893,387	6,022,862
Buildings	11,784,144	12,360,920	12,571,838	11,590,226	24,355,982	23,951,146
Equipment	1,495,005	1,656,998	463,289	501,533	1,958,294	2,158,531
Office furniture and fixtures	70,772	80,645	30,767	34,087	101,539	114,732
Planning and development	-	-	1,550,440	1,663,279	1,550,440	1,663,279
Vehicles	538,922	569,141	12,715	18,076	551,637	587,217
Total	\$ 23,715,958	\$ 24,270,873	\$ 21,674,758	\$ 16,957,489	\$ 45,390,716	\$ 41,228,362

Additional information on the County's capital assets can be found in note 6. on pages 54 - 58 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$73,905,410. Of this amount, \$43,762,826 comprises debt backed by the full faith and credit of the government and \$1,377,003 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	
	2013	2012	2013	2012	2013	2012
Primary Government						
General obligation bonds	\$ 31,054,642	\$ 32,391,136	\$ 3,250,000	\$ 3,300,000	\$ 34,304,642	\$ 35,691,136
General obligation notes	-	-	12,942,000	21,000,000	12,942,000	21,000,000
Promissory note	-	-	500,000	-	500,000	-
Component Units						
Revolving loans	1,147,888	1,228,181	-	-	1,147,888	1,228,181
Capital Lease	195,581	247,845	-	-	195,581	247,845
General obligation bonds and notes	24,815,299	22,373,007	-	-	24,815,299	22,373,007
Total	\$ 57,213,410	\$ 56,240,169	\$ 16,692,000	\$ 24,300,000	\$ 73,905,410	\$ 80,540,169

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

	Amount	Issue	Rate
2013 Series GOL Delinquent Tax Notes	\$ 13,000,000	5/29/2013	0.50%
HealthSource Saginaw UTGOB Refunding, Series 2013	26,685,000	2/20/2013	3.00% to 5.00%
Promissory Note - FirstMerit Pavilion Phase II	500,000	8/16/2013	3.75%
Northwest Utilities Authority Sewage Disposal Bonds	349,000	10/1/2012	3.00%
Misteguay Creek Intercounty Drain Note	100,000	11/1/2012	1.00%

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

The County's total debt decreased by \$6,584,759 (8.5 percent) during the fiscal year.

The County maintains an "Aa3" rating with Moody's for its general obligation debt.

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 \$532,707,321, 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 61 - 65 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 2014 fiscal year:

- Property Taxes - Estimates received from the County Equalization Department anticipated that property tax revenue for the General Fund would increase by 0.20% for fiscal 2014 while property tax revenue for the special millage funds would decrease by 0.052% for fiscal 2014.
- Wages and Fringe Benefits - The County's authorized staff count saw a slight decrease from 2013 to 2014 with the reduction of 8.00 F.T.E.'s or 661.36 F.T.E.'s budgeted for. The wage rates for these positions were frozen without increase for fiscal 2014. 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 the cost of providing health insurance and contributions to the retiree health reserve went up from \$12,500 to \$16,400 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 due to the increase in costs of providing retiree health care. 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 2014 as had been anticipated and was addressed with the use of reserves in the general fund of \$971,495 to maintain current staffing levels and to balance anticipated revenues with expenditures.
- The Board of Commissioners authorized a hiring freeze in FY 2013 that was carried over into FY 2014 to allow departments the ability to analyze their operations and justify the need for filling positions that become vacant in an effort to reduce the amount of budgeted reserves.
- The Board of Commissioners authorized in FY 2012 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. During FY 2014, the County issued Pension Obligation Bonds in an amount of \$52,005,000.
- 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.

BASIC FINANCIAL STATEMENTS

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investment pool	\$ 46,344,908	\$ 7,685,302	\$ 54,030,210	\$ 25,996,331
Receivables (net)	44,846,087	15,450,620	60,296,707	25,255,751
Internal balances	832,064	(832,064)	-	-
Inventory	-	110,449	110,449	3,933,731
Other assets	145,780	13,540	159,320	691,061
Net pension asset	1,238,513	-	1,238,513	-
Capital assets:				
Assets not being depreciated	4,034,977	2,944,460	6,979,437	40,662,171
Assets being depreciated, net	19,680,981	18,730,298	38,411,279	168,578,457
Total assets	117,123,310	44,102,605	161,225,915	265,117,502
Liabilities				
Accounts payable and accrued liabilities	9,370,766	1,380,216	10,750,982	8,806,642
Unearned revenue	845,553	37,449	883,002	3,642,116
Long-term liabilities:				
Due within one year	2,976,218	2,915,000	5,891,218	2,881,825
Due in more than one year	32,744,712	13,784,522	46,529,234	24,382,488
Other noncurrent liability - net other postemployment benefit liability	24,216,452	204,069	24,420,521	2,407,317
Total liabilities	70,153,701	18,321,256	88,474,957	42,120,388
Deferred inflows of resources				
Unavailable revenue - special assessments	-	-	-	133,787
Net position				
Net investment in capital assets	18,187,382	17,924,758	36,112,140	199,282,255
Restricted for:				
Debt service	1,267,148	-	1,267,148	746,790
Acquisition/construction of capital assets	4,529,053	-	4,529,053	12,295,031
Postemployment health benefits	-	-	-	4,888,577
Restricted contributions	100,294	-	100,294	-
Endowment				
Expendable	3,462	-	3,462	-
Nonexpendable	35,000	-	35,000	-
Unrestricted	22,847,270	7,856,591	30,703,861	5,650,674
Total net position	\$ 46,969,609	\$ 25,781,349	\$ 72,750,958	\$ 222,863,327

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities:						
Legislative	\$ 626,259	\$ -	\$ -	\$ -	\$ -	\$ (626,259)
Judicial	18,564,067	472,739	3,758,705	5,053,020	-	(10,225,081)
General government	18,810,579	(1,870,560)	3,750,486	4,798,828	-	(8,390,705)
Public safety	25,745,443	208,600	9,451,879	1,688,454	-	(14,813,710)
Public works	819,684	3,813	568,745	4,086	-	(250,666)
Health and welfare	41,458,902	1,097,688	6,892,826	24,414,875	-	(11,248,889)
Community and economic development	3,384,237	10,163	67,564	291,794	-	(3,035,042)
Recreation and culture	2,014,500	27,858	135,859	24,047	340,336	(1,542,116)
Interest on long-term debt	1,208,752	-	-	-	-	(1,208,752)
Total governmental activities	112,632,423	(49,699)	24,626,064	36,275,104	340,336	(51,341,220)
Business-type activities:						
Delinquent tax revolving	366,084	-	2,322,376	-	-	1,956,292
Delinquent tax foreclosure	657,705	-	1,006,335	-	-	348,630
Building Authority Event Center	4,287,524	-	3,263,618	-	150,000	(873,906)
Building Authority administration	72,976	-	17,401	-	-	(55,575)
Parking system	137,167	-	114,566	-	-	(22,601)
Harry W. Browne Airport	494,409	-	334,538	-	541,022	381,151
Inmate services	456,688	7,870	898,708	-	-	434,150
Total business-type activities	6,472,553	7,870	7,957,542	-	691,022	2,168,141
Total primary government	\$ 119,104,976	\$ (41,829)	\$ 32,583,606	\$ 36,275,104	\$ 1,031,358	\$ (49,173,079)
Component Units						
Road Commission	\$ 22,272,994	\$ -	\$ 80,198	\$ 20,184,060	\$ -	\$ (2,008,736)
Brownfield Redevelopment Authority	173,026	-	-	249,472	-	76,446
Department of Public Works	641,787	-	55,641	-	703,199	117,053
Drain Commission	2,050,257	-	59,143	-	(635,839)	(2,626,953)
Economic Development Corporation	608,504	-	-	505,803	-	(102,701)
Land Bank Authority	1,618,715	-	-	2,304,207	-	685,492
Saginaw County Community Mental Health Authority	63,634,451	-	1,927,249	61,784,497	167,437	244,732
Total component units	\$ 90,999,734	\$ -	\$ 2,122,231	\$ 85,028,039	\$ 234,797	\$ (3,614,667)

(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, 2013

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net (expense) revenue	\$ (51,341,220)	\$ 2,168,141	\$ (49,173,079)	\$ (3,614,667)
General revenues:				
Property taxes	36,626,860	1,037,543	37,664,403	68,107
Accommodations tax	2,620,560	-	2,620,560	-
Grants and contributions not restricted to specific programs	785,633	-	785,633	-
Investment income - interest earned	361,118	392,481	753,599	235,600
Gain on sale of capital assets	19,100	-	19,100	-
Transfers - internal activities	2,601,837	(2,601,837)	-	-
Total general revenues and transfers	43,015,108	(1,171,813)	41,843,295	303,707
Change in net position	(8,326,112)	996,328	(7,329,784)	(3,310,960)
Net position, beginning of year	55,295,721	24,785,021	80,080,742	226,174,287
Net position, end of year	<u>\$ 46,969,609</u>	<u>\$ 25,781,349</u>	<u>\$ 72,750,958</u>	<u>\$ 222,863,327</u>

(concluded)

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

COUNTY OF SAGINAW, MICHIGAN

Balance Sheet

Governmental Funds
September 30, 2013

	General	Health Department	Michigan Works!	Planning Commission	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investment pool	\$ 14,086,866	\$ 2,056,545	\$ 819,539	\$ 2	\$ 20,675,909	\$ 37,638,861
Receivables (net):						
Taxes	3,494,722	-	-	-	230,786	3,725,508
Accounts	233,482	431,984	10,928	-	2,643,206	3,319,600
Notes	-	-	-	2,003,208	1,389,467	3,392,675
Accrued interest	17,387	-	858	5	19,796	38,046
Due from other funds	1,692,656	21	-	-	2,450,051	4,142,728
Due from other governmental units	893,838	916,170	643,042	124,448	2,502,940	5,080,438
Advances to other funds	45,000	-	-	-	-	45,000
Advances to component units	400,000	-	-	-	-	400,000
Other assets	18,160	4,860	69,489	-	25,123	117,632
Total assets	\$ 20,882,111	\$ 3,409,580	\$ 1,543,856	\$ 2,127,663	\$ 29,937,278	\$ 57,900,488
Liabilities						
Accounts payable	\$ 633,467	\$ 415,222	\$ 1,057,491	\$ 37,302	\$ 2,297,040	\$ 4,440,522
Accrued liabilities	917,071	177,749	29,160	7,396	824,919	1,956,295
Deposits payable	-	12,642	-	-	61,353	73,995
Due to other funds	1,450,511	-	-	47,709	1,780,370	3,278,590
Due to other governmental units	-	332,051	-	228,989	110,968	672,008
Advances from other governmental units	-	-	-	-	80,000	80,000
Unearned revenue	200	25,061	457,205	-	363,087	845,553
Total liabilities	3,001,249	962,725	1,543,856	321,396	5,517,737	11,346,963
Deferred inflows of resources						
Unavailable revenue - property taxes	2,345,974	-	-	-	136,259	2,482,233
Unavailable revenue - loans receivable	-	-	-	1,774,219	1,389,467	3,163,686
Total deferred inflows of resources	2,345,974	-	-	1,774,219	1,525,726	5,645,919
Fund balances						
Nonspendable	445,000	-	-	-	35,000	480,000
Restricted	-	-	-	-	8,266,112	8,266,112
Committed	15,089,888	-	-	-	3,192,940	18,282,828
Assigned	-	2,446,855	-	32,048	11,399,763	13,878,666
Total fund balances	15,534,888	2,446,855	-	32,048	22,893,815	40,907,606
Total liabilities, deferred inflows of resources and fund balances	\$ 20,882,111	\$ 3,409,580	\$ 1,543,856	\$ 2,127,663	\$ 29,937,278	\$ 57,900,488

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

COUNTY OF SAGINAW, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
September 30, 2013

Fund balances - total governmental funds	\$ 40,907,606
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	47,602,747
Accumulated depreciation	(24,062,580)
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 inflows on taxes and notes receivable	5,645,919
Net pension asset	1,238,513
Long-term receivable for repayment of debt service	28,570,000
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 position.	
	7,396,443
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	(31,054,642)
Bond premium	(3,043,934)
Other postemployment benefit obligation	(24,216,452)
Accrued interest on bonds payable	(541,680)
Accrued compensated absences	(1,472,331)
Net position of governmental activities	<u>\$ 46,969,609</u>

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2013

	General	Health Department	Michigan Works!	Planning Commission	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Property taxes	\$ 22,681,510	\$ -	\$ -	\$ -	\$ 15,165,716	\$ 37,847,226
Accommodations tax	-	-	-	-	2,620,560	2,620,560
Licenses and permits	273,541	402,905	-	-	20,978	697,424
Federal grants	395,243	6,040,013	10,218,462	262,543	4,815,729	21,731,990
State grants	6,194,401	2,690,703	725	6,040	5,072,685	13,964,554
Local grants and contributions	6,500	588,074	-	-	256,718	851,292
Charges for services	5,687,021	1,724,835	-	-	6,839,964	14,251,820
Fines and forfeitures	855,795	-	-	-	131,685	987,480
Investment income	60,042	-	1,556	14	269,573	331,185
Rental revenue	-	-	-	-	388,081	388,081
Donations	-	63,913	430,708	-	353,115	847,736
Reimbursements	3,759,310	1,810,328	1,466,162	-	2,908,403	9,944,203
Other revenue	29,239	540,196	12,057	17,190	110,382	709,064
Total revenue	39,942,602	13,860,967	12,129,670	285,787	38,953,589	105,172,615
Expenditures						
Current:						
Legislative	582,388	-	-	-	-	582,388
Judicial	12,153,596	-	-	-	4,842,313	16,995,909
General government	11,677,886	-	-	-	2,357,100	14,034,986
Public safety	10,094,167	-	-	-	14,039,444	24,133,611
Public works	136,680	-	-	-	589,223	725,903
Health and welfare	2,146,628	14,718,486	12,129,670	-	11,893,723	40,888,507
Community and economic development	293,218	-	-	346,997	2,994,052	3,634,267
Recreation and culture	-	-	-	-	1,865,935	1,865,935
Capital outlay	-	-	-	-	959,751	959,751
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	1,171,494	1,171,494
Interest and fiscal charges	-	-	-	-	1,314,831	1,314,831
Total expenditures	37,084,563	14,718,486	12,129,670	346,997	42,027,866	106,307,582
Revenues over (under) expenditures	2,858,039	(857,519)	-	(61,210)	(3,074,277)	(1,134,967)
Other financing sources (uses)						
Transfers in	4,475,346	930,972	-	55,519	6,923,167	12,385,004
Transfers out	(6,610,974)	-	-	-	(3,111,147)	(9,722,121)
Proceeds from issuance of debt	-	-	-	-	26,685,000	26,685,000
Premium on debt issuance	-	-	-	-	3,139,057	3,139,057
Payments to escrow agent	-	-	-	-	(30,206,250)	(30,206,250)
Total other financing sources (uses)	(2,135,628)	930,972	-	55,519	3,429,827	2,280,690
Net change in fund balances	722,411	73,453	-	(5,691)	355,550	1,145,723
Fund balance, beginning of year	14,812,477	2,373,402	-	37,739	22,538,265	39,761,883
Fund balance, end of year	\$ 15,534,888	\$ 2,446,855	\$ -	\$ 32,048	\$ 22,893,815	\$ 40,907,606

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

COUNTY OF SAGINAW, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds	\$ 1,145,723
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	961,223
Loss on disposal of capital assets	(52,572)
Depreciation expense	(1,446,020)
Revenues in the funds that represent repayment of taxes or loans receivable that do not affect the statement of activities	(1,342,615)
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	(47,640)
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 position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Proceeds from issuance of debt	(26,685,000)
Proceeds from issuance of debt - premium	(3,139,057)
Amortization of premium	95,123
Principal payments on long-term liabilities	28,021,494
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	106,079
Change in net other postemployment benefit obligation	(6,477,872)
Change in accrued compensated absences	173,876
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	373,159
Investment income from governmental internal service funds	29,933
Gain on sale of capital assets in governmental internal service funds	19,100
Transfers out governmental internal service funds	(61,046)
Change in net position of governmental activities	<u>\$ (8,326,112)</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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 22,577,324	\$ 22,577,324	\$ 22,681,510	\$ 104,186
Licenses and permits	269,625	269,625	273,541	3,916
Federal grants	403,420	398,494	395,243	(3,251)
State grants	6,140,891	6,140,891	6,194,401	53,510
Local revenue	6,500	6,500	6,500	-
Charges for services	5,013,555	5,624,555	5,687,021	62,466
Fines and forfeitures	915,800	915,800	855,795	(60,005)
Investment income	152,000	152,000	60,042	(91,958)
Reimbursements	2,926,771	3,307,948	3,759,310	451,362
Other revenue	11,350	11,350	29,239	17,889
Total revenues	38,417,236	39,404,487	39,942,602	538,115
Expenditures				
Current:				
Legislative - Board of Commissioners	593,077	591,764	582,388	(9,376)
Judicial:				
Circuit Court	3,676,428	3,667,459	3,391,579	(275,880)
District Court	4,180,952	4,159,722	3,920,873	(238,849)
Probate Court	885,853	885,311	835,285	(50,026)
Law Library	52,552	62,552	51,858	(10,694)
Family Division	2,968,963	2,892,411	2,752,952	(139,459)
Probation - Circuit Court	101,816	101,816	90,101	(11,715)
Probation - District Court	1,041,022	1,038,898	1,020,768	(18,130)
Assigned Counsel	89,535	88,880	88,680	(200)
Jury Commission	1,500	1,500	1,500	-
Total judicial	12,998,621	12,898,549	12,153,596	(744,953)
General government:				
Elections	100,700	100,700	60,556	(40,144)
Auditing	115,394	115,394	111,086	(4,308)
Corporate Counsel	154,000	154,000	105,431	(48,569)
County Clerk	1,248,514	1,236,692	1,232,768	(3,924)
Controller	1,119,800	1,176,566	1,143,174	(33,392)
Equalization	532,168	530,200	468,872	(61,328)
Prosecuting Attorney	3,289,640	3,290,649	3,114,720	(175,929)
Prosecuting Attorney - Welfare	603,942	599,016	585,659	(13,357)
Register of Deeds	625,897	691,741	690,241	(1,500)
County Treasurer	872,195	867,820	774,724	(93,096)
Maintenance	2,972,368	2,970,618	2,936,006	(34,612)
Maintenance - Telephone	90,000	90,000	79,414	(10,586)
Public Works Commissioner	394,810	398,320	375,235	(23,085)
Total general government	12,119,428	12,221,716	11,677,886	(543,830)

(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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
Sheriff	\$ 786,383	\$ 775,320	\$ 769,398	\$ (5,922)
Marine Law Enforcement	4,818	4,818	3,483	(1,335)
Sheriff - Jail Division	9,156,959	9,401,292	9,232,782	(168,510)
Corrections Reimbursement	79,057	87,610	88,504	894
Total public safety	<u>10,027,217</u>	<u>10,269,040</u>	<u>10,094,167</u>	<u>(174,873)</u>
Public Works - Drains	<u>276,000</u>	<u>276,000</u>	<u>136,680</u>	<u>(139,320)</u>
Health and welfare:				
Medical Examiner	408,201	448,763	433,791	(14,972)
Veterans Burial	82,000	82,000	29,129	(52,871)
Contributions to other agencies	1,694,303	1,683,708	1,683,708	-
Total health and welfare	<u>2,184,504</u>	<u>2,214,471</u>	<u>2,146,628</u>	<u>(67,843)</u>
Community and economic development:				
Plat Board	600	600	-	(600)
Contributions to other agencies	289,805	293,218	293,218	-
Total community and economic development	<u>290,405</u>	<u>293,818</u>	<u>293,218</u>	<u>(600)</u>
Total expenditures	<u>38,489,252</u>	<u>38,765,358</u>	<u>37,084,563</u>	<u>(1,680,795)</u>
Revenues over (under) expenditures	<u>(72,016)</u>	<u>639,129</u>	<u>2,858,039</u>	<u>2,218,910</u>
Other financing sources (uses)				
Transfers in	4,475,346	4,475,346	4,475,346	-
Transfers out	(6,220,405)	(6,431,550)	(6,610,974)	179,424
Total other financing sources (uses)	<u>(1,745,059)</u>	<u>(1,956,204)</u>	<u>(2,135,628)</u>	<u>179,424</u>
Net change in fund balances	(1,817,075)	(1,317,075)	722,411	2,039,486
Fund balance, beginning of year	<u>14,812,477</u>	<u>14,812,477</u>	<u>14,812,477</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,995,402</u>	<u>\$ 13,495,402</u>	<u>\$ 15,534,888</u>	<u>\$ 2,039,486</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 - Health Department Special Revenue Fund

For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenue				
Licenses and permits	\$ 411,860	\$ 411,860	\$ 402,905	\$ (8,955)
Federal grants	2,932,782	2,932,782	6,040,013	3,107,231
State grants	6,154,572	6,178,572	2,690,703	(3,487,869)
Local grants and contributions	600,000	588,074	588,074	-
Charges for services	2,937,199	2,964,199	1,724,835	(1,239,364)
Donations	57,000	60,750	63,913	3,163
Reimbursements	2,022,451	2,045,598	1,810,328	(235,270)
Other revenue	542,366	552,866	540,196	(12,670)
Total revenues	15,658,230	15,734,701	13,860,967	(1,873,734)
Expenditures				
Health and welfare	16,975,868	17,064,265	14,718,486	(2,345,779)
Revenues (under) over expenditures	(1,317,638)	(1,329,564)	(857,519)	472,045
Other financing sources (uses)				
Transfers in	1,318,750	1,330,676	930,972	(399,704)
Net change in fund balances	1,112	1,112	73,453	72,341
Fund balance, beginning of year	2,373,402	2,373,402	2,373,402	-
Fund balance, end of year	\$ 2,374,514	\$ 2,374,514	\$ 2,446,855	\$ 72,341

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, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 12,823,741	\$ 11,613,384	\$ 10,218,462	\$ (1,394,922)
State grants	1,542,349	1,505,095	725	(1,504,370)
Investment income	1,737	1,737	1,556	(181)
Donations	625,263	663,348	430,708	(232,640)
Reimbursements	1,766,033	1,746,033	1,466,162	(279,871)
Other revenue	16,061	169,780	12,057	(157,723)
Total revenues	16,775,184	15,699,377	12,129,670	(3,569,707)
Expenditures				
Health and welfare	16,775,184	15,699,377	12,129,670	(3,569,707)
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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 - Planning Commission Special Revenue Fund
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 585,650	\$ 585,650	\$ 262,543	\$ (323,107)
State grants	20,000	20,000	6,040	(13,960)
Investment income	600	600	14	(586)
Reimbursements	2,960	1,210	-	(1,210)
Other revenue	33,000	33,000	17,190	(15,810)
Total revenues	642,210	640,460	285,787	(354,673)
Expenditures				
Community and economic development	739,567	737,817	346,997	(390,820)
Revenues over (under) expenditures	(97,357)	(97,357)	(61,210)	36,147
Other financing sources (uses)				
Transfers in	75,653	75,653	55,519	(20,134)
Net change in fund balances	(21,704)	(21,704)	(5,691)	16,013
Fund balance, beginning of year	37,739	37,739	37,739	-
Fund balance, end of year	\$ 16,035	\$ 16,035	\$ 32,048	\$ 16,013

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investment pool	\$ 4,530,055	\$ 1,380,139	\$ 1,774,908	\$ 7,685,102	\$ 8,706,247
Receivables (net):					
Taxes	13,854,028	40,422	-	13,894,450	-
Accounts	1,340,877	48,820	83,559	1,473,256	310,769
Accrued interest	11,283	1,085	1,542	13,910	8,851
Due from other funds	83	-	-	83	14,589
Due from other governmental units	69,204	-	-	69,204	-
Inventory	-	57,697	52,752	110,449	-
Other assets	-	500	13,040	13,540	28,148
Total current assets	<u>19,805,530</u>	<u>1,528,663</u>	<u>1,925,801</u>	<u>23,259,994</u>	<u>9,068,604</u>
Noncurrent assets - capital assets:					
Land	-	1,223,614	1,034,634	2,258,248	-
Air rights	-	-	117,761	117,761	-
Land improvements	-	4,143,187	40,558	4,183,745	-
Buildings and improvements	-	15,669,408	1,020,504	16,689,912	-
Machinery and equipment	-	1,007,188	49,153	1,056,341	1,553,575
Office furniture and fixtures	-	61,201	-	61,201	-
Planning and development	-	-	8,740,052	8,740,052	-
Vehicles	-	53,052	85,989	139,041	927,981
Construction in progress	-	-	568,451	568,451	-
Accumulated depreciation	-	(3,793,948)	(8,346,046)	(12,139,994)	(2,305,765)
Total noncurrent assets - capital assets	<u>-</u>	<u>18,363,702</u>	<u>3,311,056</u>	<u>21,674,758</u>	<u>175,791</u>
Total assets	<u>19,805,530</u>	<u>19,892,365</u>	<u>5,236,857</u>	<u>44,934,752</u>	<u>9,244,395</u>
Liabilities					
Current liabilities:					
Accounts payable	7,498	421,827	49,817	479,142	206,860
Accrued liabilities	2,094	90,094	6,347	98,535	1,479,406
Deposits payable	-	778,694	23,845	802,539	-
Due to other funds	-	-	856,233	856,233	22,577
Unearned revenue	-	35,150	2,299	37,449	-
Notes payable - current	2,750,000	100,000	-	2,850,000	-
Bonds payable - current	-	65,000	-	65,000	-
Total current liabilities	<u>2,759,592</u>	<u>1,490,765</u>	<u>938,541</u>	<u>5,188,898</u>	<u>1,708,843</u>
Noncurrent liabilities:					
Advances from other funds	-	-	20,000	20,000	25,000
Accrued liabilities	-	-	7,522	7,522	70,023
Notes payable	10,192,000	400,000	-	10,592,000	-
Bonds payable	-	3,185,000	-	3,185,000	-
Other noncurrent liability - net other postemployment benefit liability	-	-	204,069	204,069	-
Total noncurrent liabilities	<u>10,192,000</u>	<u>3,585,000</u>	<u>231,591</u>	<u>14,008,591</u>	<u>95,023</u>
Total liabilities	<u>12,951,592</u>	<u>5,075,765</u>	<u>1,170,132</u>	<u>19,197,489</u>	<u>1,803,866</u>
Net position					
Net investment in capital assets	-	14,613,702	3,311,056	17,924,758	175,791
Unrestricted	<u>6,853,938</u>	<u>202,898</u>	<u>755,669</u>	<u>7,812,505</u>	<u>7,264,738</u>
Total net position	<u>\$ 6,853,938</u>	<u>\$ 14,816,600</u>	<u>\$ 4,066,725</u>	<u>25,737,263</u>	<u>\$ 7,440,529</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				44,086	
Net position of business-type activities				<u>\$ 25,781,349</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 Position

Proprietary Funds

For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental
	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 644,165	\$ 2,631,076	\$ 2,163,097	\$ 5,438,338	\$ 218,410
Interest income	1,457,075	-	-	1,457,075	-
Fines and forfeitures	-	-	30,145	30,145	-
Rental revenue	-	-	104,473	104,473	131,352
Reimbursements	-	-	8,262	8,262	19,728,366
Other revenue	221,136	632,542	65,571	919,249	454,967
Total operating revenues	2,322,376	3,263,618	2,371,548	7,957,542	20,533,095
Operating expenses					
Personal services	-	1,267,081	37,690	1,304,771	1,092,120
Fringe benefits	-	-	81,678	81,678	16,417,110
Supplies	-	344,264	444,906	789,170	183,476
Services and charges	246,330	1,960,275	1,043,772	3,250,377	2,326,104
Other	-	249,011	-	249,011	-
Depreciation	-	467,113	170,413	637,526	139,629
Total operating expenses	246,330	4,287,744	1,778,459	6,312,533	20,158,439
Operating income (loss)	2,076,046	(1,024,126)	593,089	1,645,009	374,656
Nonoperating revenues (expenses)					
Property taxes	-	1,037,543	-	1,037,543	-
Federal grants	-	-	527,149	527,149	-
State grants	-	-	13,873	13,873	-
Investment income	36,163	6,331	349,987	392,481	29,933
Land bank contribution	-	150,000	-	150,000	-
Interest expense and fiscal charges	(119,754)	(49,631)	-	(169,385)	-
Gain on sale of capital assets	-	-	-	-	19,100
Total nonoperating revenues (expenses)	(83,591)	1,144,243	891,009	1,951,661	49,033
Income (loss) before transfers	1,992,455	120,117	1,484,098	3,596,670	423,689
Transfers					
Transfers in	-	11,046	18,669	29,715	-
Transfers out	(1,500,000)	-	(1,131,552)	(2,631,552)	(61,046)
Net transfers	(1,500,000)	11,046	(1,112,883)	(2,601,837)	(61,046)
Change in net position	492,455	131,163	371,215	994,833	362,643
Net position, beginning of year	6,361,483	14,685,437	3,695,510		7,077,886
Net position, end of year	\$ 6,853,938	\$ 14,816,600	\$ 4,066,725		\$ 7,440,529
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,495	
Change in net position of business-type activities				<u>\$ 996,328</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, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 3,171,398	\$ 2,636,270	\$ 2,437,491	\$ 8,245,159	\$ -
Receipts from interfund services provided	-	-	-	-	20,037,804
Payments for interfund services provided	(83)	-	(268,477)	(268,560)	-
Payments to employees	(79,353)	(1,260,444)	(120,851)	(1,460,648)	(1,389,645)
Payments to suppliers	(281,068)	(2,100,296)	(1,434,593)	(3,815,957)	(18,243,996)
Other operating receipts	221,136	632,542	65,560	919,238	452,550
Net cash provided by (used in) operating activities	3,032,030	(91,928)	679,130	3,619,232	856,713
Cash flows from noncapital financing activities					
Property tax collections	-	1,037,543	-	1,037,543	-
Contribution from land bank	-	150,000	-	150,000	-
Transfers in	-	11,046	18,669	29,715	-
Transfers out	(1,500,000)	-	(1,131,552)	(2,631,552)	(61,046)
Proceeds from issuing long-term debt	13,000,000	500,000	-	13,500,000	-
Principal paid on long-term debt	(21,058,000)	(50,000)	-	(21,108,000)	-
Interest paid on long-term debt	(119,754)	(49,631)	-	(169,385)	-
Net cash provided by (used in) noncapital financing activities	(9,677,754)	1,598,958	(1,112,883)	(9,191,679)	(61,046)
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	-	-	-	20,571
Proceeds from federal and state grants	-	-	541,022	541,022	-
Payments for capital asset acquisition	-	(4,789,138)	(565,658)	(5,354,796)	(123,554)
Net cash provided by (used in) capital and related financing activities	-	(4,789,138)	(24,636)	(4,813,774)	(102,983)
Cash flows from investing activities					
Investment income received	36,163	6,330	349,987	392,480	29,933
Net change in cash and investment pool	(6,609,561)	(3,275,778)	(108,402)	(9,993,741)	722,617
Cash and investment pool, beginning of year	11,139,616	4,655,917	1,883,310	17,678,843	7,983,630
Cash and investment pool, end of year	\$ 4,530,055	\$ 1,380,139	\$ 1,774,908	\$ 7,685,102	\$ 8,706,247

(continued)

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Operating income (loss)	\$ 2,076,046	\$ (1,024,126)	\$ 593,089	\$ 1,645,009	\$ 374,656
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	467,113	170,413	637,526	139,629
Changes in assets and liabilities:					
Receivables	895,850	(13,828)	95,938	977,960	(31,105)
Due from other funds	(83)	-	-	(83)	(5,405)
Due from other governmental units	174,308	-	-	174,308	-
Inventory	-	(7,778)	(15,763)	(23,541)	-
Other assets	-	9,323	13,643	22,966	(3,148)
Accounts payable	(34,738)	34,796	(28,564)	(28,506)	89,170
Accrued liabilities	(79,353)	6,637	(1,483)	(74,199)	296,730
Deposits payable	-	416,913	13,596	430,509	-
Due to other funds	-	-	(251,083)	(251,083)	(3,814)
Unearned revenue	-	19,022	1,495	20,517	-
Net OPEB obligation	-	-	87,849	87,849	-
Net cash provided by (used in) operating activities	<u>\$ 3,032,030</u>	<u>\$ (91,928)</u>	<u>\$ 679,130</u>	<u>\$ 3,619,232</u>	<u>\$ 856,713</u>

(concluded)

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
September 30, 2013

	Post- Employment Health Benefits Trust Fund	Agency Funds
Assets		
Cash and investment pool	\$ 48,378	\$ 12,055,406
Investments, at fair value - mutual funds	13,758,489	-
Receivables (net):		
Taxes	-	5,234
Accounts	152,803	4,835,799
Accrued interest	44	569
	<u>13,959,714</u>	<u>\$ 16,897,008</u>
Total assets	<u>13,959,714</u>	<u>\$ 16,897,008</u>
Liabilities		
Accounts payable	-	\$ 467,031
Accrued liabilities	249,700	-
Deposits payable	-	5,634,639
Due to other governmental units	-	10,795,338
	<u>249,700</u>	<u>\$ 16,897,008</u>
Total liabilities	<u>249,700</u>	<u>\$ 16,897,008</u>
Total net position		
Held in trust for postemployment health benefits	<u>\$ 13,710,014</u>	

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds - Postemployment Health Benefits Trust Fund
For the Year Ended September 30, 2013

Additions	
Contributions:	
Employer	\$ 4,375,452
Retirees	<u>292,137</u>
Total contributions	<u>4,667,589</u>
Investment earnings:	
Net increase in fair value of investments	1,045,206
Interest and dividends	<u>316,863</u>
Net investment earnings	<u>1,362,069</u>
Total additions	<u>6,029,658</u>
Deductions	
Participant benefits	4,727,520
Administrative expenses	<u>79,920</u>
Total deductions	<u>4,807,440</u>
Change in net position	1,222,218
Net position, beginning of year	<u>12,487,796</u>
Net position, end of year	<u><u>\$ 13,710,014</u></u>

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

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Position

Component Units
September 30, 2013

	Road Commission 12/31/2012	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Assets				
Cash and investment pool	\$ 113,229	\$ 1,531,528	\$ 307,000	\$ 4,588,498
Investments	3,664,048	-	-	-
Receivables (net)	2,144,253	79,446	16,339,516	2,555,735
Inventory	277,771	-	-	-
Other assets	444,621	-	-	333
Capital assets:				
Assets not being depreciated	39,463,252	-	-	200,000
Assets being depreciated, net	122,669,718	-	-	35,917,703
Total assets	168,776,892	1,610,974	16,646,516	43,262,269
Liabilities				
Accounts payable and accrued liabilities	541,069	8,113	220,614	567,910
Unearned revenue	4,254	77,602	-	-
Long-term liabilities:				
Due within one year	450,050	52,867	990,000	647,334
Due in more than one year	1,289,387	178,552	15,132,000	1,866,065
Other noncurrent liability - net other postemployment benefit liability	2,407,317	-	-	-
Total liabilities	4,692,077	317,134	16,342,614	3,081,309
Deferred inflows of resources				
Unavailable revenue - loans receivable	-	-	-	133,787
Net position				
Net investment in capital assets	160,832,058	-	-	33,604,304
Restricted for:				
Debt service	-	-	267,389	479,401
Acquisition/construction of capital assets	5,246,565	-	-	3,636,159
Postemployment health benefits	-	-	-	-
Unrestricted (Deficit)	(1,993,808)	1,293,840	36,513	2,327,309
Total net position	\$ 164,084,815	\$ 1,293,840	\$ 303,902	\$ 40,047,173

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



Economic Development Corporation	Land Bank Authority	Saginaw County Community Mental Health Authority	Total
\$ 157,827	\$ 586,717	\$ 6,570,992	\$ 13,855,791
-	-	8,476,492	12,140,540
150	1,628,153	2,508,498	25,255,751
-	3,476,048	179,912	3,933,731
-	-	246,107	691,061
-	-	998,919	40,662,171
-	-	9,991,036	168,578,457
<u>157,977</u>	<u>5,690,918</u>	<u>28,971,956</u>	<u>265,117,502</u>
22,938	201,549	7,244,449	8,806,642
-	650,000	2,910,260	3,642,116
-	-	741,574	2,881,825
-	-	5,916,484	24,382,488
-	-	-	2,407,317
<u>22,938</u>	<u>851,549</u>	<u>16,812,767</u>	<u>42,120,388</u>
-	-	-	133,787
-	-	4,845,893	199,282,255
-	-	-	746,790
-	-	3,412,307	12,295,031
-	-	4,888,577	4,888,577
135,039	4,839,369	(987,588)	5,650,674
<u>\$ 135,039</u>	<u>\$ 4,839,369</u>	<u>\$ 12,159,189</u>	<u>\$ 222,863,327</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2013

	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
Road Commission				
Governmental Activities:				
Highways and streets	\$ 22,272,994	\$ 80,198	\$ 20,184,060	\$ -
				\$ (2,008,736)
Brownfield Redevelopment Authority				
Governmental Activities:				
Community and economic development	173,026	-	249,472	-
				76,446
Department of Public Works				
Governmental Activities:				
Public works	38,024	55,641	-	703,199
Interest on long-term debt	603,763	-	-	-
				720,816
				(603,763)
Total Department of Public Works	641,787	55,641	-	703,199
				117,053
Drain Commission				
Governmental Activities:				
Public works	1,946,129	59,143	-	(635,839)
Interest on long-term debt	104,128	-	-	-
				(2,522,825)
				(104,128)
Total Drain Commission	2,050,257	59,143	-	(635,839)
				(2,626,953)
Economic Development Corporation				
Business-type Activities:				
Community and economic development	608,504	-	505,803	-
				(102,701)
Land Bank Authority				
Business-type Activities:				
Community and economic development	1,618,715	-	2,304,207	-
				685,492
Saginaw County Community Mental Health Authority				
Business-type Activities:				
Community services	63,634,451	1,927,249	61,784,497	167,437
				244,732
Total component units	\$ 90,999,734	\$ 2,122,231	\$ 85,028,039	\$ 234,797
				\$ (3,614,667)

(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, 2013

	Road Commission 12/31/2012	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Change in net position				
Net (expense) revenue	<u>\$ (2,008,736)</u>	<u>\$ 76,446</u>	<u>\$ 117,053</u>	<u>\$ (2,626,953)</u>
General revenues:				
Property taxes	-	68,107	-	-
Investment income - interest earned	<u>14,928</u>	<u>8,498</u>	<u>702</u>	<u>8,565</u>
Total general revenues	<u>14,928</u>	<u>76,605</u>	<u>702</u>	<u>8,565</u>
Change in net position	(1,993,808)	153,051	117,755	(2,618,388)
Net position, beginning of year	<u>166,078,623</u>	<u>1,140,789</u>	<u>186,147</u>	<u>42,665,561</u>
Net position, end of year	<u><u>\$ 164,084,815</u></u>	<u><u>\$ 1,293,840</u></u>	<u><u>\$ 303,902</u></u>	<u><u>\$ 40,047,173</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>\$ (102,701)</u>	<u>\$ 685,492</u>	<u>\$ 244,732</u>	<u>\$ (3,614,667)</u>
-	-	-	68,107
<u>545</u>	<u>2,914</u>	<u>199,448</u>	<u>235,600</u>
<u>545</u>	<u>2,914</u>	<u>199,448</u>	<u>303,707</u>
(102,156)	688,406	444,180	(3,310,960)
<u>237,195</u>	<u>4,150,963</u>	<u>11,715,009</u>	<u>226,174,287</u>
<u>\$ 135,039</u>	<u>\$ 4,839,369</u>	<u>\$ 12,159,189</u>	<u>\$ 222,863,327</u>

(concluded)

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 has 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, 2012 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 position 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 accounted for and reported 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 *planning commission fund* accounts 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.

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and building authority event center enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues interest income and fees associated with banquet room rentals, and the sale of entertainment admission. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, liabilities and net position 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 nonspendable 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
Land improvements	15-20
Machinery and equipment	3-10
Vehicles	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 position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Deferred inflows of resources

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balances

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).

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Non-union employees

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

Compensated absence liability recognition

Accumulated PTO is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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, 2013, established that the 2013 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 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, 2013.

	Budget	Actual	Variance
General fund			
Public safety			
Corrections Reimbursement	\$ 87,610	\$ 88,504	\$ (894)
Transfers out	6,431,550	6,610,974	(179,424)

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 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	\$ 54,030,210
Component Units:	
Cash and investment pool	25,996,331
Fiduciary Fund Financial Statement Captions:	
Cash and investment pool	12,103,784
Investments	<u>13,758,489</u>
Total	<u>\$ 105,888,814</u>

Deposits and Investments:	
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 57,513,414
Investments - primary government	32,340,521
Investments - component units	8,476,492
Cash - component units	6,570,992
Cash on hand	80,583
Adjustment for funds with other fiscal year ends	<u>906,812</u>
Total	<u>\$ 105,888,814</u>

	Carrying Amount (Fair Value)	Maturity Less than 1 Year	Maturity 1-5 Years	Credit Rating
Investments - primary government				
MBIA Governmental				
Investment Pool	\$ 1,326,879	\$ 1,326,879	\$ -	n/a
Mutual funds	13,758,489	13,758,489	-	n/a
U.S. agencies	<u>17,255,153</u>	<u>4,199,361</u>	<u>13,055,792</u>	AAA
Total	<u>\$ 32,340,521</u>	<u>\$ 19,284,729</u>	<u>\$ 13,055,792</u>	

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 \$60,185,156 of the County's bank balance of \$63,325,799 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, 2013, the County has the following investments of which exceeded 5% of total investments:

Investments - primary government	Carrying Amount (Fair Value)	% of total Investments
Portfolio optimization	\$ 7,204,554	22%
FHLB Bond	2,000,000	6%
UBS Abbey NATL	2,006,112	6%
Huron Valley School District SRLF	3,365,687	10%
Wayne County LTD tax notes	2,410,362	7%

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	\$ 3,725,508	\$ 13,894,450	\$ -
Special assessments	-	-	2,349,366
Accounts receivable	32,200,569	1,473,056	2,400,071
Notes			
Due within one year	2,003,208	-	-
Due after one year	1,420,848	-	277,602
Interest	46,897	13,910	5,761
Due from other governments	5,080,438	69,204	20,222,951
Advances to component unit	400,000	-	-
Less: allowance for uncollectible accounts	(31,381)	-	-
Total receivables	<u>\$ 44,846,087</u>	<u>\$ 15,450,620</u>	<u>\$ 25,255,751</u>

Of the amounts recorded as receivables, \$34,938,887, \$4,639,026 and \$17,327,517 of the governmental activities, business-type activities and component unit receivables, respectively, are not expected to be collected within one year.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 3,549,807	\$ -	\$ -		\$ 3,549,807
Construction in progress	30,500	454,670	-		485,170
	<u>3,580,307</u>	<u>454,670</u>	<u>-</u>	<u>-</u>	<u>4,034,977</u>
Capital assets being depreciated:					
Land improvements	8,677,951	-	-		8,677,951
Buildings and improvements	28,058,238	-	-		28,058,238
Machinery and equipment	6,074,280	330,461	(214,599)		6,190,142
Office furniture & fixtures	200,376	-	-		200,376
Vehicles	2,907,304	298,175	(282,860)		2,922,619
	<u>45,918,149</u>	<u>628,636</u>	<u>(497,459)</u>	<u>-</u>	<u>46,049,326</u>
Less accumulated depreciation:					
Land improvements	(2,655,089)	(230,724)	-		(2,885,813)
Buildings and improvements	(15,697,318)	(576,776)	-		(16,274,094)
Machinery and equipment	(4,417,282)	(451,134)	173,279		(4,695,137)
Office furniture & fixtures	(119,731)	(9,873)	-		(129,604)
Vehicles	(2,338,163)	(317,142)	271,608		(2,383,697)
	<u>(25,227,583)</u>	<u>(1,585,649)</u>	<u>444,887</u>	<u>-</u>	<u>(26,368,345)</u>
Total capital assets being depreciated, net	<u>20,690,566</u>	<u>(957,013)</u>	<u>(52,572)</u>	<u>-</u>	<u>19,680,981</u>
Governmental activities capital assets, net	<u>\$ 24,270,873</u>	<u>\$ (502,343)</u>	<u>\$ (52,572)</u>	<u>\$ -</u>	<u>\$ 23,715,958</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 2,258,248	\$ -	\$ -	\$ -	\$ 2,258,248
Air rights	117,761	-	-	-	117,761
Construction in progress	774,279	565,658	-	(771,486)	568,451
	<u>3,150,288</u>	<u>565,658</u>	<u>-</u>	<u>(771,486)</u>	<u>2,944,460</u>
Capital assets being depreciated:					
Land improvements	40,558	3,426,341	-	716,846	4,183,745
Buildings and improvements	15,349,488	1,340,424	-	-	16,689,912
Machinery and equipment	1,065,364	22,373	(31,396)	-	1,056,341
Office furniture & fixtures	61,201	-	-	-	61,201
Planning and development	8,685,412	-	-	54,640	8,740,052
Vehicles	139,041	-	-	-	139,041
	<u>25,341,064</u>	<u>4,789,138</u>	<u>(31,396)</u>	<u>771,486</u>	<u>30,870,292</u>
Less accumulated depreciation:					
Land improvements	(40,558)	(41,938)	-	-	(82,496)
Buildings and improvements	(3,759,262)	(358,812)	-	-	(4,118,074)
Machinery and equipment	(563,831)	(60,617)	31,396	-	(593,052)
Office furniture & fixtures	(27,114)	(3,320)	-	-	(30,434)
Planning and development	(7,022,133)	(167,479)	-	-	(7,189,612)
Vehicles	(120,965)	(5,361)	-	-	(126,326)
	<u>(11,533,863)</u>	<u>(637,527)</u>	<u>31,396</u>	<u>-</u>	<u>(12,139,994)</u>
Total capital assets being depreciated, net	<u>13,807,201</u>	<u>4,151,611</u>	<u>-</u>	<u>771,486</u>	<u>18,730,298</u>
Business-type activities capital assets, net	<u>\$ 16,957,489</u>	<u>\$ 4,717,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,674,758</u>

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

Governmental activities:

Judicial	\$ 76,447
General government	386,859
Public safety	445,261
Public works	79,505
Health and welfare	312,088
Recreation and culture	145,860
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	<u>139,629</u>
	<u>\$ 1,585,649</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Business-type activities:

Building Authority Event Center	\$ 467,114
Harry W. Browne Airport	<u>170,413</u>
	<u><u>\$ 637,527</u></u>

Discretely presented component units

Drain Commission capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 101,333	\$ 100,000	\$ (1,333)	\$ -	\$ 200,000
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	(24,764,682)	(1,238,205)	-	-	(26,002,887)
Equipment	(34,002)	(3,363)	-	-	(37,365)
	<u>(24,798,684)</u>	<u>(1,241,568)</u>	<u>-</u>	<u>-</u>	<u>(26,040,252)</u>
Total capital assets being depreciated, net	<u>37,159,271</u>	<u>(1,241,568)</u>	<u>-</u>	<u>-</u>	<u>35,917,703</u>
Drain Commission capital assets, net	<u><u>\$ 37,260,604</u></u>	<u><u>\$ (1,141,568)</u></u>	<u><u>\$ (1,333)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 36,117,703</u></u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Road Commission capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and improvements, infrastructure	\$ 37,955,530	\$ 949,087	\$ -	\$ -	\$ 38,904,617
Land	618,385	-	(59,750)	-	558,635
	<u>38,573,915</u>	<u>949,087</u>	<u>(59,750)</u>	<u>-</u>	<u>39,463,252</u>
Capital assets being depreciated:					
Land improvements	444,577	5,654	-	-	450,231
Depletable assets	42,008	-	-	-	42,008
Buildings and improvements	2,231,785	183,588	-	-	2,415,373
Office furniture & fixtures	831,798	28,604	(5,972)	-	854,430
Infrastructure	251,255,606	7,830,800	-	-	259,086,406
Equipment	15,179,001	743,636	(58,385)	-	15,864,252
	<u>269,984,775</u>	<u>8,792,282</u>	<u>(64,357)</u>	<u>-</u>	<u>278,712,700</u>
Less accumulated depreciation:					
Land improvements	(410,141)	(8,630)	-	-	(418,771)
Depletable assets	(3,914)	-	-	-	(3,914)
Buildings and improvements	(1,813,084)	(51,175)	-	-	(1,864,259)
Office furniture & fixtures	(698,222)	(74,857)	4,699	-	(768,380)
Infrastructure	(131,376,229)	(8,405,056)	-	-	(139,781,285)
Equipment	(12,196,861)	(1,067,897)	58,385	-	(13,206,373)
	<u>(146,498,451)</u>	<u>(9,607,615)</u>	<u>63,084</u>	<u>-</u>	<u>(156,042,982)</u>
Total capital assets being depreciated, net	<u>123,486,324</u>	<u>(815,333)</u>	<u>(1,273)</u>	<u>-</u>	<u>122,669,718</u>
Road Commission capital assets, net	<u>\$ 124,104,709</u>	<u>\$ (815,333)</u>	<u>\$ (61,023)</u>	<u>\$ -</u>	<u>\$ 123,228,353</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Community Mental Health Authority capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 842,015	\$ -	\$ -	\$ -	\$ 842,015
Construction in progress	230,320	156,904	-	(230,320)	156,904
	<u>1,072,335</u>	<u>156,904</u>	<u>-</u>	<u>(230,320)</u>	<u>998,919</u>
Capital assets being depreciated:					
Buildings and improvements	12,563,914	3,860,969	(93,214)	230,320	16,561,989
Office furniture & fixtures	1,209,681	261,124	(252,046)	-	1,218,759
Vehicles	1,390,995	279,248	(87,368)	-	1,582,875
Equipment	1,903,105	340,443	(264,489)	-	1,979,059
	<u>17,067,695</u>	<u>4,741,784</u>	<u>(697,117)</u>	<u>230,320</u>	<u>21,342,682</u>
Less accumulated depreciation:					
Buildings and improvements	(8,516,334)	(416,764)	11,035	-	(8,922,063)
Office furniture & fixtures	(726,391)	(95,153)	278,551	-	(542,993)
Vehicles	(707,314)	(228,488)	87,368	-	(848,434)
Equipment	(1,012,133)	(277,794)	251,771	-	(1,038,156)
	<u>(10,962,172)</u>	<u>(1,018,199)</u>	<u>628,725</u>	<u>-</u>	<u>(11,351,646)</u>
Total capital assets being depreciated, net	<u>6,105,523</u>	<u>3,723,585</u>	<u>(68,392)</u>	<u>230,320</u>	<u>9,991,036</u>
Community Mental Health Authority capital assets, net	<u>\$ 7,177,858</u>	<u>\$ 3,880,489</u>	<u>\$ (68,392)</u>	<u>\$ -</u>	<u>\$ 10,989,955</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 4,647,382	\$ 479,142	\$ 5,209,073
Accrued liabilities	3,977,381	98,535	2,015,664
Due to other governments	672,008	-	887,160
Deposits payable	73,995	802,539	294,745
Advance from primary government	-	-	400,000
Total accounts payable and accrued liabilities	<u>\$ 9,370,766</u>	<u>\$ 1,380,216</u>	<u>\$ 8,806,642</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, 2013, was as follows:

Due to/from primary government funds:

	Due from Other Funds	Due to Other Funds
General fund	\$ 1,692,656	\$ 1,450,511
Health Department	21	-
Planning Commission	-	47,709
Delinquent Tax Revolving	83	-
Nonmajor governmental funds	2,450,051	1,780,370
Nonmajor enterprise funds	-	856,233
Internal service funds	14,589	22,577
	<u>\$ 4,157,400</u>	<u>\$ 4,157,400</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 position/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, 2013, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 4,475,346	\$ 6,610,974
Health Department	930,972	-
Planning Commission	55,519	-
Nonmajor governmental funds	6,923,167	3,111,147
Delinquent Tax Revolving fund	-	1,500,000
Building Authority - Event Center	11,046	-
Nonmajor enterprise funds	18,669	1,131,552
Internal service funds	-	61,046
	<u>\$ 12,414,719</u>	<u>\$ 12,414,719</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, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Primary Government					
Governmental activities:					
General obligation bonds	\$ 32,391,136	\$ 26,685,000	\$ (28,021,494)	\$ 31,054,642	\$ 1,313,641
Premium on bond	-	3,139,057	(95,123)	3,043,934	190,246
Long-term advances	80,000	-	-	80,000	-
Compensated absences	1,710,324	91,390	(259,360)	1,542,354	1,472,331
	<u>\$ 34,181,460</u>	<u>\$ 29,915,447</u>	<u>\$ (28,375,977)</u>	<u>\$ 35,720,930</u>	<u>\$ 2,976,218</u>
Business-type activities:					
Delinquent tax notes	\$ 21,000,000	\$ 13,000,000	\$ (21,058,000)	\$ 12,942,000	\$ 2,750,000
General obligation bonds	3,300,000	-	(50,000)	3,250,000	65,000
Promissory Note	-	500,000	-	500,000	100,000
Compensated absences	8,007	496	(981)	7,522	-
	<u>\$ 24,308,007</u>	<u>\$ 13,500,496</u>	<u>\$ (21,108,981)</u>	<u>\$ 16,699,522</u>	<u>\$ 2,915,000</u>
Component Units					
Road Commission:					
Compensated absences	\$ 597,513	\$ 45,801	\$ (51,765)	\$ 591,549	\$ -
SIB Loan	1,228,181	-	(80,293)	1,147,888	450,050
	<u>\$ 1,825,694</u>	<u>\$ 45,801</u>	<u>\$ (132,058)</u>	<u>\$ 1,739,437</u>	<u>\$ 450,050</u>
Brownfield Redevelopment Authority:					
Loans from State of Michigan	\$ 283,176	\$ -	\$ (51,757)	\$ 231,419	\$ 52,867
Department of Public Works:					
General obligation bonds	\$ 17,399,486	\$ 349,000	\$ (1,626,486)	\$ 16,122,000	\$ 990,000
Drain Commission:					
General obligation bonds and notes	\$ 3,085,733	\$ 100,000	\$ (672,334)	\$ 2,513,399	\$ 647,334
Community Mental Health Authority:					
Notes	\$ 1,604,612	\$ 5,560,415	\$ (1,216,546)	\$ 5,948,481	\$ 593,822
Capital lease	247,845	37,280	(89,544)	195,581	96,352
Compensated absences	452,061	70,437	(8,502)	513,996	51,400
	<u>\$ 2,304,518</u>	<u>\$ 5,668,132</u>	<u>\$ (1,314,592)</u>	<u>\$ 6,658,058</u>	<u>\$ 741,574</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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, \$70,023 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.

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%	\$ 31,054,642
Business-type activities	1.23 - 4.0%	<u>16,692,000</u>
Total primary government		<u>\$ 47,746,642</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
2014	\$ 1,313,641	\$ 1,318,805	\$ 2,915,000	\$ 149,731
2015	1,375,824	1,269,811	180,000	78,700
2016	1,428,045	1,217,994	10,392,000	73,350
2017	1,335,303	1,163,936	215,000	67,600
2018	1,437,599	1,108,123	230,000	61,550
2019-2023	9,088,826	4,388,703	865,000	250,100
2024-2028	12,240,404	2,082,828	985,000	179,801
2029-2032	<u>2,835,000</u>	<u>113,400</u>	<u>910,000</u>	<u>62,535</u>
Total	<u>\$ 31,054,642</u>	<u>\$ 12,663,600</u>	<u>\$ 16,692,000</u>	<u>\$ 923,367</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, 2013, are as follows:

Year Ending September 30,	Principal	Interest
2014	\$ 52,867	\$ 4,855
2015	37,295	3,722
2016	38,078	2,939
2017	38,876	2,141
2018	39,692	1,325
2019	24,611	492
Total	\$ 231,419	\$ 15,474

Department of Public Works

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

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and authorities. The bonds are issued as 8 to 40-year serial bonds with varying amounts of principal maturing each year through November 2052 and bear interest at varying rates from 2.00% to 7.00%.

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

Year Ending September 30,	Principal	Interest
2014	\$ 990,000	\$ 642,790
2015	1,307,000	604,968
2016	1,338,000	547,917
2017	1,025,000	488,607
2018	737,000	446,338
2019-2023	2,364,000	1,767,873
2024-2028	1,840,000	1,353,946
2029-2033	1,852,000	1,021,288
2034-2038	2,001,000	691,914
2039-2043	1,525,000	349,228
2044-2048	898,000	113,850
2049-2052	245,000	9,915
Total	\$ 16,122,000	\$ 8,038,633

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
2014	\$ 647,334	\$ 79,405
2015	477,334	63,055
2016	482,334	47,288
2017	471,396	31,302
2018	190,000	17,820
2019-2020	<u>245,001</u>	<u>32,440</u>
Total	<u>\$ 2,513,399</u>	<u>\$ 271,310</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 2023 and bear interest rates varying from 3.4% to 5.19%.

Annual principal and interest requirements to service notes outstanding as of September 30, 2013, are as follows:

Year Ending September 30,	Principal	Interest
2014	\$ 593,822	\$ 189,023
2015	612,148	162,659
2016	618,710	139,938
2017	493,794	119,573
2018	3,090,866	101,297
2019 - 2023	<u>539,141</u>	<u>55,904</u>
Total	<u>\$ 5,948,481</u>	<u>\$ 768,394</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 \$48,586 for the year ended September 30, 2013.

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, 2013 are as follows:

Year Ending September 30,	Principal
2014	\$ 96,352
2015	96,352
2016	<u>41,030</u>
Total minimum payments due	\$ 233,734
Less amounts representing interest at 4.5%	<u>(38,153)</u>
Present value of net minimum lease payments	<u>\$ 195,581</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, 2013, was \$15,000.

On January 15, 2013, the County issued unlimited tax general obligation bonds of \$26,685,000 to refund hospital debt. Proceeds from this bond issue were used to advance refund 2004 unlimited tax general obligation bonds. A payment of \$30,206,250 to the escrow agent was made to satisfy the outstanding bonds and interest payments. The refunded bonds mature as scheduled on May 1, 2016 through 2029. The balance of the defeased debt outstanding at September 30, 2013 was \$26,850,000. The refunding resulted in an economic gain of \$2,214,637.

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 2013 was \$428,395 based upon current payroll levels per the 2010 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	\$ 5,140,740
Less: Interest on net pension asset	(102,892)
Plus: Adjustment to annual required contribution	<u>150,510</u>
Annual pension cost	5,188,358
Contributions made	<u>(5,140,718)</u>
Decrease in net pension asset	47,640
Net pension asset, beginning of year	<u>(1,286,153)</u>
Net pension asset, end of year	<u><u>\$ (1,238,513)</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, 2012, the date of the latest actuarial valuation, was 15 years.

Three-Year Trend Information			
Fiscal Period Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
9/30/2011	\$ 3,886,802	99%	\$ 1,335,602
9/30/2012	4,594,929	99%	1,286,153
9/30/2013	5,188,358	99%	1,238,513

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, MERS was 63 percent funded. The actuarial accrued liability for benefits was \$139,666,340 and the actuarial value of assets was \$88,043,116, resulting in an unfunded actuarial accrued liability (UAAL) of \$51,623,224. The covered payroll (annual payroll of active employees covered by MERS) was \$5,462,172, and the ratio of the UAAL to the covered payroll was 945 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
12/31/2010	\$ 251,039	100%	\$ -
12/31/2011	346,311	100%	-
12/31/2012	386,130	100%	-

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, MERS was 92 percent funded. The actuarial accrued liability for benefits was \$27,452,863, and the actuarial value of assets was \$24,317,610, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,135,253. The covered payroll (annual payroll of active employees covered by MERS) was \$3,404,013, and the ratio of the UAAL to the covered payroll was 92 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
9/30/2011	\$ 329,328	100%	\$ -
9/30/2012	339,305	100%	-
9/30/2013	353,049	100%	-

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, MERS was 78.4 percent funded. The actuarial accrued liability for benefits was \$16,611,639, and the actuarial value of assets was \$13,026,585, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,585,054. The covered payroll (annual payroll of active employees covered by MERS) was \$891,804, and the ratio of the UAAL to the covered payroll was 402 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 MERS. 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, 2013, there were 534 plan members. Employer contributions to the Plan for the year ended September 30, 2013, amounted to \$1,864,740 and employee contributions were \$924,805.

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 \$4,727,520.

Funding progress. For the year ended September 30, 2013, the County estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2012. 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, 2012, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	435
Active employees	<u>328</u>
Total	<u><u>763</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, 2012. 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 2024 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	\$ 11,512,586
Less: Interest on net OPEB obligation	1,073,898
Plus: Adjustment to annual required contribution	<u>(1,336,741)</u>
Annual OPEB cost	11,249,743
Contributions made	<u>(4,727,520)</u>
Increase in net OPEB obligation	6,522,223
Net OPEB obligation, beginning of year	<u>17,898,298</u>
Net OPEB obligation, end of year	<u><u>\$ 24,420,521</u></u>

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/2011	\$ 9,025,077	54%	\$ 7,078,616
9/30/2012	10,749,801	38%	17,898,298
9/30/2013	11,249,743	42%	24,420,521

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was 8.6 percent funded. The actuarial accrued liability for benefits was \$148,984,488, and the actuarial value of assets was \$12,974,484, resulting in an unfunded actuarial accrued liability (UAAL) of \$136,190,004. The covered payroll (annual payroll of active employees covered by the Plan) was \$15,639,762, and the ratio of the UAAL to the covered payroll was 871 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, 2010, 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 2013 was as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
12/31/2010	\$ 1,406,270	64%	\$ 941,263
12/31/2011	1,539,457	51%	1,696,066
12/31/2012	1,546,829	54%	2,407,317

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits was \$18,156,947, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,156,947.

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, 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 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 dependents 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 2013 was as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/2011	\$ 1,729,851	100%	\$ -
9/30/2012	1,807,694	100%	-
9/30/2013	1,004,292	100%	-

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Plan was 42.8 percent funded. The actuarial accrued liability for benefits was \$15,719,067, and the actuarial value of assets was \$6,727,751, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,991,316.

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.

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, 2011. 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 2012 and scaling down by 0.5% every year until it reaches 4.5%.

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 \$134,826 reported at September 30, 2013, is based on requirements 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, 2012 and 2013, are as follows:

	Current Year Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2012	\$ 47,112	\$ 62,546	\$ 24,449	\$ 85,209
2013	85,209	257,921	208,304	134,826

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, 2012 and 2013, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2012	\$ 665,733	\$ (125,664)	\$ 132,771	\$ 407,298
2013	407,298	80,401	232,759	254,940

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, 2012 and 2013, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2012	\$ 980,394	\$ 7,656,454	\$ 8,030,837	\$ 606,011
2013	606,011	9,141,526	9,237,320	510,217

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, 2012 and 2013, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2012	\$ 23,905	\$ 448,201	\$ 434,696	\$ 37,410
2013	37,410	527,286	541,720	22,976

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, 2012 and 2013, are as follows:

	Beginning of Period Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Period Liability
2012	\$ 4,582	\$ 38,933	\$ 42,002	\$ 1,513
2013	1,513	47,457	47,663	1,307

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, 2012, totaled \$4,984,974,977. The tax levy for 2012/2013 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 Operating	0.20000	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

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. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2013, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 4,034,977	\$ 2,944,460	\$ 40,662,171
Capital assets being depreciated, net	19,680,981	18,730,298	168,578,457
	<u>23,715,958</u>	<u>21,674,758</u>	<u>209,240,628</u>
Related debt:			
Bonds payable	31,054,642	3,250,000	9,958,373
Notes payable	-	500,000	-
Premium on bond	3,043,934	-	-
Less: long-term receivable for repayment of debt service	(28,570,000)	-	-
	<u>5,528,576</u>	<u>3,750,000</u>	<u>9,958,373</u>
Net investment in capital assets	<u>\$ 18,187,382</u>	<u>\$ 17,924,758</u>	<u>\$ 199,282,255</u>

COUNTY OF SAGINAW, MICHIGAN

Notes to Financial Statements

17. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General Fund	Health	Planning Commission	Nonmajor Funds	Total
Nonspendable:					
Long-term advances	\$ 445,000	\$ -	\$ -	\$ -	\$ 445,000
Permanent fund corpus	-	-	-	35,000	35,000
Total nonspendable	<u>445,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>480,000</u>
Restricted for:					
General government	-	-	-	956,102	956,102
Public safety	-	-	-	90,194	90,194
Public works	-	-	-	441,951	441,951
Health and welfare	-	-	-	3,723,354	3,723,354
Community and economic development	-	-	-	1,683,607	1,683,607
Donations	-	-	-	100,294	100,294
Debt service	-	-	-	1,267,148	1,267,148
Permanent trusts	-	-	-	3,462	3,462
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,266,112</u>	<u>8,266,112</u>
Committed for:					
Employee payroll reserve	11,311,615	-	-	1,673,500	12,985,115
Budget stabilization	2,806,778	-	-	411,264	3,218,042
Subsequent years' expenditures	971,495	-	-	-	971,495
Public safety	-	-	-	1,108,176	1,108,176
Total committed	<u>15,089,888</u>	<u>-</u>	<u>-</u>	<u>3,192,940</u>	<u>18,282,828</u>
Assigned for:					
General government	-	-	32,048	764,266	796,314
Public safety	-	-	-	2,376,045	2,376,045
Health and welfare	-	2,446,855	-	3,730,399	6,177,254
Capital projects	-	-	-	4,529,053	4,529,053
Total assigned	<u>-</u>	<u>2,446,855</u>	<u>32,048</u>	<u>11,399,763</u>	<u>13,878,666</u>
Total fund balances, governmental funds	<u>\$ 15,534,888</u>	<u>\$ 2,446,855</u>	<u>\$ 32,048</u>	<u>\$ 22,893,815</u>	<u>\$ 40,907,606</u>



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
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%
2012	88,043,116	139,666,340	51,623,224	63%	5,462,172	945%

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%
2013	5,140,740	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%
2012	12,794,484	148,984,488	136,190,004	9%	15,639,762	871%

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%
2013	11,512,586	41%

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, 2012) follows:

Actuarial cost method	Entry-age Normal Actuarial Cost Method
Amortization method	Level dollar, open
Remaining amortization period	25 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 2014, grading to 4.5 percent in 2024

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)

Dredged Materials Disposal Facility Fund - 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 and interest credits received by the IRS. 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, 2013

	Special Revenue Funds				
	Law Enforcement	County Road Patrol Millage	Parks & Recreation Commission	G.I.S. System	Friend of the Court
Assets					
Cash and investment pool	\$ 292,983	\$ 167,595	\$ 585,772	\$ 19,496	\$ 1,438
Receivables (net):					
Taxes	11,612	20,240	9,312	-	-
Accounts	190,786	2,658	11,549	-	9,128
Notes	-	-	-	-	-
Accrued interest	1,834	373	875	-	69
Due from other funds	406	73	106,781	-	-
Due from other governmental units	-	-	-	-	482,750
Other assets	526	-	2,832	-	1,209
Total assets	<u>\$ 498,147</u>	<u>\$ 190,939</u>	<u>\$ 717,121</u>	<u>\$ 19,496</u>	<u>\$ 494,594</u>
Liabilities					
Accounts payable	\$ 10,886	\$ 5,398	\$ 17,362	\$ -	\$ 9,918
Accrued liabilities	84,653	36,011	17,588	5,115	98,721
Deposits payable	26,098	-	-	-	-
Due to other funds	345	126	12,826	-	130,749
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>121,982</u>	<u>41,535</u>	<u>47,776</u>	<u>5,115</u>	<u>239,388</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	17,558	20,240	9,311	-	-
Unavailable revenue - loans receivable	-	-	-	-	-
Total deferred inflows of resources	<u>17,558</u>	<u>20,240</u>	<u>9,311</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	184,287	-	-
Committed	358,607	129,164	141,233	-	-
Assigned	-	-	334,514	14,381	255,206
Total fund balances	<u>358,607</u>	<u>129,164</u>	<u>660,034</u>	<u>14,381</u>	<u>255,206</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 498,147</u>	<u>\$ 190,939</u>	<u>\$ 717,121</u>	<u>\$ 19,496</u>	<u>\$ 494,594</u>

Special Revenue Funds					
Solid Waste Management	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Dredged Materials Disposal
\$ 390,435	\$ -	\$ 229,100	\$ 1,634,099	\$ 955,715	\$ 40
-	-	9,342	22,089	23,114	-
72,144	810,700	1,610	21,875	15,769	-
-	-	-	-	-	-
612	-	315	2,015	1,510	1
-	-	-	16	-	-
-	-	-	187,877	-	-
-	-	-	18,508	-	-
<u>\$ 463,191</u>	<u>\$ 810,700</u>	<u>\$ 240,367</u>	<u>\$ 1,886,479</u>	<u>\$ 996,108</u>	<u>\$ 41</u>
\$ 320	\$ 778,526	\$ -	\$ 78,229	\$ 68,747	\$ 41
43	-	-	65,622	29,617	-
-	-	-	-	-	-
20,877	32,174	-	-	-	-
-	-	-	359	-	-
-	-	-	-	-	-
-	-	-	37,959	-	-
<u>21,240</u>	<u>810,700</u>	<u>-</u>	<u>182,169</u>	<u>98,364</u>	<u>41</u>
-	-	9,342	22,089	23,115	-
-	-	-	-	-	-
-	-	9,342	22,089	23,115	-
-	-	-	-	-	-
441,951	-	-	965,106	420,259	-
-	-	231,025	717,115	454,370	-
-	-	-	-	-	-
<u>441,951</u>	<u>-</u>	<u>231,025</u>	<u>1,682,221</u>	<u>874,629</u>	<u>-</u>
<u>\$ 463,191</u>	<u>\$ 810,700</u>	<u>\$ 240,367</u>	<u>\$ 1,886,479</u>	<u>\$ 996,108</u>	<u>\$ 41</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2013

	Special Revenue Funds				
	Principal Residence Exemption	Courthouse Preservation Technology	Animal Control	Land Reutilization	Small Cities Reuse
Assets					
Cash and investment pool	\$ 107,674	\$ 143,042	\$ 156,720	\$ -	\$ 1,710,957
Receivables (net):					
Taxes	100,472	-	3,076	-	-
Accounts	1,049	-	9,957	-	-
Notes	-	-	-	-	1,389,467
Accrued interest	55	115	-	-	1,780
Due from other funds	-	-	109	697,174	-
Due from other governmental units	-	-	10,000	-	-
Other assets	-	-	1,860	-	-
Total assets	<u>\$ 209,250</u>	<u>\$ 143,157</u>	<u>\$ 181,722</u>	<u>\$ 697,174</u>	<u>\$ 3,102,204</u>
Liabilities					
Accounts payable	\$ 59,486	\$ -	\$ 13,733	\$ 697,174	\$ 18,849
Accrued liabilities	1,107	-	13,709	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	10,281
Due to other governmental units	96,039	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>156,632</u>	<u>-</u>	<u>27,442</u>	<u>697,174</u>	<u>29,130</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	3,076	-	-
Unavailable revenue - loans receivable	-	-	-	-	1,389,467
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,076</u>	<u>-</u>	<u>1,389,467</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	97,954	-	1,683,607
Committed	-	-	53,250	-	-
Assigned	52,618	143,157	-	-	-
Total fund balances	<u>52,618</u>	<u>143,157</u>	<u>151,204</u>	<u>-</u>	<u>1,683,607</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 209,250</u>	<u>\$ 143,157</u>	<u>\$ 181,722</u>	<u>\$ 697,174</u>	<u>\$ 3,102,204</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
\$ 948,388	\$ 730,786	\$ 2,124,144	\$ 281,854	\$ -	\$ 24,066	\$ 369,234
-	-	-	-	-	-	-
6,755	1,325,601	-	-	-	-	66,505
-	-	-	-	-	-	-
959	1,653	2,204	187	-	-	-
-	-	-	119	-	-	-
-	97,933	-	86,683	-	44,348	163,343
-	-	-	-	-	-	-
<u>\$ 956,102</u>	<u>\$ 2,155,973</u>	<u>\$ 2,126,348</u>	<u>\$ 368,843</u>	<u>\$ -</u>	<u>\$ 68,414</u>	<u>\$ 599,082</u>
\$ -	\$ -	\$ 23,636	\$ 445	\$ -	\$ 60,531	\$ 34,004
-	-	-	3,349	-	255	9,444
-	-	-	-	-	-	-
-	-	-	86,802	-	-	21,821
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	21,463	-	-	-	2,002
-	-	45,099	90,596	-	60,786	67,271
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
956,102	2,155,973	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,081,249	278,247	-	7,628	531,811
956,102	2,155,973	2,081,249	278,247	-	7,628	531,811
<u>\$ 956,102</u>	<u>\$ 2,155,973</u>	<u>\$ 2,126,348</u>	<u>\$ 368,843</u>	<u>\$ -</u>	<u>\$ 68,414</u>	<u>\$ 599,082</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2013

	Special Revenue Funds				
	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections	Local Correction Officer Training	Jail Records Management
Assets					
Cash and investment pool	\$ 1,295,099	\$ -	\$ -	\$ 90,259	\$ -
Receivables (net):					
Taxes	-	-	-	-	-
Accounts	21,711	11,782	-	1,308	-
Notes	-	-	-	-	-
Accrued interest	680	-	-	77	-
Due from other funds	20,978	4,284	-	-	-
Due from other governmental units	98,187	120,556	55,013	-	-
Other assets	188	-	-	-	-
Total assets	<u>\$ 1,436,843</u>	<u>\$ 136,622</u>	<u>\$ 55,013</u>	<u>\$ 91,644</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ 37,909	\$ -	\$ 9,425	\$ 1,450	\$ -
Accrued liabilities	22,622	28,442	5,644	-	-
Deposits payable	35,255	-	-	-	-
Due to other funds	4,284	107,197	23,395	-	-
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Unearned revenue	228,597	1	-	-	-
Total liabilities	<u>328,667</u>	<u>135,640</u>	<u>38,464</u>	<u>1,450</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - loans receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	90,194	-
Committed	1,108,176	-	-	-	-
Assigned	-	982	16,549	-	-
Total fund balances	<u>1,108,176</u>	<u>982</u>	<u>16,549</u>	<u>90,194</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,436,843</u>	<u>\$ 136,622</u>	<u>\$ 55,013</u>	<u>\$ 91,644</u>	<u>\$ -</u>

Special Revenue Funds				Debt Service Funds		
MSU Extension	Department of Human Services	Child Care	Veterans' Trust	Hospital Construction	Qualified Energy Bond	Juvenile Center Renovation
\$ 103,031	\$ 533,491	\$ 3,844,177	\$ 403	\$ 1,101,707	\$ 47	\$ 29,601
-	-	-	-	30,005	-	1,524
3,019	-	54,679	-	3,909	-	126
-	-	-	-	-	-	-
71	-	-	-	1,440	2	31
-	-	132	-	-	-	-
8,319	-	886,168	11,388	-	-	-
-	-	-	-	-	-	-
<u>\$ 114,440</u>	<u>\$ 533,491</u>	<u>\$ 4,785,156</u>	<u>\$ 11,791</u>	<u>\$ 1,137,061</u>	<u>\$ 49</u>	<u>\$ 31,282</u>
\$ 18,406	\$ 4,041	\$ 132,207	\$ 11,791	\$ -	\$ -	\$ -
1,817	322,725	78,435	-	-	-	-
-	-	-	-	-	-	-
11,769	121,437	1,085,664	-	-	-	-
-	-	14,570	-	-	-	-
-	80,000	-	-	-	-	-
67,777	5,288	-	-	-	-	-
<u>99,769</u>	<u>533,491</u>	<u>1,310,876</u>	<u>11,791</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	30,004	-	1,524
-	-	-	-	-	-	-
-	-	-	-	30,004	-	1,524
-	-	-	-	-	-	-
-	-	69	-	1,107,057	49	29,758
-	-	-	-	-	-	-
<u>14,671</u>	<u>-</u>	<u>3,474,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14,671</u>	<u>-</u>	<u>3,474,280</u>	<u>-</u>	<u>1,107,057</u>	<u>49</u>	<u>29,758</u>
<u>\$ 114,440</u>	<u>\$ 533,491</u>	<u>\$ 4,785,156</u>	<u>\$ 11,791</u>	<u>\$ 1,137,061</u>	<u>\$ 49</u>	<u>\$ 31,282</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2013

	Debt Service Fund	Permanent Fund	Capital Project Funds		
	Building Authority	Rail Trail Endowment	Parks Building & Site	Mainframe Conversion Project	Qualified Energy Bond Project
Assets					
Cash and investment pool	\$ 130,143	\$ 42,259	\$ 15	\$ 406,721	\$ -
Receivables (net):					
Taxes	-	-	-	-	-
Accounts	-	-	586	-	-
Notes	-	-	-	-	-
Accrued interest	141	45	28	477	-
Due from other funds	-	-	16,668	-	-
Due from other governmental units	-	-	250,375	-	-
Other assets	-	-	-	-	-
Total assets	<u>\$ 130,284</u>	<u>\$ 42,304</u>	<u>\$ 267,672</u>	<u>\$ 407,198</u>	<u>\$ -</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 146,590	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	3,842	106,781	-	-
Due to other governmental units	-	-	-	-	-
Advances from other governmental units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,842</u>	<u>253,371</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - loans receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	35,000	-	-	-
Restricted	130,284	3,462	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	14,301	407,198	-
Total fund balances	<u>130,284</u>	<u>38,462</u>	<u>14,301</u>	<u>407,198</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 130,284</u>	<u>\$ 42,304</u>	<u>\$ 267,672</u>	<u>\$ 407,198</u>	<u>\$ -</u>



	Total
Public Improvement	Nonmajor Governmental Funds

\$ 2,225,418	\$ 20,675,909
-	230,786
-	2,643,206
-	1,389,467
2,247	19,796
1,603,311	2,450,051
-	2,502,940
-	25,123

\$ 3,830,976 \$ 29,937,278

\$ 57,936	\$ 2,297,040
-	824,919
-	61,353
-	1,780,370
-	110,968
-	80,000
-	363,087

57,936 5,517,737

-	136,259
-	1,389,467
-	1,525,726

-	35,000
-	8,266,112
-	3,192,940
3,773,040	11,399,763

3,773,040 22,893,815

\$ 3,830,976 \$ 29,937,278

(concluded)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended September 30, 2013

	Special Revenue Funds				
	Law Enforcement	County Road Patrol Millage	Parks & Recreation Commission	G.I.S. System	Friend of the Court
Revenue					
Property taxes	\$ 4,684,700	\$ 1,585,559	\$ 754,286	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	2,807,905
State grants	-	-	10,279	-	195,339
Local grants and contributions	-	-	-	-	-
Charges for services	208	136	56,077	-	332,414
Fines and forfeitures	550	-	-	-	-
Investment income	6,191	1,186	2,820	-	215
Rental revenue	-	-	-	-	-
Donations	-	-	13,768	-	-
Reimbursements	905,018	8,138	-	166,958	88,590
Other revenue	-	-	6,575	-	-
Total revenue	5,596,667	1,595,019	843,805	166,958	3,424,463
Expenditures					
Current:					
Judicial	-	-	-	-	4,469,220
General government	-	-	-	167,102	-
Public safety	3,428,006	1,647,535	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	842,684	-	-
Capital outlay	-	23,297	19,899	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	3,428,006	1,670,832	862,583	167,102	4,469,220
Revenues over (under) expenditures	2,168,661	(75,813)	(18,778)	(144)	(1,044,757)
Other financing sources (uses)					
Transfers in	433,627	-	-	-	993,627
Transfers out	(2,673,150)	(12,000)	(12,617)	-	-
Proceeds from issuance of debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	(2,239,523)	(12,000)	(12,617)	-	993,627
Net change in fund balances	(70,862)	(87,813)	(31,395)	(144)	(51,130)
Fund balance, beginning of year	429,469	216,977	691,429	14,525	306,336
Fund balance, end of year	\$ 358,607	\$ 129,164	\$ 660,034	\$ 14,381	\$ 255,206

Special Revenue Funds					
Solid Waste Management	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Dredged Materials Disposal
\$ -	\$ -	\$ 933,002	\$ 2,007,460	\$ 2,332,683	\$ -
-	2,620,560	-	-	-	-
-	-	-	-	-	-
-	-	-	1,073,834	-	-
-	-	-	439,058	-	-
-	-	-	-	-	-
285,283	-	-	138,354	10,401	-
-	-	-	-	-	-
2,000	-	870	6,232	5,025	8
-	-	-	-	1,500	15,200
-	-	-	224,130	-	-
-	-	20,995	21,155	357,321	-
-	-	-	43,876	3,868	-
<u>287,283</u>	<u>2,620,560</u>	<u>954,867</u>	<u>3,954,099</u>	<u>2,710,798</u>	<u>15,208</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
436,774	-	-	-	-	-
-	-	-	3,982,730	2,981,238	22,010
-	2,620,560	-	-	-	-
-	-	971,039	-	-	-
-	-	-	25,254	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>436,774</u>	<u>2,620,560</u>	<u>971,039</u>	<u>4,007,984</u>	<u>2,981,238</u>	<u>22,010</u>
<u>(149,491)</u>	<u>-</u>	<u>(16,172)</u>	<u>(53,885)</u>	<u>(270,440)</u>	<u>(6,802)</u>
-	-	-	-	36,830	2,383
(127,077)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(127,077)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,830</u>	<u>2,383</u>
(276,568)	-	(16,172)	(53,885)	(233,610)	(4,419)
718,519	-	247,197	1,736,106	1,108,239	4,419
<u>\$ 441,951</u>	<u>\$ -</u>	<u>\$ 231,025</u>	<u>\$ 1,682,221</u>	<u>\$ 874,629</u>	<u>\$ -</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, 2013

	Special Revenue Funds				
	Principal Residence Exemption	Courthouse Preservation Technology	Animal Control	Land Reutilization	Small Cities Reuse
Revenue					
Property taxes	\$ -	\$ -	\$ 699,605	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	20,978	-	-
Federal grants	-	-	-	-	-
State grants	-	-	10,000	-	-
Local grants and contributions	-	-	-	-	-
Charges for services	3,198	173,818	86,184	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	27,737	406	-	-	5,883
Rental revenue	-	-	-	-	-
Donations	-	-	37,686	-	-
Reimbursements	-	-	-	-	408,463
Other revenue	-	-	-	-	-
Total revenue	30,935	174,224	854,453	-	414,346
Expenditures					
Current:					
Judicial	-	55,077	-	-	-
General government	-	-	-	697,174	-
Public safety	-	-	875,706	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	23,484	-	-	-	323,833
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	23,484	55,077	875,706	697,174	323,833
Revenues over (under) expenditures	7,451	119,147	(21,253)	(697,174)	90,513
Other financing sources (uses)					
Transfers in	-	-	-	697,174	-
Transfers out	-	(150,000)	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	-	(150,000)	-	697,174	-
Net change in fund balances	7,451	(30,853)	(21,253)	-	90,513
Fund balance, beginning of year	45,167	174,010	172,457	-	1,593,094
Fund balance, end of year	\$ 52,618	\$ 143,157	\$ 151,204	\$ -	\$ 1,683,607

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	93,992
-	442,727	-	119	-	75,918	249,977
-	-	-	-	-	-	-
200,600	4,755,017	345,000	297,120	-	-	19,271
-	-	-	-	52,212	-	15,139
3,027	5,195	7,173	668	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,621
-	-	32,753	16,000	-	-	184,599
-	-	-	-	-	-	45,973
<u>203,627</u>	<u>5,202,939</u>	<u>384,926</u>	<u>313,907</u>	<u>52,212</u>	<u>75,918</u>	<u>611,572</u>
-	-	-	-	-	-	318,016
75,651	-	-	-	-	75,919	-
-	5,346,565	344,907	328,162	-	-	183,403
-	-	-	-	-	-	152,449
-	-	-	-	-	-	-
-	-	-	-	-	-	26,175
-	-	-	-	52,212	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>75,651</u>	<u>5,346,565</u>	<u>344,907</u>	<u>328,162</u>	<u>52,212</u>	<u>75,919</u>	<u>680,043</u>
<u>127,976</u>	<u>(143,626)</u>	<u>40,019</u>	<u>(14,255)</u>	<u>-</u>	<u>(1)</u>	<u>(68,471)</u>
-	-	187,500	-	-	-	110,709
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>187,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,709</u>
127,976	(143,626)	227,519	(14,255)	-	(1)	42,238
<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>
<u>\$ 956,102</u>	<u>\$ 2,155,973</u>	<u>\$ 2,081,249</u>	<u>\$ 278,247</u>	<u>\$ -</u>	<u>\$ 7,628</u>	<u>\$ 531,811</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, 2013

	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	484,252	258,841	-	-	-
State grants	253,880	238,385	283,848	-	95,567
Local grants and contributions	-	-	-	-	-
Charges for services	50,472	-	-	86,228	-
Fines and forfeitures	30,297	33,487	-	-	-
Investment income	2,579	-	-	249	-
Rental revenue	-	-	-	-	-
Donations	11,739	286	-	-	-
Reimbursements	498,578	33,487	-	-	-
Other revenue	490	-	-	-	-
Total revenue	1,332,287	564,486	283,848	86,477	95,567
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	769,965	-	-	-
Public safety	1,404,564	-	228,867	82,530	95,567
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	27,995	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,432,559	769,965	228,867	82,530	95,567
Revenues over (under) expenditures	(100,272)	(205,479)	54,981	3,947	-
Other financing sources (uses)					
Transfers in	64,529	205,481	-	-	-
Transfers out	(32,287)	-	(41,304)	-	-
Proceeds from issuance of debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	32,242	205,481	(41,304)	-	-
Net change in fund balances	(68,030)	2	13,677	3,947	-
Fund balance, beginning of year	1,176,206	980	2,872	86,247	-
Fund balance, end of year	\$ 1,108,176	\$ 982	\$ 16,549	\$ 90,194	\$ -

Special Revenue Funds				Debt Service Funds		
MSU Extension	Department of Human Services	Child Care	Veterans' Trust	Hospital Construction	Qualified Energy Bond	Juvenile Center Renovation
\$ -	\$ -	\$ -	\$ -	\$ 2,168,168	\$ -	\$ 253
-	-	-	-	-	-	-
-	-	-	-	-	-	-
15,457	-	81,448	-	-	-	-
149,412	75,062	2,206,214	96,525	-	-	-
10,273	-	156,484	-	-	-	-
183	-	-	-	-	-	-
-	-	-	-	-	-	-
206	-	-	-	183,043	9	103
-	-	-	-	-	161,338	-
30,004	-	28,020	-	-	-	-
30,686	-	135,662	-	-	-	-
-	-	9,600	-	-	-	-
<u>236,221</u>	<u>75,062</u>	<u>2,617,428</u>	<u>96,525</u>	<u>2,351,211</u>	<u>161,347</u>	<u>356</u>
-	-	-	-	-	-	-
534,602	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	171,926	4,639,294	96,525	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	810,000	126,494	-
-	-	-	-	1,263,331	34,844	-
<u>534,602</u>	<u>171,926</u>	<u>4,639,294</u>	<u>96,525</u>	<u>2,073,331</u>	<u>161,338</u>	<u>-</u>
<u>(298,381)</u>	<u>(96,864)</u>	<u>(2,021,866)</u>	<u>-</u>	<u>277,880</u>	<u>9</u>	<u>356</u>
294,343	96,864	2,030,383	-	-	-	-
-	-	(39,947)	-	-	-	-
-	-	-	-	26,685,000	-	-
-	-	-	-	3,139,057	-	-
-	-	-	-	(30,206,250)	-	-
<u>294,343</u>	<u>96,864</u>	<u>1,990,436</u>	<u>-</u>	<u>(382,193)</u>	<u>-</u>	<u>-</u>
(4,038)	-	(31,430)	-	(104,313)	9	356
<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>\$ 14,671</u>	<u>\$ -</u>	<u>\$ 3,474,280</u>	<u>\$ -</u>	<u>\$ 1,107,057</u>	<u>\$ 49</u>	<u>\$ 29,758</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, 2013

	Debt Service Fund	Permanent Fund	Capital Projects Funds		
	Building Authority	Rail Trail Endowment	Parks Building & Site	Mainframe Conversion Project	Qualified Energy Bond Project
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	-
State grants	-	-	250,375	-	-
Local grants and contributions	-	-	89,961	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	505	146	120	1,685	-
Rental revenue	210,043	-	-	-	-
Donations	-	775	4,086	-	-
Reimbursements	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenue	210,548	921	344,542	1,685	-
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	366,779	171,850	-
Debt service:					
Principal	235,000	-	-	-	-
Interest and fiscal charges	16,656	-	-	-	-
Total expenditures	251,656	-	366,779	171,850	-
Revenues over (under) expenditures	(41,108)	921	(22,237)	(170,165)	-
Other financing sources (uses)					
Transfers in	-	-	16,459	-	-
Transfers out	(18,669)	(3,842)	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	(18,669)	(3,842)	16,459	-	-
Net change in fund balances	(59,777)	(2,921)	(5,778)	(170,165)	-
Fund balance, beginning of year	190,061	41,383	20,079	577,363	-
Fund balance, end of year	\$ 130,284	\$ 38,462	\$ 14,301	\$ 407,198	\$ -



	Total
Public Improvement	Nonmajor Governmental Funds
\$ -	\$ 15,165,716
-	2,620,560
-	20,978
-	4,815,729
-	5,072,685
-	256,718
-	6,839,964
-	131,685
6,292	269,573
-	388,081
-	353,115
-	2,908,403
-	110,382
<u>6,292</u>	<u>38,953,589</u>
-	4,842,313
36,687	2,357,100
73,632	14,039,444
-	589,223
-	11,893,723
-	2,994,052
-	1,865,935
324,677	959,751
-	1,171,494
-	1,314,831
<u>434,996</u>	<u>42,027,866</u>
<u>(428,704)</u>	<u>(3,074,277)</u>
1,753,258	6,923,167
(254)	(3,111,147)
-	26,685,000
-	3,139,057
-	(30,206,250)
<u>1,753,004</u>	<u>3,429,827</u>
1,324,300	355,550
<u>2,448,740</u>	<u>22,538,265</u>
<u>\$ 3,773,040</u>	<u>\$ 22,893,815</u>

(concluded)

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 Position

Nonmajor Enterprise Funds

September 30, 2013

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Assets						
Current assets:						
Cash and investment pool	\$ 842,088	\$ 349,662	\$ 68,042	\$ 296,955	\$ 218,161	\$ 1,774,908
Receivables (net):						
Accounts	-	-	1,263	35,209	47,087	83,559
Accrued interest	1,173	369	-	-	-	1,542
Inventory	-	-	-	52,752	-	52,752
Other assets	-	-	-	13,040	-	13,040
Total current assets	843,261	350,031	69,305	397,956	265,248	1,925,801
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	-	-	49,153	-	-	49,153
Vehicles	-	-	-	58,775	27,214	85,989
Planning and development	-	-	-	8,740,052	-	8,740,052
Construction in progress	-	-	10,763	557,688	-	568,451
Accumulated depreciation	-	-	(83,086)	(8,235,746)	(27,214)	(8,346,046)
Total noncurrent assets - capital assets	-	-	52,036	3,259,020	-	3,311,056
Total assets	843,261	350,031	121,341	3,656,976	265,248	5,236,857
Liabilities						
Current liabilities:						
Accounts payable	2,643	460	3,805	4,991	37,918	49,817
Accrued liabilities	4,775	93	1,479	-	-	6,347
Deposits payable	-	-	-	-	23,845	23,845
Due to other funds	697,258	-	490	-	158,485	856,233
Unearned revenue	-	-	-	2,299	-	2,299
Total current liabilities	704,676	553	5,774	7,290	220,248	938,541
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	20,000	20,000
Long-term accrued liabilities	3,126	-	4,396	-	-	7,522
Other noncurrent liability - net other postemployment benefit liability	135,459	-	68,610	-	-	204,069
Total noncurrent liabilities	138,585	-	73,006	-	20,000	231,591
Total liabilities	843,261	553	78,780	7,290	240,248	1,170,132
Net position						
Net investment in capital assets	-	-	52,036	3,259,020	-	3,311,056
Unrestricted	-	349,478	(9,475)	390,666	25,000	755,669
Total net position	\$ -	\$ 349,478	\$ 42,561	\$ 3,649,686	\$ 25,000	\$ 4,066,725

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenses and Changes In Fund Net Position

Nonmajor Enterprise Funds

For the Year Ended September 30, 2013

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Operating revenues						
Charges for services	\$ 1,006,335	\$ 17,401	\$ 84,421	\$ 228,031	\$ 826,909	\$ 2,163,097
Fines and forfeitures	-	-	30,145	-	-	30,145
Rental revenue	-	-	-	104,473	-	104,473
Reimbursements	-	-	-	2,023	6,239	8,262
Other revenue	-	-	-	11	65,560	65,571
Total operating revenues	1,006,335	17,401	114,566	334,538	898,708	2,371,548
Operating expenses						
Personnel services	-	1,019	36,671	-	-	37,690
Fringe benefits	-	-	81,678	-	-	81,678
Supplies	-	-	3,111	938	440,857	444,906
Services and charges	657,706	22,106	16,407	323,852	23,701	1,043,772
Depreciation	-	-	-	170,413	-	170,413
Total operating expenses	657,706	23,125	137,867	495,203	464,558	1,778,459
Operating income (loss)	348,629	(5,724)	(23,301)	(160,665)	434,150	593,089
Nonoperating revenues (expenses)						
Federal grants	-	-	-	527,149	-	527,149
State grants	-	-	-	13,873	-	13,873
Investment income	348,546	1,214	-	-	227	349,987
Total nonoperating revenues	348,546	1,214	-	541,022	227	891,009
Income (loss) before transfers	697,175	(4,510)	(23,301)	380,357	434,377	1,484,098
Transfers						
Transfers in	-	18,669	-	-	-	18,669
Transfers out	(697,175)	-	-	-	(434,377)	(1,131,552)
Net transfers	(697,175)	18,669	-	-	(434,377)	(1,112,883)
Change in net position	-	14,159	(23,301)	380,357	-	371,215
Net position, beginning of year	-	335,319	65,862	3,269,329	25,000	3,695,510
Net position, end of year	\$ -	\$ 349,478	\$ 42,561	\$ 3,649,686	\$ 25,000	\$ 4,066,725

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2013

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Cash flows from operating activities						
Receipts from customers	\$ 1,120,459	\$ 17,439	\$ 117,907	\$ 316,884	\$ 864,802	\$ 2,437,491
Payments for interfund services provided	(268,477)	-	-	-	-	(268,477)
Payments to employees	(2,209)	(926)	(117,716)	-	-	(120,851)
Payments to suppliers	(607,766)	(21,646)	-	(325,883)	(479,298)	(1,434,593)
Other operating revenue	-	-	-	-	65,560	65,560
Net cash provided by (used in) operating activities	<u>242,007</u>	<u>(5,133)</u>	<u>191</u>	<u>(8,999)</u>	<u>451,064</u>	<u>679,130</u>
Cash flows from noncapital financing activities						
Transfers in	-	18,669	-	-	-	18,669
Transfers out	(697,175)	-	-	-	(434,377)	(1,131,552)
Net cash provided by (used in) noncapital financing activities	<u>(697,175)</u>	<u>18,669</u>	<u>-</u>	<u>-</u>	<u>(434,377)</u>	<u>(1,112,883)</u>
Cash flows from capital and related financing activities						
Proceeds from federal and state grants	-	-	-	541,022	-	541,022
Payments for capital asset acquisition	-	-	(10,763)	(554,895)	-	(565,658)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(10,763)</u>	<u>(13,873)</u>	<u>-</u>	<u>(24,636)</u>
Cash flows from investing activities						
Investment income	348,546	1,214	-	-	227	349,987
Net change in cash and investment pool	<u>(106,622)</u>	<u>14,750</u>	<u>(10,572)</u>	<u>(22,872)</u>	<u>16,914</u>	<u>(108,402)</u>
Cash and investment pool:						
Beginning of year	948,710	334,912	78,614	319,827	201,247	1,883,310
End of year	<u>\$ 842,088</u>	<u>\$ 349,662</u>	<u>\$ 68,042</u>	<u>\$ 296,955</u>	<u>\$ 218,161</u>	<u>\$ 1,774,908</u>

(continued)

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2013

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Cash flows from operating activities						
Operating income (loss)	\$ 348,629	\$ (5,724)	\$ (23,301)	\$ (160,665)	\$ 434,150	\$ 593,089
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	-	170,413	-	170,413
Changes in assets and liabilities:						
Receivables	114,124	38	244	(19,149)	681	95,938
Inventory	-	-	-	(15,763)	-	(15,763)
Other assets	-	-	-	13,643	-	13,643
Accounts payable	(18,342)	460	3,031	1,027	(14,740)	(28,564)
Accrued liabilities	(2,209)	93	633	-	-	(1,483)
Deposits payable	-	-	-	-	13,596	13,596
Due to other funds	(268,477)	-	17	-	17,377	(251,083)
Unearned revenue	-	-	-	1,495	-	1,495
Net OPEB obligation	68,282	-	19,567	-	-	87,849
Net cash provided by (used in) operating activities	<u>\$ 242,007</u>	<u>\$ (5,133)</u>	<u>\$ 191</u>	<u>\$ (8,999)</u>	<u>\$ 451,064</u>	<u>\$ 679,130</u>

(concluded)

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 Position

Internal Service Funds

September 30, 2013

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
Assets				
Current assets:				
Cash and investment pool	\$ 106,352	\$ 472,020	\$ 448,874	\$ 124,227
Receivables (net):				
Accounts	-	78,206	1,287	-
Accrued interest	522	515	-	146
Due from other funds	-	44	-	-
Other assets	-	2,417	-	-
Total current assets	<u>106,874</u>	<u>553,202</u>	<u>450,161</u>	<u>124,373</u>
Noncurrent assets - capital assets:				
Machinery and equipment	-	-	1,472,206	81,369
Vehicles	-	-	-	-
Accumulated depreciation	-	-	(1,417,556)	(50,806)
Total noncurrent assets - capital assets	<u>-</u>	<u>-</u>	<u>54,650</u>	<u>30,563</u>
Total assets	<u>106,874</u>	<u>553,202</u>	<u>504,811</u>	<u>154,936</u>
Liabilities				
Current liabilities:				
Accounts payable	-	80,760	9,648	17,645
Accrued liabilities	-	2,599	40,718	464
Due to other funds	-	1,101	-	-
Total current liabilities	<u>-</u>	<u>84,460</u>	<u>50,366</u>	<u>18,109</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Long-term accrued liabilities	-	8,838	53,610	649
Total noncurrent liabilities	<u>-</u>	<u>8,838</u>	<u>53,610</u>	<u>649</u>
Total liabilities	<u>-</u>	<u>93,298</u>	<u>103,976</u>	<u>18,758</u>
Net position				
Net investment in capital assets	-	-	54,650	30,563
Unrestricted	106,874	459,904	346,185	105,615
Total net position	<u>\$ 106,874</u>	<u>\$ 459,904</u>	<u>\$ 400,835</u>	<u>\$ 136,178</u>

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 18,463	\$ 351,695	\$ 2,344,359	\$ 13,904	\$ 4,826,047	\$ 306	\$ 8,706,247
-	-	28,158	-	197,626	5,492	310,769
-	-	2,686	-	4,981	1	8,851
-	5,685	-	-	8,860	-	14,589
20,000	-	-	-	5,731	-	28,148
<u>38,463</u>	<u>357,380</u>	<u>2,375,203</u>	<u>13,904</u>	<u>5,043,245</u>	<u>5,799</u>	<u>9,068,604</u>
-	-	-	-	-	-	1,553,575
-	927,981	-	-	-	-	927,981
-	(837,403)	-	-	-	-	(2,305,765)
-	<u>90,578</u>	-	-	-	-	<u>175,791</u>
<u>38,463</u>	<u>447,958</u>	<u>2,375,203</u>	<u>13,904</u>	<u>5,043,245</u>	<u>5,799</u>	<u>9,244,395</u>
13,463	21,010	13,829	1,579	43,451	5,475	206,860
-	-	1,014,042	625	420,958	-	1,479,406
-	2,124	-	10,432	8,860	60	22,577
<u>13,463</u>	<u>23,134</u>	<u>1,027,871</u>	<u>12,636</u>	<u>473,269</u>	<u>5,535</u>	<u>1,708,843</u>
25,000	-	-	-	-	-	25,000
-	-	2,276	1,268	3,382	-	70,023
<u>25,000</u>	-	<u>2,276</u>	<u>1,268</u>	<u>3,382</u>	-	<u>95,023</u>
<u>38,463</u>	<u>23,134</u>	<u>1,030,147</u>	<u>13,904</u>	<u>476,651</u>	<u>5,535</u>	<u>1,803,866</u>
-	90,578	-	-	-	-	175,791
-	<u>334,246</u>	<u>1,345,056</u>	-	<u>4,566,594</u>	<u>264</u>	<u>7,264,738</u>
<u>\$ -</u>	<u>\$ 424,824</u>	<u>\$ 1,345,056</u>	<u>\$ -</u>	<u>\$ 4,566,594</u>	<u>\$ 264</u>	<u>\$ 7,440,529</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended September 30, 2013

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
Operating revenues				
Charges for services	\$ -	\$ -	\$ 39,024	\$ 1,026
Rental revenue	-	-	-	8,838
Reimbursements	5,248,034	2,818,316	1,754,426	72,510
Other revenue	-	160,441	-	-
Total operating revenues	5,248,034	2,978,757	1,793,450	82,374
Operating expenses				
Personnel services	-	125,921	863,816	10,004
Fringe benefits	5,225,734	2,789,545	387,787	7,416
Supplies	-	-	20,679	-
Services and charges	24,954	1,808	394,383	67,805
Depreciation	-	-	51,977	15,755
Total operating expenses	5,250,688	2,917,274	1,718,642	100,980
Operating income (loss)	(2,654)	61,483	74,808	(18,606)
Nonoperating revenues (expenses)				
Investment income	1,725	1,651	-	531
Gain (loss) on sale of capital assets	-	-	(1,471)	-
Total nonoperating revenues (expenses)	1,725	1,651	(1,471)	531
Income (loss) before transfers	(929)	63,134	73,337	(18,075)
Transfers				
Transfers out	-	-	-	-
Change in net position	(929)	63,134	73,337	(18,075)
Net position, beginning of year	107,803	396,770	327,498	154,253
Net position, end of year	\$ 106,874	\$ 459,904	\$ 400,835	\$ 136,178

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 174,710	\$ -	\$ 3,650	\$ -	\$ -	\$ -	\$ 218,410
-	122,514	-	-	-	-	131,352
-	-	1,519,193	54,073	8,023,958	237,856	19,728,366
-	-	-	-	294,526	-	454,967
<u>174,710</u>	<u>122,514</u>	<u>1,522,843</u>	<u>54,073</u>	<u>8,318,484</u>	<u>237,856</u>	<u>20,533,095</u>
-	-	48,017	12,779	31,583	-	1,092,120
-	-	20,452	5,829	7,980,347	-	16,417,110
162,080	-	21	-	696	-	183,476
12,630	45,356	1,404,811	35,465	101,036	237,856	2,326,104
-	71,897	-	-	-	-	139,629
<u>174,710</u>	<u>117,253</u>	<u>1,473,301</u>	<u>54,073</u>	<u>8,113,662</u>	<u>237,856</u>	<u>20,158,439</u>
-	5,261	49,542	-	204,822	-	374,656
-	-	9,773	-	16,247	6	29,933
-	20,571	-	-	-	-	19,100
-	20,571	9,773	-	16,247	6	49,033
-	25,832	59,315	-	221,069	6	423,689
-	-	(61,046)	-	-	-	(61,046)
-	25,832	(1,731)	-	221,069	6	362,643
-	398,992	1,346,787	-	4,345,525	258	7,077,886
<u>\$ -</u>	<u>\$ 424,824</u>	<u>\$ 1,345,056</u>	<u>\$ -</u>	<u>\$ 4,566,594</u>	<u>\$ 264</u>	<u>\$ 7,440,529</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2013

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
Cash flows from operating activities				
Receipts from interfund services provided	\$ 5,248,063	\$ 2,809,762	\$ 1,792,766	\$ 82,977
Payments to employees	-	-	(1,240,353)	(17,357)
Payments to suppliers	(5,250,688)	(2,906,496)	(413,962)	(50,160)
Other operating revenue	-	158,024	-	-
Net cash provided by (used in) operating activities	(2,625)	61,290	138,451	15,460
Cash flows from noncapital financing activities				
Transfers out	-	-	-	-
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	-	-
Payments for capital asset acquisition	-	-	(41,528)	(11,727)
Net cash provided by (used in) capital and related financing activities	-	-	(41,528)	(11,727)
Cash flows from investing activities				
Investment income	1,725	1,651	-	531
Net change in cash and investment pool	(900)	62,941	96,923	4,264
Cash and investment pool, beginning of year	107,252	409,079	351,951	119,963
Cash and investment pool, end of year	\$ 106,352	\$ 472,020	\$ 448,874	\$ 124,227
Cash flows from operating activities				
Operating income (loss)	\$ (2,654)	\$ 61,483	\$ 74,808	\$ (18,606)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	51,977	15,755
Changes in assets and liabilities:				
Receivables	29	(9,611)	(684)	25
Due from other funds	-	(44)	-	578
Other assets	-	(2,417)	-	-
Accounts payable	-	9,717	1,100	17,645
Accrued liabilities	-	1,061	11,250	63
Due to other funds	-	1,101	-	-
Net cash provided by (used in) operating activities	\$ (2,625)	\$ 61,290	\$ 138,451	\$ 15,460

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 174,710	\$ 117,055	\$ 1,505,748	\$ 48,618	\$ 8,021,130	\$ 236,975	\$ 20,037,804
-	-	(68,490)	(18,608)	(44,837)	-	(1,389,645)
(175,453)	(24,590)	(1,089,075)	(35,575)	(8,061,061)	(236,936)	(18,243,996)
-	-	-	-	294,526	-	452,550
(743)	92,465	348,183	(5,565)	209,758	39	856,713
-	-	(61,046)	-	-	-	(61,046)
-	20,571	-	-	-	-	20,571
-	(70,299)	-	-	-	-	(123,554)
-	(49,728)	-	-	-	-	(102,983)
-	-	9,773	-	16,247	6	29,933
(743)	42,737	296,910	(5,565)	226,005	45	722,617
19,206	308,958	2,047,449	19,469	4,600,042	261	7,983,630
<u>\$ 18,463</u>	<u>\$ 351,695</u>	<u>\$ 2,344,359</u>	<u>\$ 13,904</u>	<u>\$ 4,826,047</u>	<u>\$ 306</u>	<u>\$ 8,706,247</u>
\$ -	\$ 5,261	\$ 49,542	\$ -	\$ 204,822	\$ -	\$ 374,656
-	71,897	-	-	-	-	139,629
-	-	(17,095)	-	(2,828)	(941)	(31,105)
-	(5,685)	-	-	(254)	-	(5,405)
-	-	5,000	-	(5,731)	-	(3,148)
(743)	20,766	13,016	-	26,749	920	89,170
-	-	297,720	(110)	(13,254)	-	296,730
-	226	-	(5,455)	254	60	(3,814)
<u>\$ (743)</u>	<u>\$ 92,465</u>	<u>\$ 348,183</u>	<u>\$ (5,565)</u>	<u>\$ 209,758</u>	<u>\$ 39</u>	<u>\$ 856,713</u>

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 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.

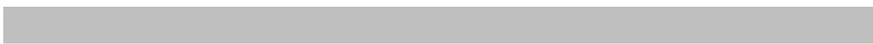
Medical Spending Reimbursement Fund - This fund is used to account for the collection and distribution of pre-tax monies used for medical expenses incurred by employees of the County.

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Fiduciary Net Position

Agency Funds
September 30, 2013

	Trust & Agency	State Education Tax	Library Penal Fine
Assets			
Cash and investment pool	\$ 1,587,861	\$ 10,181,865	\$ 186,857
Receivables (net):			
Taxes	-	-	-
Accounts	4,829,311	1,194	3,675
Accrued interest	18	-	465
Total assets	\$ 6,417,190	\$ 10,183,059	\$ 190,997
Liabilities			
Accounts payable	\$ 381,346	\$ 15	\$ -
Deposits payable	5,634,639	-	-
Due to other governmental units	401,205	10,183,044	190,997
Total liabilities	\$ 6,417,190	\$ 10,183,059	\$ 190,997



Hospital Millage	Dependent Care	Medical Spending Reimbursement	Total
\$ 78,302	\$ 1,859	\$ 18,662	\$ 12,055,406
5,234	-	-	5,234
1,619	-	-	4,835,799
86	-	-	569
<u>\$ 85,241</u>	<u>\$ 1,859</u>	<u>\$ 18,662</u>	<u>\$ 16,897,008</u>
\$ 78,896	\$ 1,859	\$ 4,915	\$ 467,031
-	-	-	5,634,639
6,345	-	13,747	10,795,338
<u>\$ 85,241</u>	<u>\$ 1,859</u>	<u>\$ 18,662</u>	<u>\$ 16,897,008</u>

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 Position and Governmental Fund Balance Sheet

Brownfield Redevelopment Authority Component Unit

September 30, 2013

	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Cash and investment pool	\$ 1,531,528	\$ -	\$ 1,531,528
Accounts receivable	128	-	128
Notes receivable	77,602	-	77,602
Accrued interest receivable	1,716	-	1,716
Total assets	<u>\$ 1,610,974</u>	<u>\$ -</u>	<u>1,610,974</u>
Liabilities			
Accounts payable	\$ 8,113	\$ -	8,113
Unearned revenue	77,602	-	77,602
Long-term liabilities:			
Due within one year	-	52,867	52,867
Due in more than one year	-	178,552	178,552
Total liabilities	<u>85,715</u>	<u>231,419</u>	<u>317,134</u>
Fund balances/net position			
Unassigned	<u>1,525,259</u>	<u>(1,525,259)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,610,974</u>		
Net position			
Unrestricted		<u>1,293,840</u>	<u>1,293,840</u>
Total net position		<u>\$ 1,293,840</u>	<u>\$ 1,293,840</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures

and Changes in Fund Balances

Brownfield Redevelopment Authority Component Unit

For the Year Ended September 30, 2013

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Federal grants	\$ 135,766	\$ -	\$ 135,766
Property taxes	68,107	-	68,107
Reimbursements	113,706	-	113,706
Investment income	8,498	-	8,498
Total revenues	<u>326,077</u>	<u>-</u>	<u>326,077</u>
Expenditures / expenses			
Current:			
Community and economic development	167,061	-	167,061
Debt service:			
Principal	51,757	(51,757)	-
Interest and fiscal charges	5,965	-	5,965
Total expenditures / expenses	<u>224,783</u>	<u>(51,757)</u>	<u>173,026</u>
Net change in fund balances	101,294	(101,294)	-
Change in net position	-	153,051	153,051
Fund balance / net position, beginning of year	<u>1,423,965</u>	<u>(283,176)</u>	<u>1,140,789</u>
Fund balance / net position, end of year	<u>\$ 1,525,259</u>	<u>\$ (231,419)</u>	<u>\$ 1,293,840</u>

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 and is reported as an enterprise fund of the DPW. 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 Position and Governmental Fund Balance Sheet

Department of Public Works Component Unit

September 30, 2013

	Debt Service	Construction	Total Governmental Funds	Adjustments	Statement of Net Position
Assets					
Cash and investment pool	\$ 267,389	\$ -	\$ 267,389	\$ -	\$ 267,389
Due from other governmental units	-	-	-	16,339,516	16,339,516
Prepaid items	650,053	-	650,053	(650,053)	-
Total assets	\$ 917,442	\$ -	\$ 917,442	\$ 15,689,463	16,606,905
Liabilities					
Accrued liabilities	-	-	-	217,516	217,516
Long-term liabilities:					
Due within one year	-	-	-	990,000	990,000
Due in more than one year	-	-	-	15,132,000	15,132,000
Total liabilities	-	-	-	16,339,516	16,339,516
Deferred inflows of resources					
Unavailable revenue - special assessments	733,557	-	733,557	(733,557)	-
Fund balances/net position					
Restricted for:					
Debt service	183,885	-	183,885	(183,885)	-
Total liabilities, deferred inflows of resource sand fund balances	\$ 917,442	\$ -	\$ 917,442		
Net position					
Restricted for:					
Debt service				\$ 267,389	\$ 267,389

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Department of Public Works Component Unit
 For the Year Ended September 30, 2013

	Debt Service	Construction	Total Governmental Funds	Adjustments	Statement of Activities
Revenues					
Local grants and contributions	\$ 2,248,343	\$ -	\$ 2,248,343	\$ (1,545,144)	\$ 703,199
Investment income	702	-	702	-	702
Total revenues	2,249,045	-	2,249,045	(1,545,144)	703,901
Expenditures / expenses					
Current:					
Public works	1,364	-	1,364	-	1,364
Debt service:					
Principal	1,606,486	-	1,606,486	(1,606,486)	-
Interest and fiscal charges	626,195	-	626,195	(22,432)	603,763
Total expenditures / expenses	2,234,045	-	2,234,045	(1,628,918)	605,127
Net change in fund balances	15,000	-	15,000	(15,000)	-
Change in net position	-	-	-	98,774	98,774
Fund balance / net position, beginning of year	168,885	-	168,885	(270)	168,615
Fund balance / net position, end of year	<u>\$ 183,885</u>	<u>\$ -</u>	<u>\$ 183,885</u>	<u>\$ 83,504</u>	<u>\$ 267,389</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Department of Public Works Component Unit - Proprietary Fund

September 30, 2013

	Administration
Assets	
Cash and investment pool	\$ 39,611
Liabilities	
Accounts payable	3,030
Accrued liabilities	68
Total current liabilities	3,098
Net position	
Unrestricted	\$ 36,513

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Department of Public Works Component Unit - Proprietary Fund

For the Year Ended September 30, 2013

	Administration
Operating revenues	
Licenses and permits	<u>\$ 55,641</u>
Operating expenses	
Personal services	58
Fringe benefits	11
Supplies	607
Services and charges	<u>35,984</u>
Total operating expenses	<u>36,660</u>
Operating income	18,981
Net position, beginning of year	<u>17,532</u>
Net position, end of year	<u><u>\$ 36,513</u></u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Department of Public Works Component Unit
For the Year Ended September 30, 2013

	Administration
Cash flows from operating activities	
Receipts from customers	\$ 55,641
Payments to employees	(1)
Payments to suppliers	<u>(37,054)</u>
Net cash provided by operating activities	18,586
Cash and cash equivalents, beginning of year	<u>21,025</u>
Cash and cash equivalents, end of year	<u><u>\$ 39,611</u></u>
Cash flows from operating activities	
Operating income	\$ 18,981
Adjustments to reconcile operating income to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts payable	(463)
Accrued liabilities	<u>68</u>
Net cash provided by operating activities	<u><u>\$ 18,586</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 Position and Governmental Fund Balance Sheet
 Drain Commission Component Unit
 September 30, 2013

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Assets				
Cash and investment pool	\$ 323,102	\$ 89,753	\$ 4,108,734	\$ 2,081
Receivables (net):				
Special assessments	982,970	1,366,396	-	-
Accounts	-	-	1,483	-
Notes receivable	-	-	200,000	-
Due from other funds	-	-	-	-
Prepaid items	333	241,208	-	-
Capital assets:				
Assets not being depreciated	-	-	-	-
Assets being depreciated, net	-	-	-	-
Total assets	<u>\$ 1,306,405</u>	<u>\$ 1,697,357</u>	<u>\$ 4,310,217</u>	<u>\$ 2,081</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 24,806	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	477,187	37,852
Advances from primary government	-	-	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>501,993</u>	<u>37,852</u>
Deferred inflows of resources				
Unavailable revenue - special assessments and loans receivable	982,970	1,541,391	200,000	-
Fund balances/net position				
Restricted for:				
Debt service	323,435	155,966	-	-
Capital projects	-	-	3,608,224	(35,771)
Total fund balances	<u>323,435</u>	<u>155,966</u>	<u>3,608,224</u>	<u>(35,771)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,306,405</u>	<u>\$ 1,697,357</u>	<u>\$ 4,310,217</u>	<u>\$ 2,081</u>
Net position:				
Net investment in capital assets				
Restricted for:				
Debt service				
Acquisition/construction of capital assets				
Unrestricted				
Total net position				

Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Net Position
\$ 1	\$ 64,827	\$ 4,588,498	\$ -	\$ 4,588,498
-	-	2,349,366	-	2,349,366
4,886	-	6,369	-	6,369
-	-	200,000	-	200,000
513,566	1,473	515,039	(515,039)	-
-	-	241,541	(241,208)	333
-	-	-	35,917,703	35,917,703
-	-	-	200,000	200,000
<u>\$ 518,453</u>	<u>\$ 66,300</u>	<u>\$ 7,900,813</u>	<u>35,361,456</u>	<u>43,262,269</u>
\$ 118,453	\$ 2,594	145,853	-	145,853
-	-	-	22,057	22,057
-	-	515,039	(515,039)	-
400,000	-	400,000	-	400,000
-	-	-	647,334	647,334
-	-	-	1,866,065	1,866,065
<u>518,453</u>	<u>2,594</u>	<u>1,060,892</u>	<u>2,020,417</u>	<u>3,081,309</u>
-	-	2,724,361	(2,590,574)	133,787
-	-	479,401	(479,401)	-
-	63,706	3,636,159	(3,636,159)	-
-	63,706	4,115,560	(4,115,560)	-
<u>\$ 518,453</u>	<u>\$ 66,300</u>	<u>\$ 7,900,813</u>		
			33,604,304	33,604,304
			479,401	479,401
			3,636,159	3,636,159
			<u>2,327,309</u>	<u>2,327,309</u>
			<u>\$ 40,047,173</u>	<u>\$ 40,047,173</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances
 Drain Commission Component Unit
 For the Year Ended September 30, 2013

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Revenues				
Special assessments	\$ 284,190	\$ -	\$ 268,825	\$ -
Federal grants	-	-	113,550	-
Local grants and contributions	143,991	1,589,301	29,181	-
Investment income	501	384	7,380	37
Reimbursements	-	-	16,935	1,997
Total revenues	428,682	1,589,685	435,871	2,034
Expenditures / expenses				
Current:				
Public works	250	-	659,614	112,172
Capital outlay	-	-	-	-
Depreciation	-	-	-	-
Debt service:				
Principal	362,334	1,525,000	-	-
Interest and fiscal charges	59,476	63,945	-	-
Total expenditures	422,060	1,588,945	659,614	112,172
Revenues over (under) expenditures/expenses	6,622	740	(223,743)	(110,138)
Other financing sources (uses)				
Bond proceeds	-	-	-	100,000
Transfers in	-	-	50,125	-
Transfers out	-	(50,125)	-	-
Total other financing sources (uses)	-	(50,125)	50,125	100,000
Net change in fund balances	6,622	(49,385)	(173,618)	(10,138)
Change in net position	-	-	-	-
Fund balance / net position, beginning of year	316,813	205,351	3,781,842	(25,633)
Fund balance / net position, end of year	\$ 323,435	\$ 155,966	\$ 3,608,224	\$ (35,771)

Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Activities
\$ -	\$ -	\$ 553,015	\$ -	\$ 553,015
-	-	113,550	-	113,550
-	-	1,762,473	(3,064,877)	(1,302,404)
-	263	8,565	-	8,565
-	40,211	59,143	-	59,143
-	40,474	2,496,746	(3,064,877)	(568,131)
-	31,191	803,227	-	803,227
-	-	-	(98,667)	(98,667)
-	-	-	1,241,569	1,241,569
-	-	1,887,334	(1,887,334)	-
-	-	123,421	(19,293)	104,128
-	31,191	2,813,982	(763,725)	2,050,257
-	9,283	(317,236)	(2,301,152)	(2,618,388)
-	-	100,000	(100,000)	-
-	-	50,125	-	50,125
-	-	(50,125)	-	(50,125)
-	-	100,000	(100,000)	-
-	9,283	(217,236)	(2,401,152)	(2,618,388)
-	-	-	-	(2,618,388)
-	54,423	4,332,796	38,332,765	42,665,561
<u>\$ -</u>	<u>\$ 63,706</u>	<u>\$ 4,115,560</u>	<u>\$ 35,931,613</u>	<u>\$ 40,047,173</u>

SINGLE AUDIT ACT COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

March 25, 2014

Honorable Members of the
Board of Commissioners
of the County of Saginaw, Michigan
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* (the "County") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 25, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster:				
Non-cash assistance (commodities)				
Entitlement Commodities	10.555	MDE	730008002	\$ 3,672
Cash assistance				
National School Lunch Program - Children's Facility	10.555	MDE	730008002	81,448
				<u>85,120</u>
Women and Infant Care	10.557	MDCH	N/A	825,217
Women and Infant Care - Breastfeeding	10.557	MDCH	N/A	38,826
				<u>864,043</u>
SNAP Cluster:				
Food Assistance & Employment Training Type A	10.561	MDELEG	N/A	152,485
Food Assistance & Employment Training / SS Type B	10.561	MDELEG	N/A	1,361
				<u>153,846</u>
EWP - Emergency Watershed Protection Program	10.923	USDA	N/A	<u>113,550</u>
Total U.S. Department of Agriculture				<u>1,216,559</u>
U.S. Department of Housing and Urban Development				
CDBG - State-Administered Small Cities Program Cluster:				
Community Development Block Grant	14.228	MSHDA	MSC-2011-0540-HOA	1,307
Community Development Block Grant - Administration	14.228	MSHDA	MSC-2011-0540-HOA	235
Saginaw County Renewable Energy Park	14.228	MEDC	MSC 209110-EDIG	448,857
				<u>450,399</u>
Economic Development Initiative -				
ARRA - NSP2 (Neighborhood Stabilization Program - Land Bank Authority)	14.256	MSHDA	NS2-2009-6110	<u>910,710</u>
Health Homes Demonstration Grants:				
Healthy Homes and Lead Hazard Control	14.901	Direct	MILHB0467-10	<u>995,895</u>
Total U.S. Department of Housing and Urban Development				<u>2,357,004</u>
U.S. Department of Justice				
Juvenile Accountability Block Grants:				
Truancy Early Intervention IX & X	16.523	MDHS	JAIBG-12-73001	<u>21,078</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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:				
Disproportionate Minority Contract	16.540	MDHS	071B1300618	\$ 1,013
State Criminal Alien Assistance Program	16.606	Direct	N/A	5,366
Bulletproof Vest Partnership Program	16.607	Direct	N/A	254
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MSP	2010-DJ-BX-1567	207,706
Edward Byrne Memorial Justice Assistance Grant Program	16.738	MSP	2011-DJ-BX-2265	80,048
Prosecutor's BAYANET-Bay Area Narcotics Enforcement Team	16.738	MSP	2012-DJ-BX-0109	18,595
Prosecutor's Major Crimes Prosecution Project	16.738	MSP	2012-DJ-BX-0109	240,246
ARRA - Edward Byrne Memorial JAG Program	16.804	Direct	2009-SB-B9-1423	122,641
				<u>669,236</u>
Total U.S. Department of Justice				<u>696,947</u>
U.S. Department of Labor				
Employment Services Cluster:				
Employment Service	17.207	MDELEG	N/A	674,969
ARRA - Reemployment Services (RES EUC)	17.225	MDELEG	N/A	307,746
Trade Adjustment Assistance:				
TAA Employer Based Training Foundation	17.245	MDELEG	N/A	124,965
Trade Adjustment Assistance	17.245	MDELEG	N/A	7,640
Trade Case Management	17.245	MDELEG	N/A	482,093
				<u>614,698</u>
Workforce Investment Act Cluster:				
Workforce Investment Act - SWA Earn & Learn	17.258	MDELEG	N/A	48,016
Workforce Investment Act - Adult	17.258	MDELEG	N/A	1,211,914
Workforce Investment Act - Administration	17.258	MDELEG	N/A	106,980
Workforce Investment Act - One Stop Operations	17.258	MDELEG	N/A	19,387
Workforce Investment Act - Performance Incentives	17.258	MDELEG	N/A	836
Workforce Investment Act - SWA Earn & Learn	17.259	MDELEG	N/A	51,349
Workforce Investment Act - Youth	17.259	MDELEG	N/A	1,141,347

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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):				
Workforce Investment Act - Administration	17.259	MDELEG	N/A	\$ 114,405
Workforce Investment Act - One Stop Operations	17.259	MDELEG	N/A	20,733
Workforce Investment Act - Performance Incentives	17.259	MDELEG	N/A	894
Workforce Investment Act - Administration	17.260	MDELEG	N/A	116,092
Workforce Investment Act - WIA DW NEG RES	17.277	MDELEG	N/A	12,057
Workforce Investment Act - SWA Earn & Learn	17.278	MDELEG	N/A	52,106
Workforce Investment Act - Dislocated Worker	17.278	MDELEG	N/A	1,214,235
Workforce Investment Act - One Stop Operations	17.278	MDELEG	N/A	21,039
Workforce Investment Act - Performance Incentives	17.278	MDELEG	N/A	907
				<u>4,132,297</u>
ARRA - SESP	17.275	MDELEG	SESP2010ARRA	<u>763,769</u>
Total U.S. Department of Labor				<u>6,493,479</u>
U.S. Department of Transportation				
Airport Improvement Program:				
Airport Improvement Program	20.106	MDOT-A	B-26-0114-1608	(1)
Airport Improvement Program	20.106	MDOT-A	B-26-0114-1811	527,150
				<u>527,149</u>
Urban Planning - FHWA	20.205	MDOT	N/A	<u>214,743</u>
Federal Transit Cluster:				
Urban Planning - FTA	20.500	MDOT	N/A	<u>46,257</u>
Rural Transit Assistance Program (RTAP)	20.509	MPTA	N/A	<u>3,864</u>
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	MPTA	2007-0283-Z2	<u>58,007</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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	\$ 73,603
Adult Felony Drug Court (Alcohol Traffic Safety & Drunk Driving Prevention Incentive)	20.601	SCAO	AL-13-01	27,159
				<u>100,762</u>
Total U.S. Department of Transportation				<u>950,782</u>
U.S. Environment of Protection Agency				
Cap Grant for the Drinking Water Revolving Fund	66.471	MDEQ	FS97548710	300
Michigan Agriculture Environmental Assurance Program (MAEAP) Clean Sweep Program	66.469	MDARD	791N320092	25,080
Brownfield Assessment and Cleanup Cooperative Agreements (Assessment Coalition)	66.818	Direct	BF-00E96701-0	135,766
Total U.S. Environmental Protection Agency				<u>161,146</u>
U.S. Department of Health and Human Services				
Aging Cluster:				
Evidence Based Programs	93.043	MOAS	N/A	3,159
Case Coordination and Support	93.044	MOAS	N/A	78,092
Case Coordination and Support - In-Home Support Services	93.044	MOAS	N/A	41,591
Outreach	93.044	MOAS	N/A	17,603
Transportation	93.044	MOAS	N/A	9,295
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	8,236
Nutrition - Title III C-1 Congregate	93.045	MOAS	N/A	110,507
Nutrition - Title III C-2 HDM	93.045	MOAS	N/A	237,119
Nutrition - Title III C-2 HDM Weekend	93.045	MOAS	N/A	11,833
Nutrition Services Incentive Program - Congregate	93.053	MOAS	N/A	37,389
Nutrition Services Incentive Program - HDM	93.053	MOAS	N/A	104,192
Nutrition Services Incentive Program - HDM Weekend	93.053	MOAS	N/A	9,145
				<u>687,673</u>
National Family Caregiver Support, Title III, Part E:				
Title III E Kinship Care	93.052	MOAS	N/A	4,363
National Family Caregiver Support Program	93.052	MOAS	N/A	46,120
Supplemental funds - Title III E	93.052	MOAS	N/A	16,703
				<u>67,186</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2013

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	\$ 160,026
Bioterrorism - Focus C	93.069	MDCH	N/A	94,693
				<u>254,719</u>
TB Control	93.116	MDCH	N/A	<u>100</u>
Project Hope / HIV/STI Peer Education	93.135	UM	5-U48-DP-001901-02	<u>49,000</u>
Toxic Substances in MI Urban Fisheaters	93.161	MDCH	N/A	<u>845</u>
Family Planning General Services	93.217	MDCH	N/A	<u>147,379</u>
Immunizations - IAP	93.268	MDCH	N/A	88,028
Immunizations - Fixed Fees	93.268	MDCH	N/A	2,500
Federally Funded Vaccines	93.268	MDCH	N/A	289,110
				<u>379,638</u>
ACA - Maternal, Infant & Early Childhood Home Visiting Programs				
MIECHV	93.505	MDCH	N/A	10,000
NFP (Nurse Family Partnership)	93.505	MDCH	N/A	115,000
				<u>125,000</u>
Immunization Capacity Development	93.539	MDCH	N/A	<u>5,000</u>
Child Enforcement Support:				
Title IV-D Maintenance Assistance (Federal Incentive) (FOC)	93.563	MDHS	CSFOC-13-73001	295,968
Title IV-D Cooperative Reimbursement Program (FOC)	93.563	MDHS	CSFOC-13-73001	2,505,387
Title IV-D Cooperative Reimbursement Program (PA)	93.563	MDHS	CSPA-13-73002	386,394
				<u>3,187,749</u>
TANF Cluster				
TANF - JET Supportive Services Type E	93.558	MDELEG	N/A	127,036
TANF - JET Type T	93.558	MDELEG	N/A	2,738,392
				<u>2,865,428</u>
Community-Based Child Abuse Prevention				
Grant (Children's Trust Fund)	93.590	MDHS	CTFDS-11-73001	<u>15,457</u>
Federal Access and Visitation	93.597	SCAO	N/A	<u>6,550</u>
Foster Care Independence Program - SYEP (Summer Youth)	93.674	MDELEG	N/A	<u>29,266</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

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:				
Medicaid Outreach - Laboratory	93.778	MDCH	N/A	\$ 10,360
CSHCS Medicaid Outreach	93.778	MDCH	N/A	5,256
CSHCS Outreach & Advocacy	93.778	MDCH	N/A	56,500
Substance Abuse - Medicaid	93.778	MDCH	N/A	772,250
Medicaid Outreach - Dental Services	93.778	MDCH	N/A	6,833
Medicaid Outreach - Nursing Services	93.778	MDCH	N/A	64,607
CSHCS Care Coordination / Case Management	93.778	MDCH	N/A	5,097
Medicaid Reimbursement - TCM	93.778	MOAS	N/A	13,695
POS Waiver	93.778	A&D	N/A	77,733
POS Waiver	93.778	MOAS	N/A	42,416
				<u>1,054,747</u>
Healthy Start Initiative	93.926	HRSA	N/A	<u>600,000</u>
HIV/AIDS Prevention Counseling	93.940	MDCH	N/A	<u>26,234</u>
MCH Research Fetal Infant Mortality	93.941	MDCH	N/A	<u>250</u>
Block Grants for Prevention and Treatment:				
Substance Abuse Prevention and Treatment Block Grant	93.959	ODCP	N/A	1,572,980
B.A.S.A.R.A. Substance Abuse Treatment	93.959	ODCP	N/A	115,774
				<u>1,688,754</u>
STD Prevention Control Grant	93.977	MDCH	N/A	<u>223,997</u>
STD Prevention Services	93.991	MDCH	N/A	<u>36,130</u>
Maternal and Child Health Services Block Grant:				
Local MCH Block Grant	93.994	MDCH	N/A	197,324
Fetal Infant Mortality Review (FIMR) Case Abstraction	93.994	MDCH	N/A	4,860
CSHCS Care Coordination / Case Management Services	93.994	MDCH	N/A	3,508
				<u>205,692</u>
Total U.S. Department of Health and Human Services				<u>11,656,794</u>
Corporation for National and Community Service				
Foster Grandparent Program	94.011	Direct	10SFNMI004	<u>252,317</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Homeland Security				
Marine Safety Program	97.012	MDNR	N/A	\$ 3,483
Emergency Food and Shelter National Board Program	97.024	UWSC	481400-005	967
Emergency Management Performance Grant	97.042	MSP	2010-EP-00-0002	3,412
Emergency Management Performance Grant	97.042	MSP	EMW-2011-EP-00044-S01	10,448
Emergency Management Performance Grant	97.042	MSP	EMW-2013-EP-00026-S01	30,882
				<u>44,742</u>
3rd District Regional Homeland Security Grant	97.067	Alcona	2010-SS-T0-0009	16,069
3rd District Regional Homeland Security Grant	97.067	Alcona	EMW-2011-SS-00103	9,240
3rd District Regional Homeland Security Planning Grant	97.067	Bay	N/A	7,425
				<u>32,734</u>
Total U.S. Department of Homeland Security				<u>81,926</u>
Total expenditures of federal awards				<u>\$ 23,866,954</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, 2013. 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 position 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, 2013, as these entities were separately audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified 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 grants 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
A&D	A&D Home Health Care, Inc.
Alcona	Alcona County, Michigan
Bay	Bay County, Michigan
HRSA	Health Resources and Services Administration
MDARD	Michigan Department of Agriculture and Rural Development
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

COUNTY OF SAGINAW, MICHIGAN

Notes to the Schedule of Expenditures of Federal Awards

Pass-through Agency Abbreviation	Pass-through Agency Name
MSP	Michigan State Police
ODCP	Office of Drug Control Policy
SCAO	State Court Administrative Office
UM	Regents of the University of Michigan
USDA	United State Department of Agriculture
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 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.



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*

Month 25, 2014

Honorable members of the Board of Commissioners
of the County of Saginaw
Saginaw, Michigan

We have audited, in accordance with the 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, 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* (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated Month xx, 2014. Our report includes a reference to other auditors who audited the financial statements of the County of Saginaw Road Commission and the Saginaw County Community Mental Health Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 statement 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 certain other matters that we reported to management of the County in a separate letter dated Month 25, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by OMB Circular A-133**

Month 25, 2014

Honorable members of the Board of Commissioners
of the County of Saginaw
Saginaw, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *County of Saginaw* (the "County") with the types of compliance requirements described in the *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, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the County of Saginaw Road Commission and the Saginaw County Community Mental Health Authority which received \$3,155,150 and \$2,561,671 in federal awards, and which is not included in the schedule of expenditures of federal awards for the year ended September 30, 2013. Our audit, described below, did not include the operations of the County of Saginaw Road Commission and the Saginaw County Community Mental Health Authority because they arranged for a separate audit in accordance with A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs September 30, 2013

SECTION I - SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

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

Name of Federal Program or Cluster

10.557	Women and Infant Care
14.256	Neighborhood Stabilization Program
14.901	Healthy Homes and Lead Hazard Control
17.225	Unemployment Insurance
17.275	Program of Competitive Grants
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$ 716,009

Auditee qualified as low-risk auditee? X yes _____ no

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs September 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs September 30, 2013

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs September 30, 2013

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters were reported.

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