

County of Saginaw, Michigan

Year Ended
September 30,
2014

Financial
Statements and
Single Audit Act
Compliance

COUNTY OF SAGINAW, MICHIGAN

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 5 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 19 |
| Statement of Activities | 20 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 22 |
| Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities | 23 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 24 |
| Reconciliation of the Net Changes in Fund Balances of Governmental Funds to Changes in Net Position of Governmental Activities | 25 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: | |
| General Fund | 26 |
| Health Department Special Revenue Fund | 28 |
| Michigan Works! Special Revenue Fund | 29 |
| Planning Commission Special Revenue Fund | 30 |
| Statement of Net Position - Proprietary Funds | 31 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds | 32 |
| Statement of Cash Flows - Proprietary Funds | 33 |
| Statement of Fiduciary Net Position - Fiduciary Funds | 35 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Postemployment Health Benefits Trust Fund | 36 |
| Combining Statement of Net Position - Component Units | 37 |
| Combining Statement of Activities - Component Units | |
| Notes to Financial Statements | 43 |
| Required Supplementary Information: | |
| Municipal Employees Retirement System of Michigan - Schedule of Funding Progress and Employer Contributions | 80 |
| Postemployment Health Benefits - Schedule of Funding Progress and Employer Contributions | 81 |

COUNTY OF SAGINAW, MICHIGAN

Table of Contents

| | |
|---|-----|
| Combining and Individual Fund Financial Statements | |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet | 88 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 94 |
| Nonmajor Enterprise Funds: | |
| Combining Statement of Net Position | 101 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 102 |
| Combining Statement of Cash Flows | 103 |
| Internal Service Funds: | |
| Combining Statement of Net Position | 106 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 108 |
| Combining Statement of Cash Flows | 110 |
| Fiduciary Funds: | |
| Combining Statement of Fiduciary Net Position - Agency Funds | 113 |
| Component Units: | |
| Statement of Net Position and Governmental Fund Balance Sheet - Brownfield Redevelopment Authority | 116 |
| Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances - Brownfield Redevelopment Authority | 117 |
| Statement of Net Position and Governmental Fund Balance Sheet - Department of Public Works | 119 |
| Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance - Department of Public Works | 120 |
| Statement of Net Position - Department of Public Works - Proprietary Fund | 121 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Department of Public Works - Proprietary Fund | 122 |
| Statement of Cash Flows - Department of Public Works - Proprietary Fund | 123 |
| Statement of Net Position and Governmental Fund Balance Sheet - Drain Commission | 125 |
| Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances - Drain Commission | 127 |

COUNTY OF SAGINAW, MICHIGAN

Table of Contents

| | |
|---|-----|
| Single Audit Act Compliance | |
| Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 | 130 |
| Schedule of Expenditures of Federal Awards | 131 |
| Notes to the Schedule of Expenditures of Federal Awards | 136 |
| 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 <i>Government Auditing Standards</i> | 138 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance required by OMB Circular A-133 | 140 |
| Schedule of Findings and Questioned Costs | 142 |
| Summary Schedule of Prior Audit Findings | 145 |

INDEPENDENT AUDITORS' REPORT

March 31, 2015

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, 2014, 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, 75 percent, and 20 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, 2014, 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.

Restatement of Beginning Net Position of the Land Bank Component Unit and the Governmental Activities

As discussed in Note 17 to the financial statements, the beginning net position of the Land Bank Component Unit was restated by \$650,000 to properly recognize revenue related to a long-term receivable that was recorded as unearned revenue in the previous year and the beginning net position of the governmental activities was restated by \$3,043,934 due to an error in recording a bond premium related to the HealthSource bond obligation. Our opinion is not modified with respect to these matters.

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 31, 2015, on our consideration of the County'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.

Rehmann Johnson LLC

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, 2014. 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 \$68,224,680 (Net Position). Of this amount, \$19,710,016 (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 \$6,463,156 during 2014.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, debt service, capital projects, and permanent funds) reported combined ending fund balances of \$39,300,876, a decrease of \$499,673 in comparison with the prior year. Approximately 72.9 percent of this total amount, or \$28,647,925, is unrestricted (committed, assigned or unassigned 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 had assigned fund balance of \$11,194,241, or 30.9 percent of total general fund expenditures. Total fund balance for the General Fund was \$16,184,564.
- The County's total debt (except for compensated absences) increased by \$46,543,934 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 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.

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 many 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 a major fund. Data from the other nonmajor 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.

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 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.

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.

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.

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.

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, as the following table demonstrates, assets exceeded liabilities by \$68,224,680 at the close of the most recent fiscal year.

| | Net Position | | | | | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Assets | | | | | | |
| Current and other assets | \$ 116,174,669 | \$ 63,730,296 | \$ 23,807,448 | \$ 22,427,847 | \$ 139,982,117 | \$ 86,158,143 |
| Capital assets, net | 22,878,384 | 23,715,958 | 21,408,889 | 21,674,758 | 44,287,273 | 45,390,716 |
| Total assets | 139,053,053 | 87,446,254 | 45,216,337 | 44,102,605 | 184,269,390 | 131,548,859 |
| Liabilities | | | | | | |
| Long-term liabilities | 53,207,640 | 4,106,996 | 16,943,813 | 16,699,522 | 70,151,453 | 20,806,518 |
| Other liabilities | 43,589,505 | 34,432,771 | 2,303,752 | 1,621,734 | 45,893,257 | 36,054,505 |
| Total liabilities | 96,797,145 | 38,539,767 | 19,247,565 | 18,321,256 | 116,044,710 | 56,861,023 |
| Net Position | | | | | | |
| Net investment in capital assets | 20,747,383 | 18,187,382 | 17,623,889 | 17,924,758 | 38,371,272 | 36,112,140 |
| Restricted | 10,143,392 | 4,827,900 | - | - | 10,143,392 | 4,827,900 |
| Unrestricted | 11,365,133 | 25,891,205 | 8,344,883 | 7,856,591 | 19,710,016 | 33,747,796 |
| Total net position | \$ 42,255,908 | \$ 48,906,487 | \$ 25,968,772 | \$ 25,781,349 | \$ 68,224,680 | \$ 74,687,836 |

One of the largest portions of the County's net position, \$38,371,272 (56.2 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

An additional portion of the County's net position, \$10,143,392 (14.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$19,710,016 (28.9 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.

| | Changes in Net Position | | | | | |
|---|-------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 26,451,369 | \$ 24,626,064 | \$ 8,002,568 | \$ 7,957,542 | \$ 34,453,937 | \$ 32,583,606 |
| Operating grants and contributions | 34,770,212 | 36,275,104 | - | - | 34,770,212 | 36,275,104 |
| Capital grants and contributions | - | 340,336 | 723,407 | 691,022 | 723,407 | 1,031,358 |
| General revenues: | | | | | | |
| Property taxes | 36,053,632 | 34,458,692 | 1,065,319 | 1,037,543 | 37,118,951 | 35,496,235 |
| Accommodations tax | 2,723,736 | 2,620,560 | - | - | 2,723,736 | 2,620,560 |
| Grants and contributions not restricted to specific program | 837,899 | 785,633 | - | - | 837,899 | 785,633 |
| Other revenue | 176,127 | 197,175 | 416,899 | 392,481 | 593,026 | 589,656 |
| Total revenues | 101,012,975 | 99,303,564 | 10,208,193 | 10,078,588 | 111,221,168 | 109,382,152 |
| Expenses | | | | | | |
| Legislative | 527,622 | 626,259 | - | - | 527,622 | 626,259 |
| Judicial | 18,154,610 | 19,036,806 | - | - | 18,154,610 | 19,036,806 |
| General government | 12,581,773 | 16,940,019 | - | - | 12,581,773 | 16,940,019 |
| Public safety | 29,003,552 | 25,954,043 | - | - | 29,003,552 | 25,954,043 |
| Public works | 852,562 | 823,497 | - | - | 852,562 | 823,497 |
| Health and welfare | 40,082,514 | 42,556,590 | - | - | 40,082,514 | 42,556,590 |
| Community and economic development | 5,560,378 | 3,394,400 | - | - | 5,560,378 | 3,394,400 |
| Recreation and culture | 2,069,809 | 2,042,358 | - | - | 2,069,809 | 2,042,358 |
| Interest on long-term debt | 785,184 | 123,948 | - | - | 785,184 | 123,948 |
| Delinquent tax revolving | - | - | 701,836 | 366,084 | 701,836 | 366,084 |
| Delinquent tax foreclosure | - | - | 1,569,533 | 657,705 | 1,569,533 | 657,705 |
| Building Authority Event Center | - | - | 4,668,275 | 4,287,524 | 4,668,275 | 4,287,524 |
| Building Authority administration | - | - | 77,926 | 72,976 | 77,926 | 72,976 |
| Parking system | - | - | 106,106 | 137,167 | 106,106 | 137,167 |
| Harry W. Browne Airport | - | - | 482,615 | 494,409 | 482,615 | 494,409 |
| Inmate services | - | - | 460,029 | 464,558 | 460,029 | 464,558 |
| Total expenses | 109,618,004 | 111,497,920 | 8,066,320 | 6,480,423 | 117,684,324 | 117,978,343 |

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

| | Changes in Net Position (Continued) | | | | | |
|--|-------------------------------------|-----------------|--------------------------|---------------|----------------|----------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Change in net position before transfers | \$ (8,605,029) | \$ (12,194,356) | \$ 2,141,873 | \$ 3,598,165 | \$ (6,463,156) | \$ (8,596,191) |
| Transfers | 1,954,450 | 2,601,837 | (1,954,450) | (2,601,837) | - | - |
| Change in net position | (6,650,579) | (9,592,519) | 187,423 | 996,328 | (6,463,156) | (8,596,191) |
| Net position, beginning of year, as restated | 48,906,487 | 58,499,006 | 25,781,349 | 24,785,021 | 74,687,836 | 83,284,027 |
| Net position, end of year | \$ 42,255,908 | \$ 48,906,487 | \$ 25,968,772 | \$ 25,781,349 | \$ 68,224,680 | \$ 74,687,836 |

The County's net position decreased by \$6,463,156 during the current fiscal year; a \$6,650,579 decrease for governmental activities and a \$187,423 increase for business-type activities.

Governmental activities. Governmental activities decreased the County's net position by \$6,650,579 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 2013 to FY 2014 showed an increase of \$1,709,411 (1.7 percent). The County saw less revenue in the areas of operating grants and contributions, capital grants and contributions, and investment income. The County Treasurer continues to be conservative in investments to keep them in 100% FDIC insured accounts which typically pay a slightly lower rate for interest.
- Expenses decreased during the year as compared to the prior year by approximately \$1,879,916 (1.7 percent). This was mainly in the areas of general government and health and welfare.

Business-type activities. Business-type activities increased the County's net position by \$187,423. Key elements of this increase are as follows:

- Revenues increased 1.3 percent, or \$129,605 mainly in the area of operating grants and contributions due to the increase in the Event Center of contributed money for the FirstMerit pavilion.
- Expenses increased 24.5 percent, or \$1,585,897, mainly as a result of increased activity within the building authority event center fund.
- Transfers netted out to a decrease of approximately \$647,387 or 24.9 percent. This is a result of a change in the activity in the delinquent property tax foreclosure fund of which all proceeds were transferred out to the land reutilization fund in the prior year and directly to the Land Bank component unit in the current year.

Financial Analysis of the Government's Funds

As noted earlier, the 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, *unassigned 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 \$39,300,876, a decrease of \$499,673 in comparison with the prior year. Approximately 72.9 percent of this total amount (\$28,647,925) constitutes unrestricted fund balance. However, the unrestricted fund balance amount is further separated into committed fund balance (\$2,432,022), assigned fund balance (\$21,670,580) and unassigned fund balance (\$4,545,323). The underlying distinction between committed and assigned is that committed fund balance has been designated based upon either the County's Fund Balance Policy or for a specific purpose and can only be uncommitted by a formal Board motion. Approximately 1.3 percent of the total fund balance amount (\$510,526) 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 (\$35,950) and special revenue funds (\$29,576). 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 (\$10,032,470), 2) pay debt service (\$107,121), or 3) for permanent trusts (\$2,834).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the assigned fund balance of the General Fund was \$11,194,241 and the unassigned portion was \$4,545,323, while total fund balance amounted to \$16,184,564. As a measure of the General Fund's liquidity, it may be useful to compare committed and assigned fund balance and total fund balance to total fund expenditures. Committed and assigned fund balance represents 43.5 percent of total General Fund expenditures, while total fund balance represents 44.7 percent of that same amount.

The fund balance of the County's General Fund increased by \$649,676 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue remained relatively stagnant with a slight increase of \$363,035 (1.6 percent).
- State grants increased by \$149,640 (2.4 percent) mainly due to an increase in State shared revenues.
- Charges for services decreased by \$673,469 (11.8 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 that was done in the prior fiscal year. These monies were being held in a separate bank account and had not previously been reported in the financial system before 2013.
- Reimbursements decreased by \$327,784 (8.7 percent) due to a decrease in indirect charges allocated to other departments of \$209,407 as well as a decrease in reimbursements from MDOC diverted felons being held in the County Jail and from inmates of \$121,243.
- Expenditures remained relatively flat overall with the largest increase occurring in the area of public safety of \$102,934 (1.0 percent).
- Transfers in increased by \$91,885 (2.0 percent) due to an increase in the amount transferred in from the Delinquent Tax fund of \$100,000.
- Transfers out increased by \$409,595 (6.2 percent) mainly in the appropriations to the Law Enforcement fund (\$349,645) due to this fund having a budgetary and actual deficit in excess of the policy amount for 2014. Additional appropriations were necessary to cover expenditures exceeding grant amounts in the following funds as well: Emergency Services (\$69,690) and Prosecutor Special Projects (\$112,969). It should also be noted that an appropriation to the Public Improvement fund (\$1,299,343) 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 a decrease of \$145,483 from the prior fiscal year amount (\$1,444,826).

The Health Department fund had an increase in fund balance for the current year of \$519,109, for an ending total of \$2,965,964. This increase was the result of several factors including a decrease in revenues offset with a larger decrease in expenditures.

The debt service funds have a total fund balance of \$107,121 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 \$52,970.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

The capital projects funds have a total fund balance of \$5,551,334 which is restricted for public improvement and assigned for mainframe conversion project and parks building and site in the amounts of \$5,069,773, \$408,705, and \$72,856, respectively.

The permanent fund has a fund balance of \$38,784, of which \$35,950 is nonspendable and the remaining \$2,834 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.

Unrestricted net position of the Delinquent Tax Revolving Fund at the end of the year amounted to \$7,169,076, while unrestricted net position for the Building Authority Event Center amounted to \$451,943. The combined unrestricted net position of the nonmajor enterprise funds and the internal service funds were \$679,532 and \$8,358,082, respectively, at the end of the year. The Delinquent Tax Revolving Fund had an increase in net position for the year of \$315,138, whereas the Building Authority Event Center had a decrease of \$249,991. The combined increase in net position of the nonmajor enterprise funds was \$122,030 and the combined increase in net position of the internal service funds was \$1,176,711 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 0.57 percent decrease (\$218,646 decrease in appropriations); whereas the difference between the original budget and final amended budget for revenues resulted in a 0.22 percent decrease (\$85,724 decrease in revenues). All of these budgetary adjustments were offset by either an adjustment to other expenditures and transfers out or to revenues and transfers in and use of fund balance.

The budgetary differences are summarized as follows:

- Towards the beginning of the year, an adjustment was made to decrease dog license revenue and the corresponding transfer out to Animal Control of \$40,000 pursuant to approval by the Board of Commissioners. This decrease was an attempt to accurately reflect the estimated revenue collected by the Treasurer's Office for the sale of dog licenses that partially fund the operations of Animal Control.
- During the year, a \$200,405 decrease was allocated to the 70th District Court activity which was offset with a decrease in State Grants of \$45,724 and a decrease in the use of fund balance of \$154,681 pursuant to approval by the Board of Commissioners. This decrease was to unfund the vacant judge position that was eliminated by a recommendation from the State Court Administrative Office and the judge's related staff.
- At the end of the year, a \$13,000 increase was allocated to the Law Library activity offset with a decrease in the Circuit Court activity due to 2014 being a heavy update year for subscription based print products pursuant to approval by the Board of Commissioners.
- At the end of the year, pursuant to approval by the Board of Commissioners, a \$3,000 increase was allocated to transfers out to the Prosecutor Special Projects fund to cover a decrease in the forfeitures that help to fund the BAYANET grant. This was offset with a decrease to the Prosecuting Attorney activity.
- A \$10,534 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 a decrease in fund balance.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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 \$421,314 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 and being extremely conservative in the estimates for the budget.
- The unfavorable variance in state grants of \$133,831 is a result of receiving less than anticipated in State jury reimbursements and State Court Equity funding offset with receiving a higher than anticipated amount for Conventions Facilities tax.
- The unfavorable variance in fines and forfeitures of \$141,984 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 \$102,821 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 transfers out to the Law Enforcement fund and Child Care fund.

General Fund 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, 2014, and September 30, 2013, along with the amount and percentage of increases and decreases in relation to the 2013 fund balance:

| | 2014 | 2013 | Variance from 2013 | Percent Increase/ (Decrease) |
|---------------------------------|---------------|---------------|-----------------------|------------------------------------|
| Revenues | \$ 39,315,110 | \$ 39,942,602 | \$ (627,492) | -1.57% |
| Expenditures | (36,212,096) | (37,084,563) | 872,467 | -2.35% |
| Revenues over expenditures | 3,103,014 | 2,858,039 | 244,975 | |
| Other financing sources (uses) | | | | |
| Transfers in | 4,567,231 | 4,475,346 | 91,885 | 2.05% |
| Transfers out | (7,020,569) | (6,610,974) | (409,595) | 6.20% |
| Net change in fund balances | 649,676 | 722,411 | (72,735) | |
| Fund balance, beginning of year | 15,534,888 | 14,812,477 | 722,411 | |
| Fund balance, end of year | \$ 16,184,564 | \$ 15,534,888 | \$ 649,676 | 4.18% |

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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

| | General Fund Fund Balance Analysis | | |
|--------------------------------------|---|-------------------------|--------------------|
| | Nondisposable Reserve for Advances to Other Funds | Assigned and Unassigned | Total Fund Balance |
| Fund balance, beginning of year | \$ 445,000 | \$ 15,089,888 | \$ 15,534,888 |
| 2013/2014 transactions: | | | |
| Excess revenue over expenditures | - | 3,103,014 | 3,103,014 |
| Total other financing sources (uses) | - | (2,453,338) | (2,453,338) |
| 2013/2014 net increase (decrease) | - | 649,676 | 649,676 |
| Fund balance, end of year | \$ 445,000 | \$ 15,739,564 | \$ 16,184,564 |

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 \$11,194,241 or 50.0 percent of the most current Board approved General Fund budget for property tax collections and the current balance for Budget Stabilization is \$4,545,323 or 10.3 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. The facilities are run by an outside management company. Money for the operation of this fund is supplied through a voter approved millage of 0.225 mills to be levied through 2020, charges for services, as well as donations received for specific purposes.

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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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 23.9 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 and debt 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, 2014 amounted to \$44,287,273 (net of accumulated depreciation). This investment in capital assets includes land, air rights, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was 2.4 percent (a 3.5 percent decrease for governmental activities and a 1.2 percent decrease for business-type activities).

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

- Commission on Aging completed an aircooling unit project at the Marie Davis Senior Center for \$16,995 as well as a sliding door project for the kitchen at the Eleanor Frank Senior Center for \$13,269.
- Mosquito Control completed needed structural repairs to the vehicle maintenance storage building at a cost of \$35,330.
- Three new lawn mowers were purchased by the Maintenance department for a total cost \$30,810.
- Several copiers were purchased for various departments at a cost of \$33,487. Also, a new security camera system was purchased and installed at the Courthouse at a total cost of \$186,324.
- Several vehicles were replaced in various county departments at a total cost of \$425,084.
- Renovations to Unity Hall were completed at the Dow Event Center totaling \$113,730 and was renamed the Red Room. Renovations also occurred to the FirstMerit pavilion to add rooms and facilities to the outdoor building at a cost of \$128,000.
- Construction of the new terminal building at Harry W. Browne Airport was completed during 2014 at a total cost of \$606,773. Construction also began on a runway joint/crack repair project at a cost of \$276,989.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

| | Capital Assets (net of depreciation) | | | | | |
|-----------------------------|--------------------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| 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 | 408,253 | 485,170 | 276,989 | 568,451 | 685,242 | 1,053,621 |
| Land improvements | 5,561,538 | 5,792,138 | 3,849,622 | 4,101,249 | 9,411,160 | 9,893,387 |
| Buildings and improvements | 11,272,400 | 11,784,144 | 12,959,571 | 12,571,838 | 24,231,971 | 24,355,982 |
| Machinery and equipment | 1,370,376 | 1,495,005 | 482,890 | 463,289 | 1,853,266 | 1,958,294 |
| Office furniture & fixtures | 60,898 | 70,772 | 27,882 | 30,767 | 88,780 | 101,539 |
| Planning and development | - | - | 1,422,675 | 1,550,440 | 1,422,675 | 1,550,440 |
| Vehicles | 655,112 | 538,922 | 13,251 | 12,715 | 668,363 | 551,637 |
| Total | \$ 22,878,384 | \$ 23,715,958 | \$ 21,408,889 | \$ 21,674,758 | \$ 44,287,273 | \$ 45,390,716 |

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding (less accrued compensated absences) of \$91,879,344. Of this amount, \$90,492,612 comprises debt backed by the full faith and credit of the government and \$1,267,111 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 capital leases secured by specific assets.

| | Outstanding Debt | | | | | |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Primary Government | | | | | | |
| General obligation bonds | \$ 51,421,001 | \$ 2,484,642 | \$ 3,185,000 | \$ 3,250,000 | \$ 54,606,001 | \$ 5,734,642 |
| Delinquent tax notes | - | - | 13,149,000 | 12,942,000 | 13,149,000 | 12,942,000 |
| Promissory note | - | - | 600,000 | 500,000 | 600,000 | 500,000 |
| Component Units | | | | | | |
| Revolving loans | 1,147,888 | 1,147,888 | - | - | 1,147,888 | 1,147,888 |
| Capital Lease | 119,621 | 195,581 | - | - | 119,621 | 195,581 |
| General obligation bonds and notes | 22,256,834 | 24,815,299 | - | - | 22,256,834 | 24,815,299 |
| Total | \$ 74,945,344 | \$ 28,643,410 | \$ 16,934,000 | \$ 16,692,000 | \$ 91,879,344 | \$ 45,335,410 |

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

| | Amount | Issue | Rate |
|--|---------------|------------|---------------|
| Pension Obligation Bonds, Series 2013 | \$ 52,005,000 | 1/26/2014 | 0.40% - 5.07% |
| 2014 Series GOL Delinquent Tax Notes | 12,540,000 | 5/22/2014 | 0.46% |
| Mistequay Creek Intercounty Drain Note | 344,000 | 1/7/2014 | 0.85% |
| Weeks Intercounty Drain Note | 108,442 | 11/8/2013 | 1.29% |
| Promissory Note - FirstMerit Pavilion Phase II | 100,000 | 12/16/2013 | 3.75% |

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

The County's total debt increased by \$46,543,934 (102.7 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 \$531,641,895, 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 the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the County's budget for the 2015 fiscal year:

- Property Taxes - Estimates received from the County Equalization Department anticipated that property tax revenue for the General Fund would decrease by 1.04% for fiscal 2015 while property tax revenue for the special millage funds would decrease by 0.97% for fiscal 2015.
- Wages and Fringe Benefits - The County's authorized staff count saw a decrease from 2014 to 2015 with the reduction of 15.57 F.T.E.'s or 639.48 F.T.E.'s budgeted for. The wage rates for these positions were frozen without increase for fiscal 2015. 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 \$16,400 to \$19,900 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 fortunately not an issue for fiscal 2015 as anticipated due to staff turnover and staff reductions. However, we anticipate through our five year financial forecast that the County will need to use reserves in future budget cycles to maintain current staffing levels and to balance anticipated revenues with expenditures.
- The Board of Commissioners authorized a hiring freeze in FY 2013 that was carried over into FY 2015 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. During FY 2015, it has been recommended that the hiring freeze be converted into a hiring policy approved by the Board of Commissioners. The process of filling positions that become vacant is expected to remain unchanged in the policy.
- 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.
- During FY 2015, the Board of Commissioners are embarking on developing a Strategic Plan for the County and will hold several sessions to discuss the goals and priorities that have been submitted by departments. Also, during FY 2015, the Board of Commissioners are recommending the creation of a Retiree Healthcare Task Force. This Task Force will be charged with reviewing retiree healthcare costs and identifying opportunities for addressing/funding the County's unfunded accrued liability, which may include bonding for a portion or all of this liability, and ways of controlling/reducing these costs.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- 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, 2014

| | Primary Government | | | Component Units |
|--|-------------------------|--------------------------|----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and investment pool | \$ 41,597,924 | \$ 7,688,488 | \$ 49,286,412 | \$ 20,414,257 |
| Receivables (net) | 21,152,016 | 16,057,252 | 37,209,268 | 28,252,010 |
| Internal balances | 66,870 | (66,870) | - | - |
| Inventory | - | 114,115 | 114,115 | 4,427,558 |
| Other assets | 141,976 | 14,463 | 156,439 | 890,322 |
| Advances to component unit | 400,000 | - | 400,000 | - |
| Net pension asset | 52,815,883 | - | 52,815,883 | - |
| Capital assets: | | | | |
| Assets not being depreciated | 3,958,060 | 2,652,998 | 6,611,058 | 40,982,200 |
| Assets being depreciated, net | 18,920,324 | 18,755,891 | 37,676,215 | 168,160,065 |
| Total assets | 139,053,053 | 45,216,337 | 184,269,390 | 263,126,412 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 12,434,340 | 1,949,833 | 14,384,173 | 16,450,063 |
| Unearned revenue | 504,134 | 102,532 | 606,666 | 277,255 |
| Advances from primary government | - | - | - | 400,000 |
| Long-term liabilities: | | | | |
| Due within one year | 5,015,387 | 200,000 | 5,215,387 | 3,458,926 |
| Due in more than one year | 48,192,253 | 16,743,813 | 64,936,066 | 21,204,322 |
| Net other postemployment benefit liability | 30,651,031 | 251,387 | 30,902,418 | 3,338,093 |
| Total liabilities | 96,797,145 | 19,247,565 | 116,044,710 | 45,128,659 |
| Net position | | | | |
| Net investment in capital assets | 20,747,383 | 17,623,889 | 38,371,272 | 200,435,152 |
| Restricted for: | | | | |
| Debt service | 72,138 | - | 72,138 | 568,029 |
| Public safety | 2,070,780 | - | 2,070,780 | - |
| Public works | 284,696 | - | 284,696 | - |
| Health and welfare | 1,294,007 | - | 1,294,007 | - |
| Community and economic development | 15,256 | - | 15,256 | 3,484,883 |
| Recreation | 255,148 | - | 255,148 | 4,361,704 |
| Register of Deeds | 1,042,810 | - | 1,042,810 | - |
| Public improvement | 5,069,773 | - | 5,069,773 | - |
| Endowment: | | | | |
| Nonexpendable | 35,950 | - | 35,950 | - |
| Expendable | 2,834 | - | 2,834 | - |
| Unrestricted | 11,365,133 | 8,344,883 | 19,710,016 | 9,147,985 |
| Total net position | \$ 42,255,908 | \$ 25,968,772 | \$ 68,224,680 | \$ 217,997,753 |

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2014

| 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 | \$ 527,622 | \$ - | \$ - | \$ - | \$ - | \$ (527,622) |
| Judicial | 17,725,478 | 429,132 | 3,686,622 | 5,156,881 | - | (9,311,107) |
| General government | 14,272,054 | (1,690,281) | 3,227,376 | 5,096,337 | - | (4,258,060) |
| Public safety | 28,827,711 | 175,841 | 9,472,432 | 3,215,615 | - | (16,315,505) |
| Public works | 847,389 | 5,173 | 621,354 | 83,100 | - | (148,108) |
| Health and welfare | 39,062,287 | 1,020,227 | 9,247,060 | 20,838,805 | - | (9,996,649) |
| Community and economic development | 5,549,649 | 10,729 | 44,797 | 345,952 | - | (5,169,629) |
| Recreation and culture | 2,043,968 | 25,841 | 151,728 | 33,522 | - | (1,884,559) |
| Interest on long-term debt | 785,184 | - | - | - | - | (785,184) |
| Total governmental activities | 109,641,342 | (23,338) | 26,451,369 | 34,770,212 | - | (48,396,423) |
| Business-type activities: | | | | | | |
| Delinquent tax revolving | 701,836 | - | 2,592,451 | - | - | 1,890,615 |
| Delinquent tax foreclosure | 1,569,533 | - | 1,180,486 | - | - | (389,047) |
| Building Authority Event Center | 4,668,275 | - | 2,971,031 | - | 410,000 | (1,287,244) |
| Building Authority administration | 77,926 | - | 17,401 | - | - | (60,525) |
| Parking system | 106,106 | - | 107,354 | - | - | 1,248 |
| Harry W. Browne Airport | 482,615 | - | 306,772 | - | 313,407 | 137,564 |
| Inmate services | 456,349 | 3,680 | 827,073 | - | - | 367,044 |
| Total business-type activities | 8,062,640 | 3,680 | 8,002,568 | - | 723,407 | 659,655 |
| Total primary government | \$ 117,703,982 | \$ (19,658) | \$ 34,453,937 | \$ 34,770,212 | \$ 723,407 | \$ (47,736,768) |
| Component units | | | | | | |
| Road Commission | \$ 21,011,376 | \$ - | \$ 100,298 | \$ 19,131,200 | \$ - | \$ (1,779,878) |
| Brownfield Redevelopment Authority | 165,804 | - | - | 97,182 | - | (68,622) |
| Department of Public Works | 622,019 | - | 72,043 | - | 484,400 | (65,576) |
| Drain Commission | 2,167,284 | - | - | 317,035 | 597,976 | (1,252,273) |
| Economic Development Corporation | 64,918 | - | 1,924 | - | - | (62,994) |
| Land Bank Authority | 7,249,239 | - | - | 7,804,279 | 27,370 | 582,410 |
| Saginaw County Community Mental Health Authority | 69,360,688 | - | 1,664,517 | 65,638,309 | 1,500,992 | (556,870) |
| Total component units | \$ 100,641,328 | \$ - | \$ 1,838,782 | \$ 92,988,005 | \$ 2,610,738 | \$ (3,203,803) |

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, 2014

| Functions/Programs | Primary Government | | | Component Units |
|---|-------------------------|--------------------------|-----------------|-----------------|
| | Governmental Activities | Business-type Activities | Total | |
| Change in net position | | | | |
| Net (expense) revenue | \$ (48,396,423) | \$ 659,655 | \$ (47,736,768) | \$ (3,203,803) |
| General revenues: | | | | |
| Property taxes | 36,053,632 | 1,065,319 | 37,118,951 | 535,208 |
| Accommodations tax | 2,723,736 | - | 2,723,736 | - |
| Grants and contributions not restricted to specific programs | 837,899 | - | 837,899 | - |
| Investment income - interest earned | 168,932 | 416,899 | 585,831 | 566,400 |
| Gain on sale of capital assets | 7,195 | - | 7,195 | - |
| Transfers - internal activities | 1,954,450 | (1,954,450) | - | - |
| Special item - transfer of operations to Mid-State Health Network | - | - | - | (3,413,379) |
| Total general revenues, transfers and special item | 41,745,844 | (472,232) | 41,273,612 | (2,311,771) |
| Change in net position | (6,650,579) | 187,423 | (6,463,156) | (5,515,574) |
| Net position, beginning of year, as restated | 48,906,487 | 25,781,349 | 74,687,836 | 223,513,327 |
| Net position, end of year | \$ 42,255,908 | \$ 25,968,772 | \$ 68,224,680 | \$ 217,997,753 |

(concluded)

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

COUNTY OF SAGINAW, MICHIGAN

Balance Sheet

Governmental Funds
September 30, 2014

| | General | Health Department | Michigan Works! | Planning Commission | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------------|
| Assets | | | | | | |
| Cash and investment pool | \$ 12,225,890 | \$ 3,191,117 | \$ 263,293 | \$ 5,116 | \$ 17,221,843 | \$ 32,907,259 |
| Receivables (net): | | | | | | |
| Taxes | 5,038,179 | - | - | - | 168,633 | 5,206,812 |
| Accounts | 1,754,906 | 300,752 | 12,520 | - | 2,616,408 | 4,684,586 |
| Notes | - | - | - | 1,992,508 | 987,710 | 2,980,218 |
| Accrued interest | 37,470 | - | 1,284 | 28 | 37,579 | 76,361 |
| Due from other funds | 942,074 | - | - | - | 1,451,698 | 2,393,772 |
| Due from other governmental units | 729,409 | 1,344,997 | 1,087,745 | 145,588 | 4,580,327 | 7,888,066 |
| Advances to other funds | 45,000 | - | - | - | - | 45,000 |
| Advances to component units | 400,000 | - | - | - | - | 400,000 |
| Other assets | 14,523 | 7,418 | 61,131 | - | 29,661 | 112,733 |
| Total assets | \$ 21,187,451 | \$ 4,844,284 | \$ 1,425,973 | \$ 2,143,240 | \$ 27,093,859 | \$ 56,694,807 |
| Liabilities | | | | | | |
| Accounts payable | \$ 458,129 | \$ 366,365 | \$ 1,190,536 | \$ 74,505 | \$ 3,194,408 | \$ 5,283,943 |
| Accrued liabilities | 1,024,980 | 189,196 | 37,703 | 9,387 | 862,837 | 2,124,103 |
| Deposits payable | - | 34,208 | - | - | 86,336 | 120,544 |
| Due to other funds | 1,300,074 | - | - | 21,332 | 920,330 | 2,241,736 |
| Due to other governmental units | - | 1,263,490 | - | 235,032 | 61,767 | 1,560,289 |
| Unearned revenue | - | 25,061 | 197,734 | 4,708 | 276,631 | 504,134 |
| Total liabilities | 2,783,183 | 1,878,320 | 1,425,973 | 344,964 | 5,402,309 | 11,834,749 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - property taxes | 2,219,704 | - | - | - | 109,291 | 2,328,995 |
| Unavailable revenue - loans receivable | - | - | - | 1,757,477 | 1,472,710 | 3,230,187 |
| Total deferred inflows of resources | 2,219,704 | - | - | 1,757,477 | 1,582,001 | 5,559,182 |
| Fund balances | | | | | | |
| Nonspendable | 445,000 | - | - | - | 65,526 | 510,526 |
| Restricted | - | - | - | 15,256 | 10,127,169 | 10,142,425 |
| Committed | - | - | - | - | 2,432,022 | 2,432,022 |
| Assigned | 11,194,241 | 2,965,964 | - | 25,543 | 7,484,832 | 21,670,580 |
| Unassigned | 4,545,323 | - | - | - | - | 4,545,323 |
| Total fund balances | 16,184,564 | 2,965,964 | - | 40,799 | 20,109,549 | 39,300,876 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 21,187,451 | \$ 4,844,284 | \$ 1,425,973 | \$ 2,143,240 | \$ 27,093,859 | \$ 56,694,807 |

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, 2014

| | |
|--|----------------------|
| Fund balances - total governmental funds | \$ 39,300,876 |
| 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, not being depreciated | 3,958,060 |
| Capital assets, being depreciated | 18,920,324 |
| Less: Internal service fund capital assets, net | (259,158) |
| 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. | |
| Long-term receivables | (485,000) |
| Deferred inflows for taxes and notes receivable | 5,559,182 |
| Net pension asset | 1,220,294 |
| 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. | |
| | 8,572,908 |
| 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 | (2,131,001) |
| Other postemployment benefit obligation | (30,651,031) |
| Accrued interest on bonds payable | (34,983) |
| Accrued compensated absences | (1,714,563) |
| Net position of governmental activities | <u>\$ 42,255,908</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, 2014

| | General | Health Department | Michigan Works! | Planning Commission | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|-------------------|---------------------|-----------------------------|--------------------------|
| Revenue | | | | | | |
| Property taxes | \$ 23,044,545 | \$ - | \$ - | \$ - | \$ 13,162,326 | \$ 36,206,871 |
| Accommodations tax | - | - | - | - | 2,723,736 | 2,723,736 |
| Licenses and permits | 249,979 | 378,125 | - | - | 16,543 | 644,647 |
| Federal grants | 359,188 | 3,457,891 | 8,470,559 | 265,267 | 4,601,716 | 17,154,621 |
| State grants | 6,349,780 | 2,455,122 | 1,201,299 | 13,656 | 6,635,402 | 16,655,259 |
| Local grants and contributions | 6,500 | 502,124 | - | - | 392,267 | 900,891 |
| Charges for services | 5,007,813 | 4,291,526 | - | - | 7,167,882 | 16,467,221 |
| Fines and forfeitures | 783,816 | - | - | - | 150,193 | 934,009 |
| Investment income | 62,565 | - | (305) | 48 | 74,701 | 137,009 |
| Rental revenue | - | - | - | - | 375,586 | 375,586 |
| Donations | - | 63,602 | 445,566 | - | 368,276 | 877,444 |
| Reimbursements | 3,431,526 | 1,777,353 | 1,490,659 | - | 2,901,057 | 9,600,595 |
| Other revenue | 19,398 | 527,826 | - | 36,641 | 61,908 | 645,773 |
| Total revenue | 39,315,110 | 13,453,569 | 11,607,778 | 315,612 | 38,631,593 | 103,323,662 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Legislative | 511,357 | - | - | - | - | 511,357 |
| Judicial | 11,536,477 | - | - | - | 5,011,709 | 16,548,186 |
| General government | 11,417,356 | - | - | - | 1,747,388 | 13,164,744 |
| Public safety | 10,197,101 | - | - | - | 17,399,141 | 27,596,242 |
| Public works | 163,952 | - | - | - | 575,274 | 739,226 |
| Health and welfare | 2,088,874 | 13,839,041 | 11,596,484 | - | 11,364,079 | 38,888,478 |
| Community and economic development | 296,979 | - | - | 382,514 | 4,893,838 | 5,573,331 |
| Recreation and culture | - | - | - | - | 1,941,515 | 1,941,515 |
| Capital outlay | - | - | 11,294 | - | 342,973 | 354,267 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 353,641 | 353,641 |
| Interest and fiscal charges | - | - | - | - | 46,798 | 46,798 |
| Total expenditures | 36,212,096 | 13,839,041 | 11,607,778 | 382,514 | 43,676,356 | 105,717,785 |
| Revenues over (under) expenditures | 3,103,014 | (385,472) | - | (66,902) | (5,044,763) | (2,394,123) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 4,567,231 | 929,581 | - | 75,653 | 6,474,147 | 12,046,612 |
| Transfers out | (7,020,569) | (25,000) | - | - | (3,106,593) | (10,152,162) |
| Total other financing sources (uses) | (2,453,338) | 904,581 | - | 75,653 | 3,367,554 | 1,894,450 |
| Net change in fund balances | 649,676 | 519,109 | - | 8,751 | (1,677,209) | (499,673) |
| Fund balance, beginning of year | 15,534,888 | 2,446,855 | - | 32,048 | 21,786,758 | 39,800,549 |
| Fund balance, end of year | \$ 16,184,564 | \$ 2,965,964 | \$ - | \$ 40,799 | \$ 20,109,549 | \$ 39,300,876 |

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, 2014

| | |
|--|-----------------------|
| Net change in fund balances - total governmental funds | \$ (499,673) |
| 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 assets purchased | 497,565 |
| Loss on disposal of capital assets | (36,693) |
| Depreciation expense | (1,381,812) |
| Revenues in the funds that represent repayment of taxes or loans receivable that do not affect the statement of activities | (571,737) |
| 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 | (18,219) |
| 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. | |
| Principal payments on long-term liabilities | 353,641 |
| 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 | 506,695 |
| Change in net other postemployment benefit obligation | (6,434,579) |
| Change in accrued compensated absences | (242,232) |
| 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 | 2,322,430 |
| Investment income from governmental internal service funds | 31,923 |
| Interest expense from governmental activities internal service funds | (1,245,083) |
| Gain on sale of capital assets in governmental internal service funds | 7,195 |
| Net interfund transfers - governmental internal service funds | <u>60,000</u> |
| Change in net position of governmental activities | <u>\$ (6,650,579)</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, 2014

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--------------------------------------|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Property taxes | \$ 22,623,231 | \$ 22,623,231 | \$ 23,044,545 | \$ 421,314 |
| Licenses and permits | 274,625 | 234,625 | 249,979 | 15,354 |
| Federal grants | 415,306 | 415,306 | 359,188 | (56,118) |
| State grants | 6,529,335 | 6,483,611 | 6,349,780 | (133,831) |
| Local grants and contributions | 6,500 | 6,500 | 6,500 | - |
| Charges for services | 4,999,995 | 4,999,995 | 5,007,813 | 7,818 |
| Fines and forfeitures | 925,800 | 925,800 | 783,816 | (141,984) |
| Investment income | 102,000 | 102,000 | 62,565 | (39,435) |
| Reimbursements | 3,328,705 | 3,328,705 | 3,431,526 | 102,821 |
| Other revenue | 18,050 | 18,050 | 19,398 | 1,348 |
| Total revenues | 39,223,547 | 39,137,823 | 39,315,110 | 177,287 |
| Expenditures | | | | |
| Current: | | | | |
| Legislative - Board of Commissioners | 517,663 | 516,049 | 511,357 | (4,692) |
| Judicial: | | | | |
| Circuit Court | 3,784,745 | 3,771,745 | 3,513,527 | (258,218) |
| District Court | 3,804,179 | 3,603,774 | 3,430,109 | (173,665) |
| Probate Court | 942,652 | 942,652 | 872,585 | (70,067) |
| Law Library | 52,552 | 65,552 | 61,151 | (4,401) |
| Family Division | 2,866,478 | 2,861,771 | 2,657,689 | (204,082) |
| Probation - Circuit Court | 98,096 | 98,098 | 93,718 | (4,380) |
| Probation - District Court | 986,674 | 986,674 | 810,747 | (175,927) |
| Assigned Counsel | 96,173 | 96,173 | 95,451 | (722) |
| Jury Commission | 1,500 | 1,500 | 1,500 | - |
| Total judicial | 12,633,049 | 12,427,939 | 11,536,477 | (891,462) |
| General government: | | | | |
| Elections | 100,700 | 100,700 | 48,091 | (52,609) |
| Auditing | 115,394 | 115,394 | 111,795 | (3,599) |
| Corporate Counsel | 154,000 | 154,000 | 117,650 | (36,350) |
| County Clerk | 1,328,020 | 1,328,020 | 1,262,992 | (65,028) |
| Controller | 1,163,065 | 1,166,681 | 1,140,502 | (26,179) |
| Equalization | 550,694 | 550,694 | 439,268 | (111,426) |
| Prosecuting Attorney | 3,282,701 | 3,280,407 | 3,020,931 | (259,476) |
| Prosecuting Attorney - Welfare | 614,423 | 614,423 | 532,407 | (82,016) |
| Register of Deeds | 514,571 | 514,571 | 503,432 | (11,139) |
| County Treasurer | 896,717 | 896,717 | 700,228 | (196,489) |
| Maintenance | 3,134,938 | 3,136,152 | 3,101,815 | (34,337) |
| Maintenance - Telephone | 90,000 | 90,000 | 86,414 | (3,586) |
| Public Works Commissioner | 392,042 | 391,830 | 351,831 | (39,999) |
| Total general government | 12,337,265 | 12,339,589 | 11,417,356 | (922,233) |

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, 2014

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|--|----------------------|----------------------|----------------------|--|
| Expenditures (continued): | | | | |
| Current (continued): | | | | |
| Public safety: | | | | |
| Sheriff | \$ 749,509 | \$ 749,509 | \$ 740,059 | \$ (9,450) |
| Marine Law Enforcement | 4,300 | 4,300 | 3,500 | (800) |
| Sheriff - Jail Division | 9,391,436 | 9,387,724 | 9,355,737 | (31,987) |
| Corrections Reimbursement | 98,806 | 98,806 | 97,805 | (1,001) |
| Total public safety | <u>10,244,051</u> | <u>10,240,339</u> | <u>10,197,101</u> | <u>(43,238)</u> |
| Public works - Drains | <u>255,000</u> | <u>255,000</u> | <u>163,952</u> | <u>(91,048)</u> |
| Health and welfare: | | | | |
| Medical Examiner | 384,344 | 384,344 | 387,327 | 2,983 |
| Veterans Burial | 62,000 | 62,000 | 18,278 | (43,722) |
| Contributions to other agencies | 1,681,803 | 1,671,269 | 1,683,269 | 12,000 |
| Total health and welfare | <u>2,128,147</u> | <u>2,117,613</u> | <u>2,088,874</u> | <u>(28,739)</u> |
| Community and economic development: | | | | |
| Plat Board | 600 | 600 | 197 | (403) |
| Contributions to other agencies | 296,754 | 296,754 | 296,782 | 28 |
| Total community and economic development | <u>297,354</u> | <u>297,354</u> | <u>296,979</u> | <u>(375)</u> |
| Total expenditures | <u>38,412,529</u> | <u>38,193,883</u> | <u>36,212,096</u> | <u>(1,981,787)</u> |
| Revenues over (under) expenditures | <u>811,018</u> | <u>943,940</u> | <u>3,103,014</u> | <u>2,159,074</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 4,573,964 | 4,573,964 | 4,567,231 | (6,733) |
| Transfers out | (6,356,477) | (6,334,718) | (7,020,569) | 685,851 |
| Total other financing sources (uses) | <u>(1,782,513)</u> | <u>(1,760,754)</u> | <u>(2,453,338)</u> | <u>692,584</u> |
| Net change in fund balances | (971,495) | (816,814) | 649,676 | 1,466,490 |
| Fund balance, beginning of year | <u>15,534,888</u> | <u>15,534,888</u> | <u>15,534,888</u> | - |
| Fund balance, end of year | <u>\$ 14,563,393</u> | <u>\$ 14,718,074</u> | <u>\$ 16,184,564</u> | <u>\$ 1,466,490</u> |

Concluded

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Health Department Special Revenue Fund
For the Year Ended September 30, 2014

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|---------------------|---------------------|--|
| Revenue | | | | |
| Licenses and permits | \$ 403,607 | \$ 403,607 | \$ 378,125 | \$ (25,482) |
| Federal grants | 2,559,500 | 2,559,500 | 3,457,891 | 898,391 |
| State grants | 6,699,200 | 6,719,200 | 2,455,122 | (4,264,078) |
| Local grants and contributions | 600,000 | 589,466 | 502,124 | (87,342) |
| Charges for services | 3,051,055 | 3,051,055 | 4,291,526 | 1,240,471 |
| Donations | 20,500 | 76,500 | 63,602 | (12,898) |
| Reimbursements | 1,936,690 | 1,936,690 | 1,777,353 | (159,337) |
| Other revenue | 531,749 | 531,749 | 527,826 | (3,923) |
| Total revenues | 15,802,301 | 15,867,767 | 13,453,569 | (2,414,198) |
| Expenditures | | | | |
| Health and welfare | 16,788,123 | 16,839,123 | 13,839,041 | (3,000,082) |
| Revenues (under) over expenditures | (985,822) | (971,356) | (385,472) | 585,884 |
| Other financing sources (uses) | | | | |
| Transfers in | 985,822 | 996,356 | 929,581 | (66,775) |
| Transfers out | - | (25,000) | (25,000) | - |
| Total other financing sources (uses) | 985,822 | 971,356 | 904,581 | (66,775) |
| Net change in fund balances | - | - | 519,109 | 519,109 |
| Fund balance, beginning of year | 2,446,855 | 2,446,855 | 2,446,855 | - |
| Fund balance, end of year | \$ 2,446,855 | \$ 2,446,855 | \$ 2,965,964 | \$ 519,109 |

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, 2014

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|----------------------------------|--------------------|-------------------|-------------------|--|
| Revenues | | | | |
| Federal grants | \$ 10,254,336 | \$ 11,724,844 | \$ 8,470,559 | \$ (3,254,285) |
| State grants | 1,505,095 | 1,505,095 | 1,201,299 | (303,796) |
| Investment income | 1,737 | 1,737 | (305) | (2,042) |
| Donations | 925,263 | 1,225,263 | 445,566 | (779,697) |
| Reimbursements | 1,623,870 | 1,867,993 | 1,490,659 | (377,334) |
| Total revenues | 14,310,301 | 16,324,932 | 11,607,778 | (4,717,154) |
| Expenditures | | | | |
| Health and welfare | 14,310,301 | 16,324,932 | 11,596,484 | (4,728,448) |
| Capital outlay | - | - | 11,294 | 11,294 |
| Total expenditures | 14,310,301 | 16,324,932 | 11,607,778 | (4,717,154) |
| 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, 2014

| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget |
|---|--------------------|------------------|------------------|--|
| Revenues | | | | |
| Federal grants | \$ 615,075 | \$ 615,075 | \$ 265,267 | \$ (349,808) |
| State grants | 20,000 | 20,000 | 13,656 | (6,344) |
| Investment income | 600 | 600 | 48 | (552) |
| Reimbursements | 26,586 | 26,586 | - | (26,586) |
| Other revenue | 33,000 | 33,000 | 36,641 | 3,641 |
| Total revenues | 695,261 | 695,261 | 315,612 | (379,649) |
| Expenditures | | | | |
| Community and economic development | 792,618 | 792,618 | 382,514 | (410,104) |
| Revenues over (under) expenditures | (97,357) | (97,357) | (66,902) | 30,455 |
| Other financing sources | | | | |
| Transfers in | 75,653 | 75,653 | 75,653 | - |
| Net change in fund balances | (21,704) | (21,704) | 8,751 | 30,455 |
| Fund balance, beginning of year | 32,048 | 32,048 | 32,048 | - |
| Fund balance, end of year | \$ 10,344 | \$ 10,344 | \$ 40,799 | \$ 30,455 |

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2014

| | 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 | \$ 5,570,166 | \$ 1,229,356 | \$ 888,966 | \$ 7,688,488 | \$ 8,690,665 |
| Receivables (net): | | | | | |
| Taxes | 13,905,072 | 41,139 | - | 13,946,211 | - |
| Accounts | 891,665 | 54,761 | 1,101,152 | 2,047,578 | 781,236 |
| Accrued interest | 16,180 | 1,513 | 3,291 | 20,984 | 19,737 |
| Due from other governmental units | 31,156 | 11,323 | - | 42,479 | - |
| Inventory | - | 77,188 | 36,927 | 114,115 | - |
| Other assets | - | 3,750 | 10,713 | 14,463 | 29,243 |
| Total current assets | <u>20,414,239</u> | <u>1,419,030</u> | <u>2,041,049</u> | <u>23,874,318</u> | <u>9,520,881</u> |
| Noncurrent assets: | | | | | |
| Capital assets not being depreciated | - | 1,223,614 | 1,429,384 | 2,652,998 | 8,120 |
| Capital assets being depreciated, net | - | 16,676,052 | 2,079,839 | 18,755,891 | 251,038 |
| Net pension asset | - | - | - | - | 51,595,589 |
| Total noncurrent assets | <u>-</u> | <u>17,899,666</u> | <u>3,509,223</u> | <u>21,408,889</u> | <u>51,854,747</u> |
| Total assets | <u>20,414,239</u> | <u>19,318,696</u> | <u>5,550,272</u> | <u>45,283,207</u> | <u>61,375,628</u> |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 92,103 | 298,070 | 945,738 | 1,335,911 | 324,391 |
| Accrued liabilities | 4,060 | 141,191 | 8,050 | 153,301 | 2,986,087 |
| Deposits payable | - | 429,348 | 31,273 | 460,621 | - |
| Due to other funds | - | - | 91,202 | 91,202 | 60,834 |
| Unearned revenue | - | 98,478 | 4,054 | 102,532 | - |
| Current portion of notes payable | - | 120,000 | - | 120,000 | - |
| Current portion of bonds payable | - | 80,000 | - | 80,000 | 2,925,000 |
| Total current liabilities | <u>96,163</u> | <u>1,167,087</u> | <u>1,080,317</u> | <u>2,343,567</u> | <u>6,296,312</u> |
| Noncurrent liabilities: | | | | | |
| Advances from other funds | - | - | 20,000 | 20,000 | 25,000 |
| Accrued compensated absences | - | - | 9,813 | 9,813 | 72,076 |
| Notes payable, net of current portion | 13,149,000 | 480,000 | - | 13,629,000 | - |
| Bonds payable, net of current portion | - | 3,105,000 | - | 3,105,000 | 46,365,000 |
| Net other postemployment benefit obligation | - | - | 251,387 | 251,387 | - |
| Total noncurrent liabilities | <u>13,149,000</u> | <u>3,585,000</u> | <u>281,200</u> | <u>17,015,200</u> | <u>46,462,076</u> |
| Total liabilities | <u>13,245,163</u> | <u>4,752,087</u> | <u>1,361,517</u> | <u>19,358,767</u> | <u>52,758,388</u> |
| Net position | | | | | |
| Net investment in capital assets | - | 14,114,666 | 3,509,223 | 17,623,889 | 259,158 |
| Unrestricted | <u>7,169,076</u> | <u>451,943</u> | <u>679,532</u> | <u>8,300,551</u> | <u>8,358,082</u> |
| Total net position | <u>\$ 7,169,076</u> | <u>\$ 14,566,609</u> | <u>\$ 4,188,755</u> | <u>25,924,440</u> | <u>\$ 8,617,240</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | <u>44,332</u> | |
| Net position of business-type activities | | | | <u>\$ 25,968,772</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, 2014

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|---------------------------------|---------------------------|--------------------|-------------------------|
| | Delinquent Tax Revolving | Building Authority Event Center | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Operating revenues | | | | | |
| Charges for services | \$ 652,300 | \$ 2,695,790 | \$ 2,236,060 | \$ 5,584,150 | \$ 249,106 |
| Interest income | 1,523,798 | - | 389,084 | 1,912,882 | - |
| Fines and forfeitures | - | - | 25,688 | 25,688 | - |
| Rental revenue | - | - | 95,961 | 95,961 | 161,147 |
| Reimbursements | - | - | 7,937 | 7,937 | 19,376,833 |
| Other revenue | 416,353 | 610,241 | 73,440 | 1,100,034 | 152,788 |
| Total operating revenues | 2,592,451 | 3,306,031 | 2,828,170 | 8,726,652 | 19,939,874 |
| Operating expenses | | | | | |
| Personal services | - | 1,332,555 | 140,847 | 1,473,402 | 1,012,475 |
| Fringe benefits | - | - | 142,611 | 142,611 | 12,732,389 |
| Supplies | 12,828 | 349,181 | 430,660 | 792,669 | 186,477 |
| Services and charges | 675,258 | 1,979,398 | 1,808,417 | 4,463,073 | 3,529,264 |
| Other | - | 213,187 | - | 213,187 | 9,867 |
| Depreciation | - | 705,766 | 143,808 | 849,574 | 146,726 |
| Total operating expenses | 688,086 | 4,580,087 | 2,666,343 | 7,934,516 | 17,617,198 |
| Operating income (loss) | 1,904,365 | (1,274,056) | 161,827 | 792,136 | 2,322,676 |
| Nonoperating revenues (expenses) | | | | | |
| Property taxes | - | 1,065,319 | - | 1,065,319 | - |
| Federal grants | - | - | 277,248 | 277,248 | - |
| State grants | - | 75,000 | 36,159 | 111,159 | - |
| Investment income | 24,523 | 2,046 | 1,246 | 27,815 | 31,923 |
| Interest expense and fiscal charges | (13,750) | (118,300) | - | (132,050) | (1,245,083) |
| Gain on sale of capital assets | - | - | - | - | 7,195 |
| Total nonoperating revenues (expenses) | 10,773 | 1,024,065 | 314,653 | 1,349,491 | (1,205,965) |
| Income (loss) before transfers | 1,915,138 | (249,991) | 476,480 | 2,141,627 | 1,116,711 |
| Transfers | | | | | |
| Transfers in | - | - | 12,644 | 12,644 | 110,000 |
| Transfers out | (1,600,000) | - | (367,094) | (1,967,094) | (50,000) |
| Net transfers | (1,600,000) | - | (354,450) | (1,954,450) | 60,000 |
| Change in net position | 315,138 | (249,991) | 122,030 | 187,177 | 1,176,711 |
| Net position, beginning of year | 6,853,938 | 14,816,600 | 4,066,725 | | 7,440,529 |
| Net position, end of year | \$ 7,169,076 | \$ 14,566,609 | \$ 4,188,755 | | \$ 8,617,240 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | 246 | |
| Change in net position of business-type activities | | | | \$ 187,423 | |

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, 2014

| | 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 | \$ 3,023,853 | \$ 3,014,072 | \$ 1,818,393 | \$ 7,856,318 | \$ - |
| Receipts from interfund services provided | - | - | - | - | 19,537,976 |
| Payments to employees | - | (1,390,299) | (232,146) | (1,622,445) | (1,601,729) |
| Payments to suppliers | (601,515) | (2,620,360) | (2,090,036) | (5,311,911) | (14,622,970) |
| Net cash provided by (used in) operating activities | 2,422,338 | (996,587) | (503,789) | 921,962 | 3,313,277 |
| Cash flows from noncapital financing activities | | | | | |
| Property tax collections | - | 1,064,602 | - | 1,064,602 | - |
| Transfers in | - | - | 12,644 | 12,644 | 110,000 |
| Transfers out | (1,600,000) | - | (367,094) | (1,967,094) | (50,000) |
| Proceeds from issuance of long-term debt | 12,540,000 | 100,000 | - | 12,640,000 | - |
| Principal paid on long-term debt | (12,333,000) | (65,000) | - | (12,398,000) | (2,715,000) |
| Interest paid on long-term debt | (13,750) | (77,363) | - | (91,113) | (471,999) |
| Net cash provided by (used in) noncapital financing activities | (1,406,750) | 1,022,239 | (354,450) | (738,961) | (3,126,999) |
| Cash flows from capital and related financing activities | | | | | |
| Proceeds from federal and state grants | - | 63,677 | 313,407 | 377,084 | - |
| Proceeds from the sale of capital assets | - | - | - | - | 10,000 |
| Payments for capital asset acquisition | - | (241,730) | (341,974) | (583,704) | (232,897) |
| Net cash provided by (used in) capital and related financing activities | - | (178,053) | (28,567) | (206,620) | (222,897) |
| Cash flows from investing activities | | | | | |
| Investment income received | 24,523 | 1,618 | 864 | 27,005 | 21,037 |
| Net change in cash and investment pool | 1,040,111 | (150,783) | (885,942) | 3,386 | (15,582) |
| Cash and investment pool, beginning of year | 4,530,055 | 1,380,139 | 1,774,908 | 7,685,102 | 8,706,247 |
| Cash and investment pool, end of year | \$ 5,570,166 | \$ 1,229,356 | \$ 888,966 | \$ 7,688,488 | \$ 8,690,665 |

continued...

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2014

| | 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) | \$ 1,904,365 | \$ (1,274,056) | \$ 161,827 | \$ 792,136 | \$ 2,322,676 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | - | 705,766 | 143,808 | 849,574 | 146,726 |
| Changes in assets and liabilities: | | | | | |
| Receivables, net | 393,271 | (5,941) | (1,018,960) | (631,630) | (470,467) |
| Due from other funds | 83 | - | - | 83 | 14,589 |
| Due from other governmental units | 38,048 | - | - | 38,048 | - |
| Inventory | - | (19,491) | 15,825 | (3,666) | - |
| Other assets | - | (3,250) | 2,327 | (923) | (1,095) |
| Net pension asset | - | - | - | - | 409,411 |
| Accounts payable | 84,605 | (123,757) | 895,920 | 856,768 | 117,530 |
| Accrued liabilities | 1,966 | 10,160 | 1,703 | 13,829 | 733,597 |
| Deposits payable | - | (349,346) | 7,428 | (341,918) | - |
| Due to other funds | - | - | (765,031) | (765,031) | 38,257 |
| Due to other governmental units | - | - | 2,291 | 2,291 | - |
| Unearned revenue | - | 63,328 | 1,755 | 65,083 | - |
| Accrued compensated absences | - | - | - | - | 2,053 |
| Net OPEB obligation | - | - | 47,318 | 47,318 | - |
| Net cash provided by (used in) operating activities | \$ 2,422,338 | \$ (996,587) | \$ (503,789) | \$ 921,962 | \$ 3,313,277 |

Concluded

Noncash transactions:

During the year ended September 30, 2014, the County issued general obligation bonds in the amount of \$52,005,000, which were contributed to the MERS Retirement System of Michigan to reduce the County's pension obligation (see Note 10).

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds
September 30, 2014

| | Post- Employment Health Benefits Trust Fund | Agency Funds |
|--|--|----------------------|
| Assets | | |
| Cash and investment pool | \$ 510,655 | \$ 9,523,072 |
| Investments, at fair value - mutual funds | 14,695,930 | - |
| Receivables (net): | | |
| Taxes | - | 36,548 |
| Accounts | 171,917 | 1,481,100 |
| Accrued interest | 734 | 4,525 |
| Total assets | <u>15,379,236</u> | <u>\$ 11,045,245</u> |
| Liabilities | | |
| Accounts payable | 225,272 | \$ 365,799 |
| Accrued liabilities | 356,051 | - |
| Deposits payable | - | 2,362,084 |
| Due to other governmental units | - | 8,317,362 |
| Total liabilities | <u>581,323</u> | <u>\$ 11,045,245</u> |
| Total net position | | |
| Held in trust for postemployment health benefits | <u>\$ 14,797,913</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, 2014

| | |
|---|----------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 5,442,607 |
| Retirees | 344,054 |
| | <hr/> |
| Total contributions | 5,786,661 |
| | <hr/> |
| Investment earnings: | |
| Net increase in fair value of investments | 388,568 |
| Interest and dividends | 616,201 |
| | <hr/> |
| Net investment earnings | 1,004,769 |
| | <hr/> |
| Total additions | 6,791,430 |
| | <hr/> |
| Deductions | |
| Participant benefits | 5,637,476 |
| Administrative expenses | 66,055 |
| | <hr/> |
| Total deductions | 5,703,531 |
| | <hr/> |
| Change in net position | 1,087,899 |
| Net position, beginning of year | 13,710,014 |
| | <hr/> |
| Net position, end of year | <u>\$ 14,797,913</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, 2014

| | Road Commission 12/31/2013 | Brownfield Redevelopment Authority | Department of Public Works | Drain Commission |
|---|----------------------------------|--|----------------------------------|----------------------|
| Assets | | | | |
| Cash and investment pool | \$ 140,559 | \$ 1,305,721 | \$ 590,080 | \$ 5,815,826 |
| Investments | 3,220,811 | - | - | - |
| Receivables (net) | 2,921,175 | 3,019 | 14,958,730 | 1,687,469 |
| Inventory | 245,886 | - | - | - |
| Other assets | 469,476 | - | - | - |
| Capital assets: | | | | |
| Assets not being depreciated | 39,524,800 | - | - | 576,008 |
| Assets being depreciated, net | 122,164,744 | - | - | 34,811,196 |
| Total assets | 168,687,451 | 1,308,740 | 15,548,810 | 42,890,499 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 921,759 | - | 540,101 | 1,597,700 |
| Unearned revenue | - | - | 12,655 | - |
| Advances from primary government | - | - | - | 400,000 |
| Long-term liabilities: | | | | |
| Due within one year | 925,463 | 14,559 | 932,000 | 608,023 |
| Due in more than one year | 796,164 | 45,671 | 13,825,000 | 1,475,484 |
| Net other postemployment benefit obligation | 3,206,019 | - | - | - |
| Total liabilities | 5,849,405 | 60,230 | 15,309,756 | 4,081,207 |
| Net position | | | | |
| Net investment in capital assets | 160,541,656 | - | - | 33,303,697 |
| Restricted for: | | | | |
| Debt service | - | - | 198,666 | 369,363 |
| Acquisition/construction of capital assets | - | - | - | 3,484,883 |
| Postemployment health benefits | - | - | - | - |
| Unrestricted (deficit) | 2,296,390 | 1,248,510 | 40,388 | 1,651,349 |
| Total net position | \$ 162,838,046 | \$ 1,248,510 | \$ 239,054 | \$ 38,809,292 |

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

| Economic Development Corporation | Land Bank Authority | Saginaw County Community Mental Health Authority | Total |
|----------------------------------|---------------------|--|-----------------------|
| \$ 73,355 | \$ 86,230 | \$ 5,967,851 | \$ 13,979,622 |
| - | - | 3,213,824 | 6,434,635 |
| 2,059 | 3,631,128 | 5,048,430 | 28,252,010 |
| - | 4,020,040 | 161,632 | 4,427,558 |
| - | - | 420,846 | 890,322 |
| - | - | 881,392 | 40,982,200 |
| - | - | 11,184,125 | 168,160,065 |
| <u>75,414</u> | <u>7,737,398</u> | <u>26,878,100</u> | <u>263,126,412</u> |
| 3,116 | 1,663,102 | 11,724,285 | 16,450,063 |
| - | - | 264,600 | 277,255 |
| - | - | - | 400,000 |
| - | - | 978,881 | 3,458,926 |
| - | - | 5,062,003 | 21,204,322 |
| - | - | 132,074 | 3,338,093 |
| <u>3,116</u> | <u>1,663,102</u> | <u>18,161,843</u> | <u>45,128,659</u> |
| - | - | 6,589,799 | 200,435,152 |
| - | - | - | 568,029 |
| - | - | - | 3,484,883 |
| - | - | 4,361,704 | 4,361,704 |
| <u>72,298</u> | <u>6,074,296</u> | <u>(2,235,246)</u> | <u>9,147,985</u> |
| <u>\$ 72,298</u> | <u>\$ 6,074,296</u> | <u>\$ 8,716,257</u> | <u>\$ 217,997,753</u> |

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2014

| | Program Revenues | | | Net (Expense) Revenue |
|---|-----------------------|-------------------------|--|--------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | |
| Road Commission | | | | |
| Governmental activities: | | | | |
| Highways and streets | \$ 21,011,376 | \$ 100,298 | \$ 19,131,200 | \$ - |
| | | | | \$ (1,779,878) |
| Brownfield Redevelopment Authority | | | | |
| Governmental Activities: | | | | |
| Community and economic development | 165,804 | - | 97,182 | - |
| | | | | (68,622) |
| Department of Public Works | | | | |
| Governmental Activities: | | | | |
| Public works | 71,950 | 72,043 | - | 484,400 |
| Interest on long-term debt | 550,069 | - | - | - |
| | | | | 484,493 |
| | | | | (550,069) |
| Total Department of Public Works | 622,019 | 72,043 | - | 484,400 |
| | | | | (65,576) |
| Drain Commission | | | | |
| Governmental Activities: | | | | |
| Public works | 2,082,859 | - | 317,035 | 597,976 |
| Interest on long-term debt | 84,425 | - | - | - |
| | | | | (1,167,848) |
| | | | | (84,425) |
| Total Drain Commission | 2,167,284 | - | 317,035 | 597,976 |
| | | | | (1,252,273) |
| Economic Development Corporation | | | | |
| Business-type Activities: | | | | |
| Community and economic development | 64,918 | 1,924 | - | - |
| | | | | (62,994) |
| Land Bank Authority | | | | |
| Business-type Activities: | | | | |
| Community and economic development | 7,249,239 | - | 7,804,279 | 27,370 |
| | | | | 582,410 |
| Saginaw County Community Mental Health Authority | | | | |
| Business-type Activities: | | | | |
| Community services | 69,360,688 | 1,664,517 | 65,638,309 | 1,500,992 |
| | | | | (556,870) |
| Total component units | \$ 100,641,328 | \$ 1,838,782 | \$ 92,988,005 | \$ 2,610,738 |
| | | | | \$ (3,203,803) |

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, 2014

| | Road Commission 12/31/2013 | Brownfield Redevelopment Authority | Department of Public Works | Drain Commission |
|--|----------------------------------|--|----------------------------------|---------------------|
| Change in net position | | | | |
| Net (expense) revenue | \$ (1,779,878) | \$ (68,622) | \$ (65,576) | \$ (1,252,273) |
| General revenues and special item: | | | | |
| Property taxes | 518,687 | 16,521 | - | - |
| Investment income - interest earned | 14,422 | 6,771 | 728 | 14,392 |
| Special item - transfer of operations to Mid-State Health Network | - | - | - | - |
| Total general revenues and special item | 533,109 | 23,292 | 728 | 14,392 |
| Change in net position | (1,246,769) | (45,330) | (64,848) | (1,237,881) |
| Net position, beginning of year, as restated | 164,084,815 | 1,293,840 | 303,902 | 40,047,173 |
| Net position, end of year | \$ 162,838,046 | \$ 1,248,510 | \$ 239,054 | \$ 38,809,292 |

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

| Economic Development Corporation | Land Bank Authority | Saginaw County Community Mental Health Authority | Total |
|----------------------------------|---------------------|--|-----------------------|
| \$ (62,994) | \$ 582,410 | \$ (556,870) | \$ (3,203,803) |
| - | - | - | 535,208 |
| 253 | 2,517 | 527,317 | 566,400 |
| - | - | (3,413,379) | (3,413,379) |
| 253 | 2,517 | (2,886,062) | (2,311,771) |
| (62,741) | 584,927 | (3,442,932) | (5,515,574) |
| 135,039 | 5,489,369 | 12,159,189 | 223,513,327 |
| <u>\$ 72,298</u> | <u>\$ 6,074,296</u> | <u>\$ 8,716,257</u> | <u>\$ 217,997,753</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 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. 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, 2013 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 are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 County on a cost reimbursement basis.

The *postemployment health benefits trust fund* is used to account for the County'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, deferred inflows of resources 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 |
|-----------------------------|-------|
| Land improvements | 15-20 |
| Buildings and improvements | 5-45 |
| Machinery and equipment | 3-10 |
| Office furniture & fixtures | 5-20 |
| Planning and development | 5-30 |
| Vehicles | 2-8 |
| 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. The County Controller has been given the authority to assign fund balances. Unassigned fund balance is the residual classification for the General Fund.

The Board of Commissioners has established a 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. At year end the County had \$11,194,241 assigned for the Employee Payroll Reserve and an additional amount of \$4,545,323 set aside within unassigned fund balance for the Budget Stabilization Reserve.

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 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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Compensated absences

Union employees

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

Non-union employees

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

Compensated absence liability recognition

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

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

- 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 County has adopted a budget resolution that General Fund budgeted surplus be transferred as follows: two-thirds (2/3) of any such surplus to the Public Improvement Special Revenue Fund and the remaining one-third (1/3) to the General Fund Budget Stabilization Fund Balance account.

3. EXCESS OF EXPENDITURES OVER BUDGET

The following funds had expenditures exceeding budgeted appropriations at the activity level, which is the County's legal level of budgetary control for the year ended September 30, 2014.

| | Final Budget | Actual | Variance |
|--------------------------------------|--------------|------------|------------|
| General Fund | | | |
| Health and welfare: | | | |
| Medical examiner | \$ 384,344 | \$ 387,327 | \$ (2,983) |
| Contributions to other agencies | 1,671,269 | 1,683,269 | (12,000) |
| Community and economic development: | | | |
| Contributions to other agencies | 296,754 | 296,782 | (28) |
| Transfers out | 6,334,718 | 7,020,569 | (685,851) |
| Michigan Works! special revenue fund | | | |
| Capital outlay | - | 11,294 | (11,294) |

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

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

- 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.
- 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:

| | Primary Government | Component Units | Totals |
|---|-----------------------|----------------------|----------------------|
| Statement of Net Position | | | |
| Cash and investment pool | \$ 49,286,412 | \$ 20,414,257 | \$ 69,700,669 |
| Statement of Net Position - Fiduciary Funds | | | |
| Postemployment Health Benefits Trust Fund: | | | |
| Cash and investment pool | 510,655 | - | 510,655 |
| Investments | 14,695,930 | - | 14,695,930 |
| Agency Funds: | | | |
| Cash and investment pool | 9,523,072 | - | 9,523,072 |
| Total | \$ 74,016,069 | \$ 20,414,257 | \$ 94,430,326 |
| Deposits and Investments | | | |
| Bank deposits: | | | |
| Checking and savings accounts | | | \$ 43,054,908 |
| Pooled certificates of deposit: | | | |
| Due within one year | | | 11,807,933 |
| Due in one to five years | | | 2,000,000 |
| Investments: | | | |
| Primary government | | | 20,250,721 |
| Fiduciary funds | | | 14,695,930 |
| Component units | | | 3,213,824 |
| Cash on hand | | | 89,336 |
| Timing difference for funds with different fiscal year ends | | | (682,326) |
| Total | | | \$ 94,430,326 |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

| | Carrying Amount (Fair Value) | Maturity Less than 1 Year | Maturity 1-5 Years | Maturity 5-10 Years |
|----------------------------------|------------------------------------|---------------------------------|-----------------------|------------------------|
| Investments - primary government | | | | |
| MBIA Governmental | | | | |
| Investment Pool | \$ 1,327,779 | \$ 1,327,779 | \$ - | \$ - |
| Commercial paper | 4,194,254 | 4,194,254 | - | - |
| U.S. agencies | 14,728,688 | - | 10,927,662 | 3,801,026 |
| Total | \$ 20,250,721 | \$ 5,522,033 | \$ 10,927,662 | \$ 3,801,026 |

The Post-Employment Health Benefits Trust fiduciary fund investments of \$14,695,930 as of September 30, 2014 are held in mutual funds that are unrated and have no maturity dates.

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 investments are summarized 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 Standard and Poor's ratings for each investment identified above for investments held at year-end are as followings:

| | Carrying Amount (Fair Value) |
|----------------------------------|------------------------------------|
| Investments - primary government | |
| AA | \$ 13,847,375 |
| A | 5,075,567 |
| Not rated | 1,327,779 |
| Total | \$ 20,250,721 |

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 \$44,681,337 of the County's bank balance of \$57,471,497 was exposed to custodial credit risk because it was uninsured and uncollateralized.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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, 2014, the County has the following investments of which exceeded 5% of total investments:

| Investments - Primary Government | Carrying Amount (Fair Value) | % of Total Investments |
|-----------------------------------|------------------------------|------------------------|
| Huron Valley School District SRLF | \$ 3,365,688 | 17% |
| UBS Federal Home Loan Bank Bond | 3,000,000 | 15% |
| Natixis Commercial Paper | 2,198,004 | 11% |
| Morgan Stanley Commercial Paper | 1,996,250 | 10% |

5. RECEIVABLES

Receivables, net are comprised of the following at year-end:

| | Governmental Activities | Business-type Activities | Component Units |
|-------------------------------|-------------------------|--------------------------|----------------------|
| Property taxes | \$ 5,206,812 | \$ 13,946,211 | \$ - |
| Special assessments: | | | |
| Due within one year | - | - | 281,767 |
| Due after one year | - | - | 1,888,269 |
| Accounts receivable | 4,980,822 | 2,047,578 | 3,225,683 |
| Notes: | | | |
| Due within one year | 1,992,508 | - | - |
| Due after one year | 987,710 | - | - |
| Interest | 96,098 | 20,984 | 9,324 |
| Due from other governments | 7,888,066 | 42,479 | 22,846,967 |
| Total receivables, net | \$ 21,152,016 | \$ 16,057,252 | \$ 28,252,010 |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2014, 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 | 485,170 | 15,061 | - | (91,978) | 408,253 |
| | <u>4,034,977</u> | <u>15,061</u> | <u>-</u> | <u>(91,978)</u> | <u>3,958,060</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 8,677,951 | - | - | - | 8,677,951 |
| Building and improvements | 28,058,238 | 65,594 | - | - | 28,123,832 |
| Machinery and equipment | 6,190,142 | 230,268 | (117,583) | 91,978 | 6,394,805 |
| Office furniture & fixtures | 200,376 | - | - | - | 200,376 |
| Vehicles | 2,922,619 | 419,539 | (391,789) | - | 2,950,369 |
| | <u>46,049,326</u> | <u>715,401</u> | <u>(509,372)</u> | <u>91,978</u> | <u>46,347,333</u> |
| Less accumulated depreciation: | | | | | |
| Land improvements | (2,885,813) | (230,600) | - | - | (3,116,413) |
| Buildings and improvements | (16,274,094) | (577,338) | - | - | (16,851,432) |
| Machinery and equipment | (4,695,137) | (423,968) | 94,676 | - | (5,024,429) |
| Office furniture & fixtures | (129,604) | (9,874) | - | - | (139,478) |
| Vehicles | (2,383,697) | (286,758) | 375,198 | - | (2,295,257) |
| | <u>(26,368,345)</u> | <u>(1,528,538)</u> | <u>469,874</u> | <u>-</u> | <u>(27,427,009)</u> |
| Total capital assets being depreciated, net | <u>19,680,981</u> | <u>(813,137)</u> | <u>(39,498)</u> | <u>91,978</u> | <u>18,920,324</u> |
| Governmental activities capital assets, net | <u>\$ 23,715,958</u> | <u>\$ (798,076)</u> | <u>\$ (39,498)</u> | <u>\$ -</u> | <u>\$ 22,878,384</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 | 568,452 | 276,989 | - | (568,452) | 276,989 |
| | <u>2,944,461</u> | <u>276,989</u> | <u>-</u> | <u>(568,452)</u> | <u>2,652,998</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 4,183,745 | - | - | - | 4,183,745 |
| Buildings and improvements | 16,689,912 | 232,032 | - | 557,689 | 17,479,633 |
| Machinery and equipment | 1,056,341 | 69,138 | - | 10,763 | 1,136,242 |
| Office furniture & fixtures | 61,201 | - | - | - | 61,201 |
| Planning and development | 8,740,052 | - | - | - | 8,740,052 |
| Vehicles | 139,041 | 5,545 | (30,143) | - | 114,443 |
| | <u>30,870,292</u> | <u>306,715</u> | <u>(30,143)</u> | <u>568,452</u> | <u>31,715,316</u> |
| Less accumulated depreciation: | | | | | |
| Land improvements | (82,496) | (251,627) | - | - | (334,123) |
| Buildings and improvements | (4,118,074) | (401,988) | - | - | (4,520,062) |
| Machinery and equipment | (593,052) | (60,300) | - | - | (653,352) |
| Office furniture & fixtures | (30,434) | (2,885) | - | - | (33,319) |
| Planning and development | (7,189,612) | (127,765) | - | - | (7,317,377) |
| Vehicles | (126,326) | (5,009) | 30,143 | - | (101,192) |
| | <u>(12,139,994)</u> | <u>(849,574)</u> | <u>30,143</u> | <u>-</u> | <u>(12,959,425)</u> |
| Total capital assets being depreciated, net | <u>18,730,298</u> | <u>(542,859)</u> | <u>-</u> | <u>568,452</u> | <u>18,755,891</u> |
| Business-type activities capital assets, net | <u>\$ 21,674,759</u> | <u>\$ (265,870)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,408,889</u> |

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

Governmental activities

| | |
|--|---------------------|
| Judicial | \$ 79,802 |
| General government | 390,578 |
| Public safety | 364,734 |
| Public works | 79,848 |
| Health and welfare | 318,296 |
| Recreation and culture | 148,554 |
| Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets | <u>146,726</u> |
| | <u>\$ 1,528,538</u> |

Business-type activities

| | |
|---------------------------------|-------------------|
| Building Authority Event Center | \$ 705,766 |
| Harry W. Browne Airport | 142,483 |
| Parking system | <u>1,325</u> |
| | <u>\$ 849,574</u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Discretely presented component units

Drain Commission capital asset activity for the year ended September 30, 2014, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|----------------------|---------------------|-------------|-------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Construction in progress | \$ 200,000 | \$ 376,008 | \$ - | \$ - | \$ 576,008 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 61,910,256 | 108,422 | - | - | 62,018,678 |
| Equipment | 47,699 | - | - | - | 47,699 |
| Vehicles | - | 29,060 | - | - | 29,060 |
| | <u>61,957,955</u> | <u>137,482</u> | <u>-</u> | <u>-</u> | <u>62,095,437</u> |
| Less accumulated depreciation: | | | | | |
| Infrastructure | (26,002,887) | (1,238,386) | - | - | (27,241,273) |
| Equipment | (37,365) | (3,181) | - | - | (40,546) |
| Vehicles | - | (2,422) | - | - | (2,422) |
| | <u>(26,040,252)</u> | <u>(1,243,989)</u> | <u>-</u> | <u>-</u> | <u>(27,284,241)</u> |
| Total capital assets being depreciated, net | <u>35,917,703</u> | <u>(1,106,507)</u> | <u>-</u> | <u>-</u> | <u>34,811,196</u> |
| Drain Commission capital assets, net | <u>\$ 36,117,703</u> | <u>\$ (730,499)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35,387,204</u> |

Road Commission capital asset activity for the year ended December 31, 2013, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---------------------------------------|--------------------|------------------|-----------------|-----------|--------------------|
| Capital assets not being depreciated: | | | | | |
| Land and improvements, infrastructure | \$ 38,904,617 | \$ 61,548 | \$ - | \$ - | \$ 38,966,165 |
| Land | 558,635 | - | - | - | 558,635 |
| | <u>39,463,252</u> | <u>61,548</u> | <u>-</u> | <u>-</u> | <u>39,524,800</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 450,231 | - | - | - | 450,231 |
| Depletable assets | 42,008 | - | - | - | 42,008 |
| Buildings and improvements | 2,415,373 | 46,421 | - | - | 2,461,794 |
| Office furniture & fixtures | 854,430 | 46,106 | - | - | 900,536 |
| Infrastructure | 259,086,406 | 8,344,200 | - | - | 267,430,606 |
| Equipment | 15,864,252 | 572,008 | (96,012) | - | 16,340,248 |
| | <u>278,712,700</u> | <u>9,008,735</u> | <u>(96,012)</u> | <u>-</u> | <u>287,625,423</u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|-----------------------|---------------------|---------------|-------------|-----------------------|
| Less accumulated depreciation: | | | | | |
| Land improvements | \$ (418,771) | \$ (5,410) | \$ - | \$ - | \$ (424,181) |
| Depletable assets | (3,914) | - | - | - | (3,914) |
| Buildings and improvements | (1,864,259) | (59,790) | - | - | (1,924,049) |
| Office furniture & fixtures | (768,380) | (53,642) | - | - | (822,022) |
| Infrastructure | (139,781,285) | (8,414,367) | - | - | (148,195,652) |
| Equipment | (13,206,373) | (980,500) | 96,012 | - | (14,090,861) |
| | <u>(156,042,982)</u> | <u>(9,513,709)</u> | <u>96,012</u> | <u>-</u> | <u>(165,460,679)</u> |
| Total capital assets being depreciated, net | <u>122,669,718</u> | <u>(504,974)</u> | <u>-</u> | <u>-</u> | <u>122,164,744</u> |
| Road Commission capital assets, net | <u>\$ 123,228,353</u> | <u>\$ (504,974)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 122,723,379</u> |

Community Mental Health Authority capital asset activity for the year ended September 30, 2014, was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|----------------------|---------------------|--------------------|------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 842,015 | \$ - | \$ - | \$ - | \$ 842,015 |
| Construction in progress | 156,904 | 39,377 | (41,758) | (115,146) | 39,377 |
| | <u>998,919</u> | <u>39,377</u> | <u>(41,758)</u> | <u>(115,146)</u> | <u>881,392</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 16,561,989 | 1,988,359 | - | 115,146 | 18,665,494 |
| Office furniture & fixtures | 1,218,759 | 109,592 | - | - | 1,328,351 |
| Vehicles | 1,582,875 | 183,591 | (25,300) | - | 1,741,166 |
| Equipment | 1,979,059 | 120,423 | - | - | 2,099,482 |
| | <u>21,342,682</u> | <u>2,401,965</u> | <u>(25,300)</u> | <u>115,146</u> | <u>23,834,493</u> |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (8,922,063) | (625,210) | - | - | (9,547,273) |
| Office furniture & fixtures | (542,993) | (105,572) | - | - | (648,565) |
| Vehicles | (848,434) | (284,314) | 25,300 | - | (1,107,448) |
| Equipment | (1,038,156) | (308,926) | - | - | (1,347,082) |
| | <u>(11,351,646)</u> | <u>(1,324,022)</u> | <u>25,300</u> | <u>-</u> | <u>(12,650,368)</u> |
| Total capital assets being depreciated, net | <u>9,991,036</u> | <u>1,077,943</u> | <u>-</u> | <u>115,146</u> | <u>11,184,125</u> |
| Community Mental Health Authority capital assets, net | <u>\$ 10,989,955</u> | <u>\$ 1,117,320</u> | <u>\$ (41,758)</u> | <u>\$ -</u> | <u>\$ 12,065,517</u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year-end:

| | Governmental Activities | Business-type Activities | Component Units |
|---|----------------------------|-----------------------------|----------------------|
| Accounts payable | \$ 5,608,334 | \$ 1,335,911 | \$ 9,799,412 |
| Accrued liabilities | 5,145,173 | 153,301 | 2,383,074 |
| Due to other governments | 1,560,289 | - | 4,267,577 |
| Deposits payable | 120,544 | 460,621 | - |
| | <u>12,434,340</u> | <u>1,949,833</u> | <u>16,450,063</u> |
| Total accounts payable and accrued liabilities | <u>\$ 12,434,340</u> | <u>\$ 1,949,833</u> | <u>\$ 16,450,063</u> |

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2014, was as follows:

Due to/from primary government funds:

| | Due from Other Funds | Due to Other Funds |
|-----------------------------|-------------------------|-----------------------|
| General fund | \$ 942,074 | \$ 1,300,074 |
| Planning Commission | - | 21,332 |
| Nonmajor governmental funds | 1,451,698 | 920,330 |
| Nonmajor enterprise funds | - | 91,202 |
| Internal service funds | - | 60,834 |
| | <u>\$ 2,393,772</u> | <u>\$ 2,393,772</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> |
| Total | <u>\$ 45,000</u> | <u>\$ 45,000</u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

For the year ended September 30, 2014, interfund transfers consisted of the following:

| | Transfers In | Transfers Out |
|-------------------------------|----------------------|----------------------|
| General fund | \$ 4,567,231 | \$ 7,020,569 |
| Health Department | 929,581 | 25,000 |
| Planning Commission | 75,653 | - |
| Nonmajor governmental funds | 6,474,147 | 3,106,593 |
| Delinquent Tax Revolving fund | - | 1,600,000 |
| Nonmajor enterprise funds | 12,644 | 367,094 |
| Internal service funds | 110,000 | 50,000 |
| | <u>\$ 12,169,256</u> | <u>\$ 12,169,256</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.

9. LONG-TERM DEBT

Changes in Long-term Debt

Long-term liability activity for the year ended September 30, 2014, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---------------------------------------|----------------------|----------------------|------------------------|----------------------|---------------------|
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| General obligation bonds: | | | | | |
| 2013 General Obligation pension bonds | \$ - | \$ 52,005,000 | \$ (2,715,000) | \$ 49,290,000 | \$ 2,925,000 |
| 2010 Capital Improvement | 1,774,642 | - | (128,641) | 1,646,001 | 130,824 |
| 2011 Limited Tax Refunding | 710,000 | - | (225,000) | 485,000 | 245,000 |
| | <u>2,484,642</u> | <u>52,005,000</u> | <u>(3,068,641)</u> | <u>51,421,001</u> | <u>3,300,824</u> |
| Long-term advances | 80,000 | - | (80,000) | - | - |
| Compensated absences | 1,542,354 | 1,872,585 | (1,628,300) | 1,786,639 | 1,714,563 |
| | <u>\$ 4,106,996</u> | <u>\$ 53,877,585</u> | <u>\$ (4,776,941)</u> | <u>\$ 53,207,640</u> | <u>\$ 5,015,387</u> |
| Business-type activities: | | | | | |
| Delinquent tax notes | \$ 12,942,000 | \$ 12,540,000 | \$ (12,333,000) | \$ 13,149,000 | \$ - |
| General obligation bonds | 3,250,000 | - | (65,000) | 3,185,000 | 80,000 |
| Promissory Notes | 500,000 | 100,000 | - | 600,000 | 120,000 |
| Compensated absences | 7,522 | 9,305 | (7,014) | 9,813 | - |
| | <u>\$ 16,699,522</u> | <u>\$ 12,649,305</u> | <u>\$ (12,405,014)</u> | <u>\$ 16,943,813</u> | <u>\$ 200,000</u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|-------------------------------------|----------------------|-------------------|-----------------------|----------------------|---------------------|
| Component Units | | | | | |
| Road Commission: | | | | | |
| Compensated absences | \$ 591,549 | \$ 66,431 | \$ (84,241) | \$ 573,739 | \$ - |
| SIB Loan | 1,147,888 | - | - | 1,147,888 | 925,463 |
| | <u>\$ 1,739,437</u> | <u>\$ 66,431</u> | <u>\$ (84,241)</u> | <u>\$ 1,721,627</u> | <u>\$ 925,463</u> |
| Brownfield Redevelopment Authority: | | | | | |
| Loans from State of Michigan | \$ 231,419 | \$ - | \$ (171,189) | \$ 60,230 | \$ 14,559 |
| | <u>\$ 231,419</u> | <u>\$ -</u> | <u>\$ (171,189)</u> | <u>\$ 60,230</u> | <u>\$ 14,559</u> |
| Department of Public Works: | | | | | |
| General obligation bonds | \$ 16,747,000 | \$ - | \$ (1,990,000) | \$ 14,757,000 | \$ 932,000 |
| | <u>\$ 16,747,000</u> | <u>\$ -</u> | <u>\$ (1,990,000)</u> | <u>\$ 14,757,000</u> | <u>\$ 932,000</u> |
| Drain Commission: | | | | | |
| General obligation bonds and notes | \$ 2,743,399 | \$ 452,442 | \$ (1,112,334) | \$ 2,083,507 | \$ 608,023 |
| | <u>\$ 2,743,399</u> | <u>\$ 452,442</u> | <u>\$ (1,112,334)</u> | <u>\$ 2,083,507</u> | <u>\$ 608,023</u> |
| Community Mental Health Authority: | | | | | |
| Notes | \$ 5,948,481 | \$ - | \$ (592,384) | \$ 5,356,097 | \$ 611,281 |
| Capital lease | 195,581 | 11,320 | (87,280) | 119,621 | 85,017 |
| Compensated absences | 513,996 | 331,256 | (280,086) | 565,166 | 282,583 |
| | <u>\$ 6,658,058</u> | <u>\$ 342,576</u> | <u>\$ (959,750)</u> | <u>\$ 6,040,884</u> | <u>\$ 978,881</u> |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end, \$72,076 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 bonds and notes payable 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 bonds and notes payable currently outstanding are as follows:

| Purpose | Interest Rates | Amount |
|--------------------------|----------------|----------------------|
| Governmental activities | 2.75 - 7.0% | \$ - |
| Business-type activities | 1.23 - 4.0% | <u>16,934,000</u> |
| Total primary government | | <u>\$ 16,934,000</u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

| Year Ending September 30, | Governmental Activities | | Business-type Activities | |
|------------------------------|-------------------------|----------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 3,300,824 | \$ 1,956,612 | \$ 200,000 | \$ 125,363 |
| 2016 | 3,323,045 | 1,923,443 | 3,165,000 | 109,038 |
| 2017 | 3,120,303 | 1,875,299 | 10,439,000 | 60,100 |
| 2018 | 3,177,599 | 1,810,772 | 370,000 | 57,800 |
| 2019 | 3,254,934 | 1,728,650 | 165,000 | 55,200 |
| 2020-2024 | 18,081,111 | 6,749,986 | 885,000 | 237,538 |
| 2025-2029 | 17,163,185 | 2,204,724 | 1,015,000 | 161,051 |
| 2030-2032 | - | - | 695,000 | 38,648 |
| Total | \$ 51,421,001 | \$ 18,249,486 | \$ 16,934,000 | \$ 844,738 |

The County is party to an agreement with HealthSource Saginaw, a non-profit organization, ("HealthSource"), whereas, HealthSource issued bonds to fund improvements to their facility. The County has agreed to levy the voter approved property tax millage and provide these funds to HealthSource for them to make the required principal and interest payments. HealthSource has pledged its net revenue as security on the bonds. The County has provided its full faith and credit for the prompt repayment of these bonds; however, the County does not expect to be obligated for any payments since the voters have approved a property tax millage to fund the bond obligation and HealthSource has pledged their net revenues. At yearend, the outstanding balance on these bonds, which mature May 1, 2029, was \$27,610,000. Because the County only provides a guarantee related to these bonds there is no related liability recorded in these financial statements.

Component Units

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority has outstanding balances from the State of Michigan, Department of Environmental Quality Revitalization. The monies were used for the renovations and construction expenditures related to the KBC (Sahasa) Realty project. The loan will be repaid in annual installments beginning in December 2007 and ending in December 2017 with an interest rate of 2.25%.

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

| Year Ending September 30, | Principal | Interest |
|------------------------------|------------------|-----------------|
| 2015 | \$ 14,559 | \$ 1,355 |
| 2016 | 14,886 | 1,028 |
| 2017 | 15,221 | 693 |
| 2018 | 15,564 | 350 |
| Total | \$ 60,230 | \$ 3,426 |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Department of Public Works

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

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and authorities. The bonds are issued as 8 to 40-year serial bonds with varying amounts of principal maturing each year through November 2050 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 |
|------------------------------|----------------------|---------------------|
| 2015 | \$ 932,000 | \$ 517,705 |
| 2016 | 1,338,000 | 488,442 |
| 2017 | 1,025,000 | 440,944 |
| 2018 | 737,000 | 410,488 |
| 2019 | 744,000 | 384,906 |
| 2020-2024 | 2,013,000 | 1,651,597 |
| 2025-2029 | 1,823,000 | 1,284,074 |
| 2030-2034 | 1,857,000 | 956,126 |
| 2035-2039 | 2,052,000 | 622,479 |
| 2040-2044 | 1,320,000 | 293,103 |
| 2045-2049 | 750,000 | 80,029 |
| 2050-2051 | 166,000 | 3,750 |
| Total | \$ 14,757,000 | \$ 7,133,643 |

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%.

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

| Year Ending September 30, | Principal | Interest |
|------------------------------|---------------------|-------------------|
| 2015 | \$ 608,023 | \$ 61,711 |
| 2016 | 504,023 | 48,410 |
| 2017 | 493,084 | 32,141 |
| 2018 | 211,688 | 18,380 |
| 2019 | 141,689 | 9,900 |
| 2020 | 125,000 | 5,000 |
| Total | \$ 2,083,507 | \$ 175,542 |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Community Mental Health Authority

The Community Mental Health Authority has an installment contract and various notes for group homes. There are monthly installments due through 2023 and bear interest rates varying from 3.40% to 5.19%.

Annual debt service requirements to maturity for notes payable and capital leases are as follows:

| Year Ending September 30, | Principal | Interest |
|------------------------------|---------------------|-------------------|
| 2015 | \$ 611,281 | \$ 163,776 |
| 2016 | 618,512 | 141,008 |
| 2017 | 493,294 | 120,271 |
| 2018 | 3,092,743 | 101,785 |
| 2019 | 99,909 | 19,191 |
| 2020 - 2023 | 440,358 | 37,853 |
| Total | \$ 5,356,097 | \$ 583,884 |

The Authority has entered into 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 \$55,737 for the year ended September 30, 2014.

Required future payments for remaining noncancelable lease terms in excess of one year as of year-end are as follows:

| Year Ending September 30, | Principal |
|--|-------------------|
| 2015 | \$ 101,384 |
| 2016 | 43,125 |
| Total minimum payments due | 144,509 |
| Less amounts representing interest at 4.5% | <u>(24,888)</u> |
| Present value of net minimum lease payments | \$ 119,621 |

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, 2014, was \$10,000.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

10. DEFINED BENEFIT PENSION PLANS

Primary Government

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

Other than those employees required to participate in the County's Defined Contribution Plan, as described in Note 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.

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 from October 2013 through December 2013 was \$502,883 and from January 2014 through September 2014 the monthly payment was \$40,285, these contributions were based upon current payroll levels per the 2010 actuarial valuation. In January 2014 the County issued general obligation bonds of \$52,005,000 and applied the proceeds to the Plan obligation. This additional contribution was not made until subsequent to the last Plan valuation of December 31, 2013; therefore, the information present below is based on the most recent Plan 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 | \$ 1,871,214 |
| Less: Interest on net pension asset | (99,081) |
| Plus: Adjustment to annual required contribution | 144,935 |
| Annual pension cost | <u>1,917,068</u> |
| Contributions made | <u>(53,494,438)</u> |
| Change in net pension asset | (51,577,370) |
| Net pension asset, beginning of year | (1,238,513) |
| Net pension asset, end of year | <u><u>\$ (52,815,883)</u></u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 13.0% 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, 2013, the date of the latest actuarial valuation, was 6 to 13 years depending on the employment division.

| Three-Year Trend Information | | | |
|------------------------------|---------------------------|-------------------------------|-------------------|
| Fiscal Period Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Asset |
| 9/30/2012 | \$ 4,594,929 | 99% | \$ 1,238,513 |
| 9/30/2013 | 5,188,358 | 99% | 1,238,513 |
| 9/30/2014 | 1,917,068 | 2790% | 52,815,883 |

Funded status and funding progress. As of December 31, 2013, the most recent actuarial valuation date, MERS was 62 percent funded. The actuarial accrued liability for benefits was \$142,346,636 and the actuarial value of assets was \$87,799,775, resulting in an unfunded actuarial accrued liability (UAAL) of \$54,546,861. The covered payroll (annual payroll of active employees covered by MERS) was \$3,879,545, and the ratio of the UAAL to the covered payroll was 1,406 percent.

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

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 |
| 12/31/2011 | \$ 346,311 | 100% | \$ - |
| 12/31/2012 | 386,130 | 100% | - |
| 12/31/2013 | 456,603 | 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 85 percent funded. The actuarial accrued liability for benefits was \$28,534,731, and the actuarial value of assets was \$24,145,397, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,389,334. The covered payroll (annual payroll of active employees covered by MERS) was \$3,336,606, and the ratio of the UAAL to the covered payroll was 132 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 |
| 9/30/2012 | \$ 339,305 | 100% | \$ - |
| 9/30/2013 | 353,049 | 100% | - |
| 9/30/2014 | 414,006 | 100% | - |

Funded status and funding progress. As of December 31, 2013, the most recent actuarial valuation date, MERS was 78 percent funded. The actuarial accrued liability for benefits was \$16,636,849, and the actuarial value of assets was \$13,016,784, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,620,065. The covered payroll (annual payroll of active employees covered by MERS) was \$863,977, and the ratio of the UAAL to the covered payroll was 419 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% |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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, which 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.

At September 30, 2014, there were 524 plan members. Employer contributions to the Plan for the year ended September 30, 2014, amounted to \$1,806,236 and employee contributions were \$980,595.

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.

Basis of accounting. 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.

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Funding policy. The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the annual actuarial valuation. For the year ended September 30, 2014, the County contributed \$5,442,607 into the Plan.

Funding progress. For the year ended September 30, 2014, 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> |

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

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

The Plan's unfunded actuarial 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.

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 |

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 | \$ 12,314,498 |
| Interest on net OPEB obligation | 1,465,231 |
| Adjustment to annual required contribution | <u>(1,855,225)</u> |
| Annual OPEB cost (expense) | 11,924,504 |
| Contributions made | <u>(5,442,607)</u> |
| Increase in net OPEB obligation | 6,481,897 |
| Net OPEB obligation, beginning of year | <u>24,420,521</u> |
| Net OPEB obligation, end of year | <u><u>\$ 30,902,418</u></u> |

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

| Three-Year Trend Information | | | |
|------------------------------|------------------------|-------------------------------|---------------------|
| Fiscal Year Ending | Annual OPEB Cost (AOC) | Percentage of AOC Contributed | Net OPEB Obligation |
| 9/30/2012 | \$ 10,749,801 | 38% | \$ 17,898,298 |
| 9/30/2013 | 11,249,743 | 42% | 24,420,521 |
| 9/30/2014 | 11,924,504 | 46% | 30,902,418 |

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.

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 |
| 12/31/2011 | \$ 1,539,457 | 51% | \$ 1,696,066 |
| 12/31/2012 | 1,546,829 | 54% | 2,407,317 |
| 12/31/2013 | 1,499,004 | 47% | 3,206,019 |

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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.

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

| Three-Year Trend Information | | | |
|------------------------------|------------------------|-------------------------------|---------------------|
| Fiscal Year Ending | Annual OPEB Cost (AOC) | Percentage of AOC Contributed | Net OPEB Obligation |
| 9/30/2012 | \$ 1,807,694 | 100% | \$ - |
| 9/30/2013 | 1,004,292 | 100% | - |
| 9/30/2014 | 1,049,485 | 87% | 132,074 |

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%.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 insured for \$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.

The claims liability as reported at September 30, 2014, is based on requirements 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, 2014 and 2013, are as follows:

| | Beginning of Period Liability | Claims and Changes in Estimates | Claim Payments | End of Period Liability |
|------|-------------------------------|---------------------------------|----------------|-------------------------|
| 2013 | \$ 85,209 | \$ 257,921 | \$ 208,304 | \$ 134,826 |
| 2014 | 134,826 | 105,422 | 138,814 | 101,434 |

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

The changes in the claims liability for the years ended September 30, 2014 and 2013, are as follows:

| | Beginning of Period Liability | Claims and Changes in Estimates | Claim Payments | End of Period Liability |
|------|-------------------------------|---------------------------------|----------------|-------------------------|
| 2013 | \$ 407,298 | \$ 80,401 | \$ 232,759 | \$ 254,940 |
| 2014 | 254,940 | 587,225 | 544,396 | 297,769 |

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, 2014 and 2013, are as follows:

| | Beginning of Period Liability | Claims and Changes in Estimates | Claim Payments | End of Period Liability |
|------|-------------------------------|---------------------------------|----------------|-------------------------|
| 2013 | \$ 606,011 | \$ 9,141,526 | \$ 9,237,320 | \$ 510,217 |
| 2014 | 510,217 | 9,663,051 | 9,490,820 | 682,448 |

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, 2014 and 2013, are as follows:

| | Beginning of Period Liability | Claims and Changes in Estimates | Claim Payments | End of Period Liability |
|------|-------------------------------|---------------------------------|----------------|-------------------------|
| 2013 | \$ 37,410 | \$ 527,286 | \$ 541,720 | \$ 22,976 |
| 2014 | 22,976 | 500,704 | 499,218 | 24,462 |

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, 2014 and 2013, are as follows:

| | Beginning of Period Liability | Claims and Changes in Estimates | Claim Payments | End of Period Liability |
|------|-------------------------------|---------------------------------|----------------|-------------------------|
| 2013 | \$ 1,513 | \$ 47,457 | \$ 47,663 | \$ 1,307 |
| 2014 | 1,307 | 48,038 | 47,950 | 1,395 |

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 \$4,959,509,474. The tax levy for 2013/2014 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 | 0.44000 | 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, 2014, was as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---|----------------------------|-----------------------------|-----------------------|
| Capital assets: | | | |
| Capital assets not being depreciated | \$ 3,958,060 | \$ 2,652,998 | \$ 40,982,200 |
| Capital assets being depreciated, net | <u>18,920,324</u> | <u>18,755,891</u> | <u>168,160,065</u> |
| | <u>22,878,384</u> | <u>21,408,889</u> | <u>209,142,265</u> |
| Related debt: | | | |
| Due within one year | 5,015,387 | 200,000 | 3,458,926 |
| Due in more than one year | 48,192,253 | 16,743,813 | 21,204,322 |
| Less: | | | |
| Department of Public Works debt Brownfield Redevelopment Authority debt | - | - | (14,757,000) |
| Compensated absences | (1,786,639) | (9,813) | (1,138,905) |
| Delinquent tax notes | - | (13,149,000) | - |
| Pension bonds | (49,290,000) | - | - |
| | <u>2,131,001</u> | <u>3,785,000</u> | <u>8,707,113</u> |
| Net investment in capital assets | <u>\$ 20,747,383</u> | <u>\$ 17,623,889</u> | <u>\$ 200,435,152</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 |
| Prepays | - | - | - | 29,576 | 29,576 |
| Permanent fund corpus | - | - | - | 35,950 | 35,950 |
| Total nonspendable | 445,000 | - | - | 65,526 | 510,526 |
| Restricted for: | | | | | |
| Public safety | - | - | - | 2,070,780 | 2,070,780 |
| Public works | - | - | - | 284,696 | 284,696 |
| Health and welfare | - | - | - | 1,294,007 | 1,294,007 |
| Community and economic development | - | - | 15,256 | - | 15,256 |
| Recreation | - | - | - | 255,148 | 255,148 |
| Register of Deeds | - | - | - | 1,042,810 | 1,042,810 |
| Debt service | - | - | - | 107,121 | 107,121 |
| Public Improvement | - | - | - | 5,069,773 | 5,069,773 |
| Permanent trusts | - | - | - | 2,834 | 2,834 |
| Total restricted | - | - | 15,256 | 10,127,169 | 10,142,425 |
| Committed for: | | | | | |
| Public safety | - | - | - | 651,094 | 651,094 |
| Recreation | - | - | - | 564,062 | 564,062 |
| Health and welfare | - | - | - | 1,216,866 | 1,216,866 |
| Total committed | - | - | - | 2,432,022 | 2,432,022 |
| Assigned for: | | | | | |
| Employee payroll reserve | 11,194,241 | - | - | - | 11,194,241 |
| G.I.S. System | - | - | - | 15,965 | 15,965 |
| Courts | - | - | - | 241,028 | 241,028 |
| General government | - | - | - | 53,723 | 53,723 |
| Public safety | - | - | - | 2,446,104 | 2,446,104 |
| Community and economic development | - | - | 25,543 | 35,881 | 61,424 |
| Health and welfare | - | 2,965,964 | - | 3,475,293 | 6,441,257 |
| Capital projects | - | - | - | 1,216,838 | 1,216,838 |
| Total assigned | 11,194,241 | 2,965,964 | 25,543 | 7,484,832 | 21,670,580 |
| Unassigned | 4,545,323 | - | - | - | 4,545,323 |
| Total fund balances, governmental funds | \$ 16,184,564 | \$ 2,965,964 | \$ 40,799 | \$ 20,109,549 | \$ 39,300,876 |

COUNTY OF SAGINAW, MICHIGAN

■ Notes To Financial Statements

18. RESTATEMENTS

Beginning net position of the Land Bank component unit was increased by \$650,000 to properly recognize revenue related to a long-term receivable that was recorded as unearned revenue in the previous year. There was no effect of on the September 30, 2013 change in net position.

Beginning net position of the governmental activities was increased by \$3,043,934 due to an error in recording a bond premium related to the HealthSource bond obligation. The impact on the September 30, 2013 statement of activities would have been a decrease in amortization expense of \$95,123.

During the year ended September 30, 2014, the County changed its method of accounting for tax revenue collected on behalf of HealthSource Saginaw and the related principal and interest payments on the HealthSource bonds. Previously the County recorded this activity in a debt service fund and during fiscal year 2014 this activity and related balances were reclassified to an agency fund. Therefore, beginning fund balance of the Hospital Construction debt service fund (a nonmajor governmental fund) and the beginning net position of the governmental activities were decreased by \$1,107,057.



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Funding Progress and Employer Contributions

| 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 |
| 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% |
| 2013 | 87,799,775 | 142,346,636 | 54,546,861 | 62% | 3,879,545 | 1406% |

| Schedule of Employer Contributions | | |
|------------------------------------|------------------------------|------------------------|
| Year Ended September 30, | Annual Required Contribution | Percentage Contributed |
| 2012 | \$ 4,545,480 | 100% |
| 2013 | 5,140,740 | 100% |
| 2014 | 1,871,214 | 2859% |

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information

Postemployment Health Benefits

Schedule of Funding Progress and Employer Contributions

| 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 |
| 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 |
| 2012 | \$ 10,901,234 | 37% |
| 2013 | 11,512,586 | 41% |
| 2014 | 12,314,498 | 44% |

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

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

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

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

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Dredged Materials Disposal 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 Residence Exemption 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.

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

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

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

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

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

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

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

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.

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 of 1968, as amended.

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Concluded)

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

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

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

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

Debt Service Funds

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

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

COUNTY OF SAGINAW, MICHIGAN

■ Nonmajor Governmental Funds (Concluded)

Capital Projects Funds

Parks Building & 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.

Public Improvement Fund - This fund was established under Public Act 136 of 1956 and 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.

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.

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2014

| | Special Revenue Funds | | | | |
|---|-----------------------|----------------------------|--------------------|------------------|---------------------|
| | Law Enforcement | County Road Patrol Millage | Parks & Recreation | G.I.S System | Friend of the Court |
| Assets | | | | | |
| Cash and investment pool | \$ 541,738 | \$ 287,279 | \$ 560,977 | \$ 22,421 | \$ 1,451 |
| Receivables (net): | | | | | |
| Taxes | 15,156 | 21,310 | 9,800 | - | - |
| Accounts | 177,188 | - | 13,633 | - | 7,780 |
| Notes | - | - | - | - | - |
| Accrued interest | 3,106 | 1,136 | 1,653 | - | 183 |
| Due from other funds | - | - | 60,422 | - | - |
| Due from other governmental units | - | - | - | - | 471,507 |
| Other assets | 550 | - | - | - | 913 |
| Total assets | <u>\$ 737,738</u> | <u>\$ 309,725</u> | <u>\$ 646,485</u> | <u>\$ 22,421</u> | <u>\$ 481,834</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 12,316 | \$ 1,966 | \$ 29,615 | \$ - | \$ 10,800 |
| Accrued liabilities | 112,985 | 41,020 | 19,568 | 6,456 | 112,290 |
| Deposits payable | 6,272 | - | - | - | - |
| Due to other funds | 232,401 | - | - | - | 116,803 |
| Due to other governmental units | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | <u>363,974</u> | <u>42,986</u> | <u>49,183</u> | <u>6,456</u> | <u>239,893</u> |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - property taxes | 15,156 | 21,310 | 9,800 | - | - |
| Unavailable revenue - loans receivable | - | - | - | - | - |
| Total deferred inflows of resources | <u>15,156</u> | <u>21,310</u> | <u>9,800</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | |
| Nonspendable | 550 | - | - | - | 913 |
| Restricted | - | - | 255,148 | - | - |
| Committed | 358,058 | 245,429 | 332,354 | - | - |
| Assigned | - | - | - | 15,965 | 241,028 |
| Total fund balances | <u>358,608</u> | <u>245,429</u> | <u>587,502</u> | <u>15,965</u> | <u>241,941</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 737,738</u> | <u>\$ 309,725</u> | <u>\$ 646,485</u> | <u>\$ 22,421</u> | <u>\$ 481,834</u> |

| Special Revenue Funds | | | | | | | |
|------------------------|--------------------|---------------------------------------|---------------------|-------------------|----------------------------|-------------------------------|------------------------------------|
| Solid Waste Management | Lodging Excise Tax | Castle Museum & Historical Activities | Commission on Aging | Mosquito Control | Dredged Materials Disposal | Principal Residence Exemption | Courthouse Preservation Technology |
| \$ 166,394 | \$ - | \$ 229,371 | \$ 1,668,750 | \$ 916,625 | \$ 2,244 | \$ 80,700 | \$ 147,295 |
| - | - | 9,933 | 23,365 | 24,658 | - | 59,341 | - |
| 117,331 | 837,166 | 1,665 | 6,440 | 6,977 | - | 4,390 | - |
| - | - | - | - | - | - | - | - |
| 971 | - | 672 | 4,373 | 3,026 | 12 | 114 | 218 |
| - | - | - | - | - | - | - | - |
| - | - | - | 197,757 | - | - | - | - |
| - | - | - | 24,587 | - | - | - | - |
| <u>\$ 284,696</u> | <u>\$ 837,166</u> | <u>\$ 241,641</u> | <u>\$ 1,925,272</u> | <u>\$ 951,286</u> | <u>\$ 2,256</u> | <u>\$ 144,545</u> | <u>\$ 147,513</u> |
| \$ - | \$ 798,928 | \$ - | \$ 70,345 | \$ 83,256 | \$ 64 | \$ 38,508 | \$ - |
| - | - | - | 79,930 | 34,200 | - | 1,189 | - |
| - | - | - | - | - | - | - | - |
| - | 38,238 | - | - | - | - | - | - |
| - | - | - | - | - | - | 58,753 | - |
| - | - | - | 27,007 | - | - | - | - |
| - | 837,166 | - | 177,282 | 117,456 | 64 | 98,450 | - |
| - | - | 9,933 | 23,365 | 24,658 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 9,933 | 23,365 | 24,658 | - | - | - |
| - | - | - | 24,587 | - | - | - | - |
| 284,696 | - | - | 1,016,370 | 275,974 | - | - | - |
| - | - | 231,708 | 683,668 | 533,198 | - | - | - |
| - | - | - | - | - | 2,192 | 46,095 | 147,513 |
| <u>284,696</u> | <u>-</u> | <u>231,708</u> | <u>1,724,625</u> | <u>809,172</u> | <u>2,192</u> | <u>46,095</u> | <u>147,513</u> |
| <u>\$ 284,696</u> | <u>\$ 837,166</u> | <u>\$ 241,641</u> | <u>\$ 1,925,272</u> | <u>\$ 951,286</u> | <u>\$ 2,256</u> | <u>\$ 144,545</u> | <u>\$ 147,513</u> |

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2014

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------|------------------------------|---------------------------|----------------------------------|
| | Animal Control | Small Cities Reuse | Register of Deeds Automation | E-911 Telephone Surcharge | Mobile Data Maintenance & Repair |
| Assets | | | | | |
| Cash and investment pool | \$ 191,274 | \$ 240,392 | \$ 1,034,893 | \$ 168,502 | \$ 1,455,515 |
| Receivables (net): | | | | | |
| Taxes | 3,546 | - | - | - | - |
| Accounts | 6,270 | - | 5,615 | 1,306,588 | 1,163 |
| Notes | - | 987,710 | - | - | - |
| Accrued interest | - | 1,848 | 2,302 | 3,063 | 4,283 |
| Due from other funds | - | - | - | - | - |
| Due from other governmental units | 10,000 | - | - | 100,333 | - |
| Other assets | 426 | - | - | - | - |
| Total assets | <u>\$ 211,516</u> | <u>\$ 1,229,950</u> | <u>\$ 1,042,810</u> | <u>\$ 1,578,486</u> | <u>\$ 1,460,961</u> |
| Liabilities | | | | | |
| Accounts payable | \$ 47,954 | \$ 206,359 | \$ - | \$ - | \$ 24,667 |
| Accrued liabilities | 15,330 | - | - | - | - |
| Deposits payable | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Due to other governmental units | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | <u>63,284</u> | <u>206,359</u> | <u>-</u> | <u>-</u> | <u>24,667</u> |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - property taxes | 3,546 | - | - | - | - |
| Unavailable revenue - loans receivable | - | 987,710 | - | - | - |
| Total deferred inflows of resources | <u>3,546</u> | <u>987,710</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | |
| Nonspendable | 426 | - | - | - | - |
| Restricted | 96,653 | - | 1,042,810 | 1,578,486 | - |
| Committed | 47,607 | - | - | - | - |
| Assigned | - | 35,881 | - | - | 1,436,294 |
| Total fund balances | <u>144,686</u> | <u>35,881</u> | <u>1,042,810</u> | <u>1,578,486</u> | <u>1,436,294</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 211,516</u> | <u>\$ 1,229,950</u> | <u>\$ 1,042,810</u> | <u>\$ 1,578,486</u> | <u>\$ 1,460,961</u> |



Special Revenue Funds

| Area Records Management System | County Library Board | Remuneration | Sheriff Special Projects | Prosecutor Special Projects | Community Corrections | Special Projects |
|--------------------------------|----------------------|------------------|--------------------------|-----------------------------|-----------------------|-------------------|
| \$ 83,866 | \$ - | \$ 11,799 | \$ 1,199,151 | \$ - | \$ 8,376 | \$ 197,743 |
| - | - | - | - | - | - | - |
| - | - | - | 12,151 | - | - | 28,058 |
| - | - | - | - | - | - | - |
| 582 | - | - | 1,037 | - | - | - |
| 731 | - | - | - | - | - | - |
| 1,662,432 | - | 61,769 | 91,498 | 128,886 | 49,377 | 422,705 |
| - | - | - | - | - | - | 3,100 |
| <u>\$ 1,747,611</u> | <u>\$ -</u> | <u>\$ 73,568</u> | <u>\$ 1,303,837</u> | <u>\$ 128,886</u> | <u>\$ 57,753</u> | <u>\$ 651,606</u> |
| \$ 1,468,481 | \$ - | \$ 65,940 | \$ 13,557 | \$ 2,653 | \$ 6,866 | \$ 42,921 |
| - | - | - | 25,463 | 30,957 | 5,099 | 15,819 |
| - | - | - | 80,064 | - | - | - |
| 16,751 | - | - | 87 | 94,352 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 174,736 | - | - | 2,002 |
| <u>1,485,232</u> | <u>-</u> | <u>65,940</u> | <u>293,907</u> | <u>127,962</u> | <u>11,965</u> | <u>60,742</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 3,100 |
| 262,379 | - | - | 1,044 | - | 45,788 | - |
| - | - | - | - | - | - | - |
| - | - | 7,628 | 1,008,886 | 924 | - | 587,764 |
| <u>262,379</u> | <u>-</u> | <u>7,628</u> | <u>1,009,930</u> | <u>924</u> | <u>45,788</u> | <u>590,864</u> |
| <u>\$ 1,747,611</u> | <u>\$ -</u> | <u>\$ 73,568</u> | <u>\$ 1,303,837</u> | <u>\$ 128,886</u> | <u>\$ 57,753</u> | <u>\$ 651,606</u> |

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2014

| | Special Revenue Funds | | | | | |
|---|--|----------------------------|------------------|------------------------------------|---------------------|-----------------|
| | Local Correction Officer Training | Jail Records Management | MSU Extension | Department of Human Services | Child Care | Veterans' Trust |
| Assets | | | | | | |
| Cash and investment pool | \$ 87,701 | \$ - | \$ 42,977 | \$ 398,946 | \$ 3,142,879 | \$ 3,573 |
| Receivables (net): | | | | | | |
| Taxes | - | - | - | - | - | - |
| Accounts | 1,380 | - | 2,310 | - | 80,303 | - |
| Notes | - | - | - | - | - | - |
| Accrued interest | 169 | - | 113 | - | - | - |
| Due from other funds | - | - | - | - | - | - |
| Due from other governmental units | - | - | 47,061 | - | 761,764 | 710 |
| Other assets | - | - | - | - | - | 85 |
| Total assets | \$ 89,250 | \$ - | \$ 92,461 | \$ 398,946 | \$ 3,984,946 | \$ 4,368 |
| Liabilities | | | | | | |
| Accounts payable | \$ 2,636 | \$ - | \$ 19,365 | \$ 5,260 | \$ 177,442 | \$ 4,367 |
| Accrued liabilities | 184 | - | 1,735 | 267,208 | 93,404 | - |
| Deposits payable | - | - | - | - | - | - |
| Due to other funds | - | - | 3,763 | 120,861 | 236,652 | - |
| Due to other governmental units | - | - | - | - | 3,014 | - |
| Unearned revenue | - | - | 67,598 | 5,288 | - | - |
| Total liabilities | 2,820 | - | 92,461 | 398,617 | 510,512 | 4,367 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - | - |
| Unavailable revenue - loans receivable | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - | - |
| Fund balances | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 86,430 | - | - | 329 | 1,334 | - |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | - | 3,473,100 | 1 |
| Total fund balances | 86,430 | - | - | 329 | 3,474,434 | 1 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 89,250 | \$ - | \$ 92,461 | \$ 398,946 | \$ 3,984,946 | \$ 4,368 |

| Debt Service Funds | | | Capital Projects Funds | | | Permanent Fund | Total Nonmajor Governmental Funds |
|-----------------------|----------------------------|--------------------|------------------------|------------------------------|---------------------|----------------------|-----------------------------------|
| Qualified Energy Bond | Juvenile Center Renovation | Building Authority | Parks Building & Site | Mainframe Conversion Project | Public Improvement | Rail Trail Endowment | |
| \$ 63 | \$ 29,856 | \$ 76,899 | \$ 73,901 | \$ 407,747 | \$ 3,701,853 | \$ 38,692 | \$ 17,221,843 |
| - | 1,524 | - | - | - | - | - | 168,633 |
| - | - | - | - | - | - | - | 2,616,408 |
| - | - | - | - | - | - | - | 987,710 |
| 11 | 69 | 222 | 120 | 958 | 7,246 | 92 | 37,579 |
| - | - | - | - | - | 1,390,545 | - | 1,451,698 |
| - | - | 485,000 | 89,528 | - | - | - | 4,580,327 |
| - | - | - | - | - | - | - | 29,661 |
| <u>\$ 74</u> | <u>\$ 31,449</u> | <u>\$ 562,121</u> | <u>\$ 163,549</u> | <u>\$ 408,705</u> | <u>\$ 5,099,644</u> | <u>\$ 38,784</u> | <u>\$ 27,093,859</u> |
| \$ - | \$ - | \$ - | \$ 30,271 | \$ - | \$ 29,871 | \$ - | \$ 3,194,408 |
| - | - | - | - | - | - | - | 862,837 |
| - | - | - | - | - | - | - | 86,336 |
| - | - | - | 60,422 | - | - | - | 920,330 |
| - | - | - | - | - | - | - | 61,767 |
| - | - | - | - | - | - | - | 276,631 |
| - | - | - | 90,693 | - | 29,871 | - | 5,402,309 |
| - | 1,523 | - | - | - | - | - | 109,291 |
| - | - | 485,000 | - | - | - | - | 1,472,710 |
| - | 1,523 | 485,000 | - | - | - | - | 1,582,001 |
| - | - | - | - | - | - | 35,950 | 65,526 |
| 74 | 29,926 | 77,121 | - | - | 5,069,773 | 2,834 | 10,127,169 |
| - | - | - | - | - | - | - | 2,432,022 |
| - | - | - | 72,856 | 408,705 | - | - | 7,484,832 |
| 74 | 29,926 | 77,121 | 72,856 | 408,705 | 5,069,773 | 38,784 | 20,109,549 |
| <u>\$ 74</u> | <u>\$ 31,449</u> | <u>\$ 562,121</u> | <u>\$ 163,549</u> | <u>\$ 408,705</u> | <u>\$ 5,099,644</u> | <u>\$ 38,784</u> | <u>\$ 27,093,859</u> |

Concluded

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2014

| | Special Revenue Funds | | | | |
|---|-----------------------|----------------------------|--------------------|------------------|---------------------|
| | Law Enforcement | County Road Patrol Millage | Parks & Recreation | G.I.S System | Friend of the Court |
| Revenue | | | | | |
| Property taxes | \$ 4,736,393 | \$ 1,606,748 | \$ 764,441 | \$ - | \$ - |
| Accommodations tax | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - |
| Federal grants | - | - | - | - | 2,653,862 |
| State grants | - | - | 14,133 | - | 200,103 |
| Local grants and contributions | - | - | 6,000 | - | - |
| Charges for services | 12,761 | 3,078 | 58,363 | - | 327,903 |
| Fines and forfeitures | - | - | - | - | - |
| Investment income | 4,750 | 1,785 | 2,520 | - | 294 |
| Rental revenue | - | - | - | - | - |
| Donations | - | - | 13,389 | - | - |
| Reimbursements | 962,982 | 2,107 | - | 189,059 | 76,309 |
| Other revenue | - | - | 6,219 | - | - |
| Total revenue | 5,716,886 | 1,613,718 | 865,065 | 189,059 | 3,258,471 |
| Expenditures | | | | | |
| Current: | | | | | |
| Judicial | - | - | - | - | 4,257,480 |
| General government | - | - | - | 187,475 | - |
| Public safety | 3,799,291 | 1,485,453 | - | - | - |
| Public works | - | - | - | - | - |
| Health and welfare | - | - | - | - | - |
| Community and economic development | - | - | - | - | - |
| Recreation and culture | - | - | 908,746 | - | - |
| Capital outlay | - | - | 28,851 | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 3,799,291 | 1,485,453 | 937,597 | 187,475 | 4,257,480 |
| Revenues over (under) expenditures | 1,917,595 | 128,265 | (72,532) | 1,584 | (999,009) |
| Other financing sources (uses) | | | | | |
| Transfers in | 761,485 | - | - | - | 985,744 |
| Transfers out | (2,679,079) | (12,000) | - | - | - |
| Total other financing sources (uses) | (1,917,594) | (12,000) | - | - | 985,744 |
| Net change in fund balances | 1 | 116,265 | (72,532) | 1,584 | (13,265) |
| Fund balances, beginning of year | 358,607 | 129,164 | 660,034 | 14,381 | 255,206 |
| Fund balances, end of year | \$ 358,608 | \$ 245,429 | \$ 587,502 | \$ 15,965 | \$ 241,941 |

| Special Revenue Funds | | | | | | | |
|------------------------|--------------------|---------------------------------------|---------------------|-------------------|----------------------------|-------------------------------|------------------------------------|
| Solid Waste Management | Lodging Excise Tax | Castle Museum & Historical Activities | Commission on Aging | Mosquito Control | Dredged Materials Disposal | Principal Residence Exemption | Courthouse Preservation Technology |
| \$ - | \$ - | \$ 945,311 | \$ 2,035,668 | \$ 2,363,832 | \$ - | \$ - | \$ - |
| - | 2,723,736 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 1,166,064 | - | - | - | - |
| - | - | - | 408,578 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 359,368 | - | - | 28,158 | 7,796 | - | 3,268 | 154,049 |
| - | - | - | - | - | - | - | - |
| 1,549 | - | 995 | 6,840 | 4,794 | 19 | 14,415 | 307 |
| - | - | - | - | 1,500 | 15,200 | - | - |
| - | - | - | 211,520 | 600 | - | - | - |
| - | - | 20,748 | 31,660 | 367,432 | - | - | - |
| - | - | - | 38,351 | 1,553 | - | - | - |
| <u>360,917</u> | <u>2,723,736</u> | <u>967,054</u> | <u>3,926,839</u> | <u>2,747,507</u> | <u>15,219</u> | <u>17,683</u> | <u>154,356</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 397,853 | - | - | - | - | - | - | - |
| - | - | - | 3,854,171 | 2,794,664 | 10,644 | - | - |
| - | 2,723,736 | - | - | - | - | 24,206 | - |
| - | - | 966,371 | - | - | - | - | - |
| - | - | - | 30,264 | 35,330 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>397,853</u> | <u>2,723,736</u> | <u>966,371</u> | <u>3,884,435</u> | <u>2,829,994</u> | <u>10,644</u> | <u>24,206</u> | <u>-</u> |
| <u>(36,936)</u> | <u>-</u> | <u>683</u> | <u>42,404</u> | <u>(82,487)</u> | <u>4,575</u> | <u>(6,523)</u> | <u>154,356</u> |
| - | - | - | - | 17,030 | - | - | - |
| <u>(120,319)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,383)</u> | <u>-</u> | <u>(150,000)</u> |
| <u>(120,319)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,030</u> | <u>(2,383)</u> | <u>-</u> | <u>(150,000)</u> |
| <u>(157,255)</u> | <u>-</u> | <u>683</u> | <u>42,404</u> | <u>(65,457)</u> | <u>2,192</u> | <u>(6,523)</u> | <u>4,356</u> |
| <u>441,951</u> | <u>-</u> | <u>231,025</u> | <u>1,682,221</u> | <u>874,629</u> | <u>-</u> | <u>52,618</u> | <u>143,157</u> |
| <u>\$ 284,696</u> | <u>\$ -</u> | <u>\$ 231,708</u> | <u>\$ 1,724,625</u> | <u>\$ 809,172</u> | <u>\$ 2,192</u> | <u>\$ 46,095</u> | <u>\$ 147,513</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, 2014

| | Special Revenue Funds | | | | |
|---|-----------------------|--------------------|------------------------------|---------------------------|----------------------------------|
| | Animal Control | Small Cities Reuse | Register of Deeds Automation | E-911 Telephone Surcharge | Mobile Data Maintenance & Repair |
| Revenue | | | | | |
| Property taxes | \$ 709,876 | \$ - | \$ - | \$ - | \$ - |
| Accommodations tax | - | - | - | - | - |
| Licenses and permits | 16,543 | - | - | - | - |
| Federal grants | - | - | - | - | - |
| State grants | - | - | - | 435,513 | - |
| Local grants and contributions | - | - | - | - | 165,000 |
| Charges for services | 78,803 | - | 169,735 | 5,321,169 | 192,559 |
| Fines and forfeitures | - | - | - | - | - |
| Investment income | - | 3,354 | 3,705 | 4,665 | 7,071 |
| Rental revenue | - | - | - | - | - |
| Donations | 25,208 | - | - | - | - |
| Reimbursements | - | 445,536 | - | - | 32,300 |
| Other revenue | - | - | - | - | - |
| Total revenue | 830,430 | 448,890 | 173,440 | 5,761,347 | 396,930 |
| Expenditures | | | | | |
| Current: | | | | | |
| Judicial | - | - | - | - | - |
| General government | - | - | 86,732 | - | - |
| Public safety | 928,781 | - | - | 6,338,834 | 1,142,885 |
| Public works | - | - | - | - | - |
| Health and welfare | - | - | - | - | - |
| Community and economic development | - | 2,096,616 | - | - | - |
| Recreation and culture | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 928,781 | 2,096,616 | 86,732 | 6,338,834 | 1,142,885 |
| Revenues over (under) expenditures | (98,351) | (1,647,726) | 86,708 | (577,487) | (745,955) |
| Other financing sources (uses) | | | | | |
| Transfers in | 91,833 | - | - | - | 186,000 |
| Transfers out | - | - | - | - | (85,000) |
| Total other financing sources (uses) | 91,833 | - | - | - | 101,000 |
| Net change in fund balances | (6,518) | (1,647,726) | 86,708 | (577,487) | (644,955) |
| Fund balances, beginning of year | 151,204 | 1,683,607 | 956,102 | 2,155,973 | 2,081,249 |
| Fund balances, end of year | \$ 144,686 | \$ 35,881 | \$ 1,042,810 | \$ 1,578,486 | \$ 1,436,294 |

| Special Revenue Funds | | | | | | |
|--------------------------------|----------------------|-----------------|--------------------------|-----------------------------|-----------------------|------------------|
| Area Records Management System | County Library Board | Remonumentation | Sheriff Special Projects | Prosecutor Special Projects | Community Corrections | Special Projects |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 278,497 | 228,482 | 228,096 | - |
| 1,667,318 | - | 104,891 | 615,081 | 248,576 | 243,938 | 300,968 |
| - | - | - | - | - | - | - |
| 229,052 | - | - | 18,090 | 32,228 | - | - |
| - | 66,398 | - | 12,891 | 60,685 | 10,219 | - |
| 923 | - | - | - | 1,905 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 4,673 | 650 | 500 | - |
| - | - | - | 177,520 | 419,735 | 10,219 | - |
| - | - | - | 7,500 | 480 | - | - |
| <u>1,897,293</u> | <u>66,398</u> | <u>104,891</u> | <u>1,114,252</u> | <u>992,741</u> | <u>492,972</u> | <u>300,968</u> |
| - | - | - | 754,229 | - | - | - |
| - | - | 104,891 | - | - | 811,480 | - |
| 1,913,161 | - | - | 252,437 | 1,160,917 | - | 239,541 |
| - | - | - | 177,421 | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 49,280 | - | - | - |
| - | 66,398 | - | - | - | - | - |
| - | - | - | - | 7,800 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>1,913,161</u> | <u>66,398</u> | <u>104,891</u> | <u>1,233,367</u> | <u>1,168,717</u> | <u>811,480</u> | <u>239,541</u> |
| <u>(15,868)</u> | <u>-</u> | <u>-</u> | <u>(119,115)</u> | <u>(175,976)</u> | <u>(318,508)</u> | <u>61,427</u> |
| - | - | - | 178,168 | 88,230 | 318,450 | - |
| - | - | - | - | (10,500) | - | (32,188) |
| - | - | - | 178,168 | 77,730 | 318,450 | (32,188) |
| (15,868) | - | - | 59,053 | (98,246) | (58) | 29,239 |
| 278,247 | - | 7,628 | 531,811 | 1,108,176 | 982 | 16,549 |
| <u>\$ 262,379</u> | <u>\$ -</u> | <u>\$ 7,628</u> | <u>\$ 590,864</u> | <u>\$ 1,009,930</u> | <u>\$ 924</u> | <u>\$ 45,788</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, 2014

| | Special Revenue Funds | | | | | |
|---|-----------------------------------|-------------------------|-----------------|------------------------------|---------------------|-----------------|
| | Local Correction Officer Training | Jail Records Management | MSU Extension | Department of Human Services | Child Care | Veterans' Trust |
| Revenue | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accommodations tax | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Federal grants | - | - | - | - | 46,715 | - |
| State grants | - | 37,689 | 151,838 | - | 2,132,144 | 74,632 |
| Local grants and contributions | - | - | 47,980 | - | 173,287 | - |
| Charges for services | 88,120 | - | 382 | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Investment income | 268 | - | 172 | - | - | - |
| Rental revenue | - | - | - | - | - | - |
| Donations | - | - | - | 1,675 | 26,736 | 50 |
| Reimbursements | - | - | 29,731 | - | 135,719 | - |
| Other revenue | - | - | - | - | 7,805 | - |
| Total revenue | 88,388 | 37,689 | 230,103 | 1,675 | 2,522,406 | 74,682 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Judicial | - | - | - | - | - | - |
| General government | - | - | 545,115 | - | - | - |
| Public safety | 92,152 | 37,689 | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Health and welfare | - | - | - | 98,785 | 4,531,134 | 74,681 |
| Community and economic development | - | - | - | - | - | - |
| Recreation and culture | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 92,152 | 37,689 | 545,115 | 98,785 | 4,531,134 | 74,681 |
| Revenues over (under) expenditures | (3,764) | - | (315,012) | (97,110) | (2,008,728) | 1 |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | 300,341 | 97,439 | 2,008,882 | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 300,341 | 97,439 | 2,008,882 | - |
| Net change in fund balances | (3,764) | - | (14,671) | 329 | 154 | 1 |
| Fund balances, beginning of year | 90,194 | - | 14,671 | - | 3,474,280 | - |
| Fund balances, end of year | \$ 86,430 | \$ - | \$ - | \$ 329 | \$ 3,474,434 | \$ 1 |

| Debt Service Funds | | | Permanent Fund | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|-----------------------|----------------------------|--------------------|-----------------------|------------------------------|--------------------|----------------------|-----------------------------------|
| Qualified Energy Bond | Juvenile Center Renovation | Building Authority | Parks Building & Site | Mainframe Conversion Project | Public Improvement | Rail Trail Endowment | |
| \$ - | \$ 57 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,162,326 |
| - | - | - | - | - | - | - | 2,723,736 |
| - | - | - | - | - | - | - | 16,543 |
| - | - | - | - | - | - | - | 4,601,716 |
| - | - | - | - | - | - | - | 6,635,402 |
| - | - | - | - | - | - | - | 392,267 |
| - | - | - | - | - | - | 83,000 | 7,167,882 |
| - | - | - | - | - | - | - | 150,193 |
| 26 | 111 | 1,033 | 147 | 166 | 1,507 | 11,380 | 74,701 |
| 163,186 | - | 195,700 | - | - | - | - | 375,586 |
| - | - | - | 175 | 83,100 | - | - | 368,276 |
| - | - | - | - | - | - | - | 2,901,057 |
| - | - | - | - | - | - | - | 61,908 |
| <u>163,212</u> | <u>168</u> | <u>196,733</u> | <u>322</u> | <u>83,266</u> | <u>1,507</u> | <u>94,380</u> | <u>38,631,593</u> |
| - | - | - | - | - | - | - | 5,011,709 |
| - | - | - | - | - | - | 11,695 | 1,747,388 |
| - | - | - | - | - | - | 8,000 | 17,399,141 |
| - | - | - | - | - | - | - | 575,274 |
| - | - | - | - | - | - | - | 11,364,079 |
| - | - | - | - | - | - | - | 4,893,838 |
| - | - | - | - | - | - | - | 1,941,515 |
| - | - | - | - | 24,711 | - | 216,017 | 342,973 |
| 128,641 | - | 225,000 | - | - | - | - | 353,641 |
| 34,546 | - | 12,252 | - | - | - | - | 46,798 |
| <u>163,187</u> | <u>-</u> | <u>237,252</u> | <u>-</u> | <u>24,711</u> | <u>-</u> | <u>235,712</u> | <u>43,676,356</u> |
| <u>25</u> | <u>168</u> | <u>(40,519)</u> | <u>322</u> | <u>58,555</u> | <u>1,507</u> | <u>(141,332)</u> | <u>(5,044,763)</u> |
| - | - | - | - | - | - | 1,440,545 | 6,474,147 |
| - | - | (12,644) | - | - | - | (2,480) | (3,106,593) |
| - | - | (12,644) | - | - | - | 1,438,065 | 3,367,554 |
| 25 | 168 | (53,163) | 322 | 58,555 | 1,507 | 1,296,733 | (1,677,209) |
| 49 | 29,758 | 130,284 | 38,462 | 14,301 | 407,198 | 3,773,040 | 21,786,758 |
| <u>\$ 74</u> | <u>\$ 29,926</u> | <u>\$ 77,121</u> | <u>\$ 38,784</u> | <u>\$ 72,856</u> | <u>\$ 408,705</u> | <u>\$ 5,069,773</u> | <u>\$ 20,109,549</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, 2014

| | Delinquent Property Tax Foreclosure | Building Authority Administration | Parking System | Harry W. Browne Airport | Inmate Services | Total |
|---|---|---|-------------------|-------------------------------|--------------------|---------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and investment pool | \$ 7,485 | \$ 324,058 | \$ 81,583 | \$ 307,980 | \$ 167,860 | \$ 888,966 |
| Receivables (net): | | | | | | |
| Accounts | 1,048,801 | - | 1,602 | 17,766 | 32,983 | 1,101,152 |
| Accrued interest | 2,540 | 751 | - | - | - | 3,291 |
| Inventory | - | - | - | 36,927 | - | 36,927 |
| Other assets | - | - | - | 10,713 | - | 10,713 |
| Total current assets | 1,058,826 | 324,809 | 83,185 | 373,386 | 200,843 | 2,041,049 |
| Noncurrent assets: | | | | | | |
| Capital assets not being depreciated | - | - | 41,273 | 1,388,111 | - | 1,429,384 |
| Capital assets being depreciated, net | - | - | 19,794 | 2,060,045 | - | 2,079,839 |
| Total noncurrent assets | - | - | 61,067 | 3,448,156 | - | 3,509,223 |
| Total assets | 1,058,826 | 324,809 | 144,252 | 3,821,542 | 200,843 | 5,550,272 |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 886,312 | 414 | 6,436 | 19,209 | 33,367 | 945,738 |
| Accrued liabilities | 6,198 | - | 1,852 | - | - | 8,050 |
| Deposits payable | - | - | - | - | 31,273 | 31,273 |
| Due to other funds | - | - | - | - | 91,202 | 91,202 |
| Unearned revenue | - | - | - | 4,054 | - | 4,054 |
| Total current liabilities | 892,510 | 414 | 8,288 | 23,263 | 155,842 | 1,080,317 |
| Noncurrent liabilities: | | | | | | |
| Advances from other funds | - | - | - | - | 20,000 | 20,000 |
| Accrued compensated absences | 4,284 | - | 5,529 | - | - | 9,813 |
| Net other postemployment benefit obligation | 162,035 | - | 89,352 | - | - | 251,387 |
| Total noncurrent liabilities | 166,319 | - | 94,881 | - | 20,000 | 281,200 |
| Total liabilities | 1,058,829 | 414 | 103,169 | 23,263 | 175,842 | 1,361,517 |
| Net position | | | | | | |
| Net investment in capital assets | - | - | 61,067 | 3,448,156 | - | 3,509,223 |
| Unrestricted (deficit) | (3) | 324,395 | (19,984) | 350,123 | 25,001 | 679,532 |
| Total net position | \$ (3) | \$ 324,395 | \$ 41,083 | \$ 3,798,279 | \$ 25,001 | \$ 4,188,755 |

COUNTY OF SAGINAW, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended September 30, 2014

| | Delinquent Property Tax Foreclosure | Building Authority Administration | Parking System | Harry W. Browne Airport | Inmate Services | Total |
|------------------------------------|---|---|-------------------|-------------------------------|--------------------|---------------------|
| Operating revenues | | | | | | |
| Charges for services | \$ 1,180,486 | \$ 17,401 | \$ 81,666 | \$ 207,905 | \$ 748,602 | \$ 2,236,060 |
| Interest income | 389,084 | - | - | - | - | 389,084 |
| Fines and forfeitures | - | - | 25,688 | - | - | 25,688 |
| Rental revenue | - | - | - | 95,961 | - | 95,961 |
| Reimbursements | - | - | - | 1,707 | 6,230 | 7,937 |
| Other revenue | - | - | - | 1,199 | 72,241 | 73,440 |
| Total operating revenues | 1,569,570 | 17,401 | 107,354 | 306,772 | 827,073 | 2,828,170 |
| Operating expenses | | | | | | |
| Personnel services | 102,817 | 988 | 37,042 | - | - | 140,847 |
| Fringe benefits | 92,569 | - | 50,042 | - | - | 142,611 |
| Supplies | 215 | - | 3,150 | 808 | 426,487 | 430,660 |
| Services and charges | 1,373,972 | 55,335 | 17,273 | 328,295 | 33,542 | 1,808,417 |
| Depreciation | - | - | 1,325 | 142,483 | - | 143,808 |
| Total operating expenses | 1,569,573 | 56,323 | 108,832 | 471,586 | 460,029 | 2,666,343 |
| Operating income (loss) | (3) | (38,922) | (1,478) | (164,814) | 367,044 | 161,827 |
| Nonoperating revenues | | | | | | |
| Federal grants | - | - | - | 277,248 | - | 277,248 |
| State grants | - | - | - | 36,159 | - | 36,159 |
| Investment income | - | 1,195 | - | - | 51 | 1,246 |
| Total nonoperating revenues | - | 1,195 | - | 313,407 | 51 | 314,653 |
| Income (loss) before transfers | (3) | (37,727) | (1,478) | 148,593 | 367,095 | 476,480 |
| Transfers | | | | | | |
| Transfers in | - | 12,644 | - | - | - | 12,644 |
| Transfers out | - | - | - | - | (367,094) | (367,094) |
| Net transfers | - | 12,644 | - | - | (367,094) | (354,450) |
| Change in net position | (3) | (25,083) | (1,478) | 148,593 | 1 | 122,030 |
| Net position, beginning of year | - | 349,478 | 42,561 | 3,649,686 | 25,000 | 4,066,725 |
| Net position, end of year | \$ (3) | \$ 324,395 | \$ 41,083 | \$ 3,798,279 | \$ 25,001 | \$ 4,188,755 |

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2014

| | Delinquent Property Tax Foreclosure | Building Authority Administration | Parking System | Harry W. Browne Airport | Inmate Services | Total |
|--|---|---|-------------------|-------------------------------|--------------------|------------------|
| Cash flows from operating activities | | | | | | |
| Receipts from customers | \$ 519,402 | \$ 17,401 | \$ 107,015 | \$ 325,970 | \$ 848,605 | \$ 1,818,393 |
| Payments to employees | (166,229) | (1,081) | (64,836) | - | - | (232,146) |
| Payments to suppliers | (1,187,776) | (55,381) | (18,282) | (296,734) | (531,863) | (2,090,036) |
| Net cash provided by (used in) operating activities | (834,603) | (39,061) | 23,897 | 29,236 | 316,742 | (503,789) |
| Cash flows from noncapital financing activities | | | | | | |
| Transfers in | - | 12,644 | - | - | - | 12,644 |
| Transfers out | - | - | - | - | (367,094) | (367,094) |
| Net cash provided by (used in) noncapital financing activities | - | 12,644 | - | - | (367,094) | (354,450) |
| Cash flows from capital and related financing activities | | | | | | |
| Proceeds from federal and state grants | - | - | - | 313,407 | - | 313,407 |
| Payments for capital asset acquisition | - | - | (10,356) | (331,618) | - | (341,974) |
| Net cash provided by (used in) capital and related financing activities | - | - | (10,356) | (18,211) | - | (28,567) |
| Cash flows from investing activities | | | | | | |
| Investment income | - | 813 | - | - | 51 | 864 |
| Net change in cash and investment pool | (834,603) | (25,604) | 13,541 | 11,025 | (50,301) | (885,942) |
| Cash and investment pool: | | | | | | |
| Beginning of year | 842,088 | 349,662 | 68,042 | 296,955 | 218,161 | 1,774,908 |
| End of year | \$ 7,485 | \$ 324,058 | \$ 81,583 | \$ 307,980 | \$ 167,860 | \$ 888,966 |

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2014

| | Delinquent Property Tax Foreclosure | Building Authority Administration | Parking System | Harry W. Browne Airport | Inmate Services | Total |
|--|---|---|-------------------|-------------------------------|--------------------|---------------------|
| Cash flows from operating activities | | | | | | |
| Operating income (loss) | \$ (3) | \$ (38,922) | \$ (1,478) | \$ (164,814) | \$ 367,044 | \$ 161,827 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation | - | - | 1,325 | 142,483 | - | 143,808 |
| Changes in assets and liabilities: | | | | | | |
| Receivables, net | (1,050,168) | - | (339) | 17,443 | 14,104 | (1,018,960) |
| Inventory | - | - | - | 15,825 | - | 15,825 |
| Other assets | - | - | - | 2,327 | - | 2,327 |
| Accounts payable | 883,669 | (46) | 2,631 | 14,217 | (4,551) | 895,920 |
| Accrued liabilities | 1,423 | (93) | 373 | - | - | 1,703 |
| Deposits payable | - | - | - | - | 7,428 | 7,428 |
| Due to other funds | (697,258) | - | (490) | - | (67,283) | (765,031) |
| Accrued compensated absences | 1,158 | - | 1,133 | - | - | 2,291 |
| Unearned revenue | - | - | - | 1,755 | - | 1,755 |
| Net OPEB obligation | 26,576 | - | 20,742 | - | - | 47,318 |
| Net cash provided by (used in) operating activities | \$ (834,603) | \$ (39,061) | \$ 23,897 | \$ 29,236 | \$ 316,742 | \$ (503,789) |

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 & 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, 2014

| | MERS (DB) Retirement | MERS (DC) Retirement | Information Systems & Services | Equipment Revolving |
|---------------------------------------|-------------------------|-------------------------|--------------------------------------|------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and investment pool | \$ 211,508 | \$ 509,054 | \$ 458,217 | \$ 69,299 |
| Receivables (net): | | | | |
| Accounts | 214,359 | 116,601 | 5,623 | - |
| Accrued interest | 699 | 1,234 | - | 228 |
| Other assets | - | - | 8,983 | - |
| Total current assets | <u>426,566</u> | <u>626,889</u> | <u>472,823</u> | <u>69,527</u> |
| Noncurrent assets: | | | | |
| Capital assets not being depreciated | - | - | 8,120 | - |
| Capital assets being depreciated, net | - | - | 48,790 | 13,909 |
| Net pension asset | 51,595,589 | - | - | - |
| Total noncurrent assets | <u>51,595,589</u> | <u>-</u> | <u>56,910</u> | <u>13,909</u> |
| Total assets | <u>52,022,155</u> | <u>626,889</u> | <u>529,733</u> | <u>83,436</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 49,467 | 119,059 | 34,430 | 8,010 |
| Accrued liabilities | 773,084 | 3,279 | 48,814 | 589 |
| Due to other funds | 54,928 | - | - | - |
| Current portion of bonds payable | 2,925,000 | - | - | - |
| Total current liabilities | <u>3,802,479</u> | <u>122,338</u> | <u>83,244</u> | <u>8,599</u> |
| Noncurrent liabilities: | | | | |
| Advances from other funds | - | - | - | - |
| Accrued compensated absences | - | 10,913 | 52,414 | 1,022 |
| Bonds payable, net of current portion | 46,365,000 | - | - | - |
| Total noncurrent liabilities | <u>46,365,000</u> | <u>10,913</u> | <u>52,414</u> | <u>1,022</u> |
| Total liabilities | <u>50,167,479</u> | <u>133,251</u> | <u>135,658</u> | <u>9,621</u> |
| Net position | | | | |
| Net investment in capital assets | - | - | 56,910 | 13,909 |
| Unrestricted | 1,854,676 | 493,638 | 337,165 | 59,906 |
| Total net position | <u>\$ 1,854,676</u> | <u>\$ 493,638</u> | <u>\$ 394,075</u> | <u>\$ 73,815</u> |

| Mailing Department | Motor Pool | Risk Management | Investment Pool | Employee Benefits | Retiree Health Savings Plan | Total |
|--------------------|-------------------|-------------------|-----------------|---------------------|-----------------------------|---------------------|
| \$ 20,365 | \$ 327,896 | \$ 2,340,138 | \$ 6,564 | \$ 4,747,359 | \$ 265 | \$ 8,690,665 |
| - | - | 12,893 | - | 421,139 | 10,621 | 781,236 |
| - | - | 5,910 | - | 11,663 | 3 | 19,737 |
| 20,000 | - | - | - | 260 | - | 29,243 |
| <u>40,365</u> | <u>327,896</u> | <u>2,358,941</u> | <u>6,564</u> | <u>5,180,421</u> | <u>10,889</u> | <u>9,520,881</u> |
| - | - | - | - | - | - | 8,120 |
| - | 188,339 | - | - | - | - | 251,038 |
| - | - | - | - | - | - | 51,595,589 |
| - | <u>188,339</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>51,854,747</u> |
| <u>40,365</u> | <u>516,235</u> | <u>2,358,941</u> | <u>6,564</u> | <u>5,180,421</u> | <u>10,889</u> | <u>61,375,628</u> |
| 15,365 | 55,391 | 5,185 | 1,579 | 25,285 | 10,620 | 324,391 |
| - | - | 1,704,112 | 827 | 455,382 | - | 2,986,087 |
| - | 2,277 | 867 | 2,762 | - | - | 60,834 |
| - | - | - | - | - | - | 2,925,000 |
| <u>15,365</u> | <u>57,668</u> | <u>1,710,164</u> | <u>5,168</u> | <u>480,667</u> | <u>10,620</u> | <u>6,296,312</u> |
| 25,000 | - | - | - | - | - | 25,000 |
| - | - | 3,288 | 1,395 | 3,044 | - | 72,076 |
| - | - | - | - | - | - | 46,365,000 |
| <u>25,000</u> | <u>-</u> | <u>3,288</u> | <u>1,395</u> | <u>3,044</u> | <u>-</u> | <u>46,462,076</u> |
| <u>40,365</u> | <u>57,668</u> | <u>1,713,452</u> | <u>6,563</u> | <u>483,711</u> | <u>10,620</u> | <u>52,758,388</u> |
| - | 188,339 | - | - | - | - | 259,158 |
| - | 270,228 | 645,489 | 1 | 4,696,710 | 269 | 8,358,082 |
| <u>\$ -</u> | <u>\$ 458,567</u> | <u>\$ 645,489</u> | <u>\$ 1</u> | <u>\$ 4,696,710</u> | <u>\$ 269</u> | <u>\$ 8,617,240</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, 2014

| | MERS (DB) Retirement | MERS (DC) Retirement | Information Systems & Services | Equipment Revolving |
|---|-------------------------|-------------------------|--------------------------------------|------------------------|
| Operating revenues | | | | |
| Charges for services | \$ - | \$ - | \$ 48,737 | \$ - |
| Rental revenue | - | - | - | 8,623 |
| Reimbursements | 5,354,525 | 2,812,976 | 1,926,521 | 81,655 |
| Other revenue | - | 147,288 | - | - |
| Total operating revenues | 5,354,525 | 2,960,264 | 1,975,258 | 90,278 |
| Operating expenses | | | | |
| Personnel services | - | 57,120 | 854,798 | 10,278 |
| Fringe benefits | 1,963,827 | 2,864,791 | 557,138 | 9,884 |
| Supplies | - | 16 | 21,394 | - |
| Services and charges | 399,015 | 6,610 | 630,850 | 116,211 |
| Other | - | - | - | - |
| Depreciation | - | - | 27,838 | 13,850 |
| Total operating expenses | 2,362,842 | 2,928,537 | 2,092,018 | 150,223 |
| Operating income (loss) | 2,991,683 | 31,727 | (116,760) | (59,945) |
| Nonoperating revenues (expenses) | | | | |
| Investment income | 1,202 | 2,007 | - | 387 |
| Interest expense | (1,245,083) | - | - | - |
| Gain (loss) on sale of capital assets | - | - | - | (2,805) |
| Total nonoperating revenues (expenses) | (1,243,881) | 2,007 | - | (2,418) |
| Income (loss) before transfers | 1,747,802 | 33,734 | (116,760) | (62,363) |
| Transfers | | | | |
| Transfers in | - | - | 110,000 | - |
| Transfers out | - | - | - | - |
| Total transfers | - | - | 110,000 | - |
| Change in net position | 1,747,802 | 33,734 | (6,760) | (62,363) |
| Net position, beginning of year | 106,874 | 459,904 | 400,835 | 136,178 |
| Net position, end of year | \$ 1,854,676 | \$ 493,638 | \$ 394,075 | \$ 73,815 |

| Mailing Department | Motor Pool | Risk Management | Investment Pool | Employee Benefits | Retiree Health Savings Plan | Total |
|--------------------|-------------------|-------------------|-----------------|---------------------|-----------------------------|---------------------|
| \$ 176,863 | \$ 22,557 | \$ 949 | \$ - | \$ - | \$ - | \$ 249,106 |
| - | 152,524 | - | - | - | - | 161,147 |
| - | - | 1,444,331 | 50,000 | 7,455,524 | 251,301 | 19,376,833 |
| - | - | 5,500 | - | - | - | 152,788 |
| <u>176,863</u> | <u>175,081</u> | <u>1,450,780</u> | <u>50,000</u> | <u>7,455,524</u> | <u>251,301</u> | <u>19,939,874</u> |
| - | - | 46,163 | 13,494 | 30,622 | - | 1,012,475 |
| - | - | 23,764 | 8,944 | 7,304,041 | - | 12,732,389 |
| 164,396 | - | 212 | - | 459 | - | 186,477 |
| 12,467 | 46,300 | 2,039,808 | 27,561 | (859) | 251,301 | 3,529,264 |
| - | - | - | - | 9,867 | - | 9,867 |
| - | 105,038 | - | - | - | - | 146,726 |
| <u>176,863</u> | <u>151,338</u> | <u>2,109,947</u> | <u>49,999</u> | <u>7,344,130</u> | <u>251,301</u> | <u>17,617,198</u> |
| - | 23,743 | (659,167) | 1 | 111,394 | - | 2,322,676 |
| - | - | 9,600 | - | 18,722 | 5 | 31,923 |
| - | - | - | - | - | - | (1,245,083) |
| - | 10,000 | - | - | - | - | 7,195 |
| - | 10,000 | 9,600 | - | 18,722 | 5 | (1,205,965) |
| - | 33,743 | (649,567) | 1 | 130,116 | 5 | 1,116,711 |
| - | - | - | - | - | - | 110,000 |
| - | - | (50,000) | - | - | - | (50,000) |
| - | - | (50,000) | - | - | - | 60,000 |
| - | 33,743 | (699,567) | 1 | 130,116 | 5 | 1,176,711 |
| - | 424,824 | 1,345,056 | - | 4,566,594 | 264 | 7,440,529 |
| <u>\$ -</u> | <u>\$ 458,567</u> | <u>\$ 645,489</u> | <u>\$ 1</u> | <u>\$ 4,696,710</u> | <u>\$ 269</u> | <u>\$ 8,617,240</u> |

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2014

| | MERS (DB) Retirement | MERS (DC) Retirement | Information Systems & Services | Equipment Revolving |
|--|-------------------------|-------------------------|--------------------------------------|------------------------|
| Cash flows from operating activities | | | | |
| Receipts from interfund services provided | \$ 5,195,094 | \$ 2,920,812 | \$ 1,970,922 | \$ 90,278 |
| Payments to employees | - | (55,045) | (1,405,036) | (19,664) |
| Payments to suppliers | (1,903,964) | (2,830,021) | (636,445) | (125,847) |
| Net cash provided by (used in) operating activities | 3,291,130 | 35,746 | (70,559) | (55,233) |
| Cash flows from noncapital financing activities | | | | |
| Principal paid on long-term debt | (2,715,000) | - | - | - |
| Interest paid on long-term debt | (471,999) | - | - | - |
| Transfers in | - | - | 110,000 | - |
| Transfers out | - | - | - | - |
| Net cash provided by (used in) noncapital financing activities | (3,186,999) | - | 110,000 | - |
| Cash flows from capital and related financing activities | | | | |
| Proceeds from the sale of capital assets | - | - | - | - |
| Payments for capital asset acquisition | - | - | (30,098) | - |
| Net cash provided by (used in) capital and related financing activities | - | - | (30,098) | - |
| Cash flows from investing activities | | | | |
| Investment income | 1,025 | 1,288 | - | 305 |
| Net change in cash and investment pool | 105,156 | 37,034 | 9,343 | (54,928) |
| Cash and investment pool, beginning of year | 106,352 | 472,020 | 448,874 | 124,227 |
| Cash and investment pool, end of year | \$ 211,508 | \$ 509,054 | \$ 458,217 | \$ 69,299 |
| Cash flows from operating activities | | | | |
| Operating income (loss) | \$ 2,991,683 | \$ 31,727 | \$ (116,760) | \$ (59,945) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | - | - | 27,838 | 13,850 |
| Changes in assets and liabilities: | | | | |
| Receivables, net | (214,359) | (38,395) | (4,336) | - |
| Due from other funds | - | 44 | - | - |
| Net pension asset | 409,411 | - | - | - |
| Other assets | - | 2,417 | (8,983) | - |
| Accounts payable | 49,467 | 38,299 | 24,782 | (9,636) |
| Accrued liabilities | - | 680 | 8,096 | 125 |
| Due to other funds | 54,928 | (1,101) | - | - |
| Accrued compensated absences | - | 2,075 | (1,196) | 373 |
| Net cash provided by (used in) operating activities | \$ 3,291,130 | \$ 35,746 | \$ (70,559) | \$ (55,233) |

| Mailing Department | Motor Pool | Risk Management | Investment Pool | Employee Benefits | Retiree Health Savings Plan | Total |
|--------------------|------------|-----------------|-----------------|-------------------|-----------------------------|---------------|
| \$ 176,863 | \$ 180,919 | \$ 1,466,045 | \$ 50,000 | \$ 7,240,871 | \$ 246,172 | \$ 19,537,976 |
| - | - | (68,915) | (22,109) | (30,960) | - | (1,601,729) |
| (174,961) | (11,919) | (1,357,727) | (35,231) | (7,300,639) | (246,216) | (14,622,970) |
| 1,902 | 169,000 | 39,403 | (7,340) | (90,728) | (44) | 3,313,277 |
| - | - | - | - | - | - | (2,715,000) |
| - | - | - | - | - | - | (471,999) |
| - | - | - | - | - | - | 110,000 |
| - | - | (50,000) | - | - | - | (50,000) |
| - | - | (50,000) | - | - | - | (3,126,999) |
| - | 10,000 | - | - | - | - | 10,000 |
| - | (202,799) | - | - | - | - | (232,897) |
| - | (192,799) | - | - | - | - | (222,897) |
| - | - | 6,376 | - | 12,040 | 3 | 21,037 |
| 1,902 | (23,799) | (4,221) | (7,340) | (78,688) | (41) | (15,582) |
| 18,463 | 351,695 | 2,344,359 | 13,904 | 4,826,047 | 306 | 8,706,247 |
| \$ 20,365 | \$ 327,896 | \$ 2,340,138 | \$ 6,564 | \$ 4,747,359 | \$ 265 | \$ 8,690,665 |
| \$ - | \$ 23,743 | \$ (659,167) | \$ 1 | \$ 111,394 | \$ - | \$ 2,322,676 |
| - | 105,038 | - | - | - | - | 146,726 |
| - | - | 15,265 | - | (223,513) | (5,129) | (470,467) |
| - | 5,685 | - | - | 8,860 | - | 14,589 |
| - | - | - | - | - | - | 409,411 |
| - | - | - | - | 5,471 | - | (1,095) |
| 1,902 | 34,381 | (8,644) | - | (18,166) | 5,145 | 117,530 |
| - | - | 690,070 | 202 | 34,424 | - | 733,597 |
| - | 153 | 867 | (7,670) | (8,860) | (60) | 38,257 |
| - | - | 1,012 | 127 | (338) | - | 2,053 |
| \$ 1,902 | \$ 169,000 | \$ 39,403 | \$ (7,340) | \$ (90,728) | \$ (44) | \$ 3,313,277 |

COUNTY OF SAGINAW, MICHIGAN

Fiduciary Funds

Trust & 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 the HealthSource of Saginaw operating millage and debt service.

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.

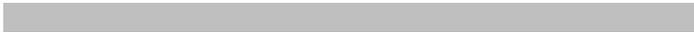
Medical Spending Reimbursement Fund - This fund is used to account for the collection and distribution of pre-tax monies used for medical expenses incurred by employees of the County.

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Fiduciary Net Position

Agency Funds
September 30, 2014

| | Trust & Agency | State Education Tax | Library Penal Fine |
|---------------------------------|---------------------|---------------------------|--------------------------|
| Assets | | | |
| Cash and investment pool | \$ 1,596,617 | \$ 6,672,333 | \$ 214,056 |
| Receivables (net): | | | |
| Taxes | - | - | - |
| Accounts | 1,477,613 | - | 2,535 |
| Accrued interest | 39 | - | 1,193 |
| Total assets | <u>\$ 3,074,269</u> | <u>\$ 6,672,333</u> | <u>\$ 217,784</u> |
| Liabilities | | | |
| Accounts payable | \$ 360,318 | \$ 10 | \$ - |
| Deposits payable | 2,362,084 | - | - |
| Due to other governmental units | 351,867 | 6,672,323 | 217,784 |
| Total liabilities | <u>\$ 3,074,269</u> | <u>\$ 6,672,333</u> | <u>\$ 217,784</u> |



| Hospital Millage | Dependent Care | Medical Spending Reimbursement | Total |
|---------------------|-----------------|--------------------------------|----------------------|
| \$ 1,030,210 | \$ 1,308 | \$ 8,548 | \$ 9,523,072 |
| 36,548 | - | - | 36,548 |
| - | 952 | - | 1,481,100 |
| 3,293 | - | - | 4,525 |
| <u>\$ 1,070,051</u> | <u>\$ 2,260</u> | <u>\$ 8,548</u> | <u>\$ 11,045,245</u> |
| \$ - | \$ 2,260 | \$ 3,211 | \$ 365,799 |
| - | - | - | 2,362,084 |
| 1,070,051 | - | 5,337 | 8,317,362 |
| <u>\$ 1,070,051</u> | <u>\$ 2,260</u> | <u>\$ 8,548</u> | <u>\$ 11,045,245</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, 2014

| | Brownfield Redevelopment Authority | Adjustments | Statement of Net Position |
|---|--|---------------------|------------------------------|
| Assets | | | |
| Cash and investment pool | \$ 1,305,721 | \$ - | \$ 1,305,721 |
| Accrued interest receivable | 3,019 | - | 3,019 |
| Total assets | <u>\$ 1,308,740</u> | <u>-</u> | <u>1,308,740</u> |
| Liabilities | | | |
| Long-term liabilities: | | | |
| Due within one year | \$ - | 14,559 | 14,559 |
| Due in more than one year | - | 45,671 | 45,671 |
| Total liabilities | <u>-</u> | <u>60,230</u> | <u>60,230</u> |
| Fund balance | | | |
| Unassigned | <u>1,308,740</u> | <u>(1,308,740)</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 1,308,740</u> | | |
| Net position | | | |
| Unrestricted | | <u>1,248,510</u> | <u>1,248,510</u> |
| Total net position | | <u>\$ 1,248,510</u> | <u>\$ 1,248,510</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, 2014

| | Brownfield Redevelopment Authority | Adjustments | Statement of Activities |
|--|--|--------------------|----------------------------|
| Revenues | | | |
| Property taxes | \$ 16,521 | \$ - | \$ 16,521 |
| Reimbursements | 97,182 | - | 97,182 |
| Investment income | 6,771 | - | 6,771 |
| Total revenues | <u>120,474</u> | <u>-</u> | <u>120,474</u> |
| Expenditures / expenses | | | |
| Current: | | | |
| Community and economic development | 162,078 | - | 162,078 |
| Debt service: | | | |
| Principal | 171,189 | (171,189) | - |
| Interest and fiscal charges | 3,726 | - | 3,726 |
| Total expenditures / expenses | <u>336,993</u> | <u>(171,189)</u> | <u>165,804</u> |
| Net change in fund balance | (216,519) | 216,519 | - |
| Change in net position | - | (45,330) | (45,330) |
| Fund balance / net position, beginning of year | <u>1,525,259</u> | <u>(231,419)</u> | <u>1,293,840</u> |
| Fund balance / net position, end of year | <u>\$ 1,308,740</u> | <u>\$ (60,230)</u> | <u>\$ 1,248,510</u> |

COUNTY OF SAGINAW, MICHIGAN

■ Department of Public Works

Component Unit of Saginaw County

Department of Public Works Debt Service Fund (DPW) - 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 principal and interest 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 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, 2014

| | Debt Service | Adjustments | Statement of Net Position |
|---|----------------------|-------------------|---------------------------|
| Assets | | | |
| Cash and investment pool | \$ 547,971 | \$ - | \$ 547,971 |
| Due from other governmental units | 14,757,000 | 201,730 | 14,958,730 |
| Total assets | <u>\$ 15,304,971</u> | <u>201,730</u> | <u>15,506,701</u> |
| Liabilities | | | |
| Accounts payable | \$ 336,650 | - | 336,650 |
| Accrued liabilities | - | 201,730 | 201,730 |
| Unearned revenue | 12,655 | - | 12,655 |
| Long-term liabilities: | | | |
| Due within one year | - | 932,000 | 932,000 |
| Due in more than one year | - | 13,825,000 | 13,825,000 |
| Total liabilities | <u>349,305</u> | <u>14,958,730</u> | <u>15,308,035</u> |
| Deferred inflows of resources | | | |
| Unavailable revenue -lease receivable | 14,757,000 | (14,757,000) | - |
| Fund balances/net position | | | |
| Restricted for: | | | |
| Debt service | 198,666 | (198,666) | - |
| Total liabilities deferred inflow of resources and fund balances | <u>\$ 15,304,971</u> | | |
| Net position | | | |
| Restricted for: | | | |
| Debt service | | <u>\$ 198,666</u> | <u>\$ 198,666</u> |

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, 2014

| | Debt Service | Adjustments | Statement of Activities |
|--|-------------------|--------------------|-------------------------|
| Revenues | | | |
| Local grants and contributions | \$ 2,598,743 | \$ (2,114,343) | \$ 484,400 |
| Investment income | 728 | - | 728 |
| Total revenues | <u>2,599,471</u> | <u>(2,114,343)</u> | <u>485,128</u> |
| Expenditures / expenses | | | |
| Current: | | | |
| Public works | 3,782 | - | 3,782 |
| Debt service: | | | |
| Principal | 1,990,000 | (1,990,000) | - |
| Interest and fiscal charges | 590,908 | (40,839) | 550,069 |
| Total expenditures / expenses | <u>2,584,690</u> | <u>(2,030,839)</u> | <u>553,851</u> |
| Change in net position | 14,781 | (83,504) | (68,723) |
| Fund balances / net position, beginning of year | <u>183,885</u> | <u>83,504</u> | <u>267,389</u> |
| Fund balances / net position, end of year | <u>\$ 198,666</u> | <u>\$ -</u> | <u>\$ 198,666</u> |

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Department of Public Works Component Unit - Proprietary Fund
September 30, 2014

| | Administration |
|--------------------------|-----------------------|
| Assets | |
| Cash and investment pool | \$ 42,109 |
| Liabilities | |
| Accounts payable | 60 |
| Accrued liabilities | 1,661 |
| Total liabilities | 1,721 |
| Net position | |
| Unrestricted | \$ 40,388 |

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, 2014

| | Administration |
|---------------------------------|-------------------------|
| Operating revenues | |
| Licenses and permits | <u>\$ 72,043</u> |
| Operating expenses | |
| Personal services | 17,052 |
| Fringe benefits | 5,410 |
| Supplies | 403 |
| Services and charges | <u>45,303</u> |
| Total operating expenses | <u>68,168</u> |
| Operating income | 3,875 |
| Net position, beginning of year | <u>36,513</u> |
| Net position, end of year | <u><u>\$ 40,388</u></u> |

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Department of Public Works Component Unit - Proprietary Fund
 For the Year Ended September 30, 2014

Administration

| | |
|--|-------------------------|
| Cash flows from operating activities | |
| Receipts from customers | \$ 72,043 |
| Payments to employees | (20,869) |
| Payments to suppliers | (48,676) |
| | <hr/> |
| Net cash provided by operating activities | 2,498 |
| Cash and cash equivalents, beginning of year | <hr/> 39,611 |
| Cash and cash equivalents, end of year | <u><u>\$ 42,109</u></u> |
| Cash flows from operating activities | |
| Operating income | \$ 3,875 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | |
| Changes in assets and liabilities: | |
| Accounts payable | (2,970) |
| Accrued liabilities | 1,593 |
| | <hr/> |
| Net cash provided by operating activities | <u><u>\$ 2,498</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 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 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, 2014

| | Debt Service Funds | | Capital Projects Funds | |
|---|---------------------|----------------------|--------------------------------|---------------------|
| | Chapter 8 Drains | Chapter 20 Drains | Special Assessment Drain | Chapter 8 Drains |
| Assets | | | | |
| Cash and investment pool | \$ 229,141 | \$ 244,140 | \$ 4,858,090 | \$ 2,084 |
| Receivables (net): | | | | |
| Special assessments | 834,953 | 816,396 | - | - |
| Accounts | - | - | 31,874 | - |
| Due from other funds | - | - | 269,640 | - |
| Capital assets: | | | | |
| Assets not being depreciated | - | - | - | - |
| Assets being depreciated, net | - | - | - | - |
| Total assets | <u>\$ 1,064,094</u> | <u>\$ 1,060,536</u> | <u>\$ 5,159,604</u> | <u>\$ 2,084</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 87,766 | \$ 1,490,913 | \$ 2,084 |
| Accrued liabilities | - | - | - | - |
| Due to other funds | - | - | 2,671 | 267,848 |
| Advances from primary government | - | - | - | - |
| Long-term liabilities: | | | | |
| Due within one year | - | - | - | - |
| Due in more than one year | - | - | - | - |
| Total liabilities | <u>-</u> | <u>87,766</u> | <u>1,493,584</u> | <u>269,932</u> |
| Deferred inflows of resources | | | | |
| Unavailable revenue - special assessments | 834,953 | 816,396 | - | - |
| Fund balances (deficit)/net position | | | | |
| Restricted for: | | | | |
| Debt service | 229,141 | 156,374 | - | - |
| Capital projects | - | - | 3,666,020 | (267,848) |
| Total fund balances (deficit) | <u>229,141</u> | <u>156,374</u> | <u>3,666,020</u> | <u>(267,848)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,064,094</u> | <u>\$ 1,060,536</u> | <u>\$ 5,159,604</u> | <u>\$ 2,084</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 |
| \$ 400,000 | \$ 82,371 | \$ 5,815,826 | \$ - | \$ 5,815,826 |
| - | - | 1,651,349 | - | 1,651,349 |
| - | 4,246 | 36,120 | - | 36,120 |
| - | 879 | 270,519 | (270,519) | - |
| - | - | - | 576,008 | 576,008 |
| - | - | - | 34,811,196 | 34,811,196 |
| <u>\$ 400,000</u> | <u>\$ 87,496</u> | <u>\$ 7,773,814</u> | <u>35,116,685</u> | <u>42,890,499</u> |
| \$ - | \$ 785 | 1,581,548 | - | 1,581,548 |
| - | - | - | 16,152 | 16,152 |
| - | - | 270,519 | (270,519) | - |
| 400,000 | - | 400,000 | - | 400,000 |
| - | - | - | 608,023 | 608,023 |
| - | - | - | 1,475,484 | 1,475,484 |
| <u>400,000</u> | <u>785</u> | <u>2,252,067</u> | <u>1,829,140</u> | <u>4,081,207</u> |
| - | - | 1,651,349 | (1,651,349) | - |
| - | - | 385,515 | (385,515) | - |
| - | 86,711 | 3,484,883 | (3,484,883) | - |
| - | 86,711 | 3,870,398 | (3,870,398) | - |
| <u>\$ 400,000</u> | <u>\$ 87,496</u> | <u>\$ 7,773,814</u> | | |
| | | | 33,303,697 | 33,303,697 |
| | | | 369,363 | 369,363 |
| | | | 3,484,883 | 3,484,883 |
| | | | 1,651,349 | 1,651,349 |
| | | | <u>\$ 38,809,292</u> | <u>\$ 38,809,292</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, 2014

| | Debt Service Funds | | Capital Projects Funds | |
|---|---------------------|----------------------|--------------------------------|---------------------|
| | Chapter 8 Drains | Chapter 20 Drains | Special Assessment Drain | Chapter 8 Drains |
| Revenues | | | | |
| Special assessments | \$ 258,954 | \$ - | \$ 448,454 | \$ - |
| Local grants and contributions | 146,542 | 600,789 | 82,462 | - |
| Investment income | 986 | 434 | 12,705 | 2 |
| Reimbursements | - | - | 254,266 | - |
| Total revenues | 406,482 | 601,223 | 797,887 | 2 |
| Expenditures / expenses | | | | |
| Current: | | | | |
| Public works | 248,100 | - | 832,224 | 232,007 |
| Depreciation | - | - | - | - |
| Debt service: | | | | |
| Principal | 562,334 | 550,000 | - | - |
| Interest and fiscal charges | 50,723 | 50,815 | - | - |
| Total expenditures | 861,157 | 600,815 | 832,224 | 232,007 |
| Revenues over (under) expenditures/expenses | (454,675) | 408 | (34,337) | (232,005) |
| Other financing sources (uses) | | | | |
| Issuance of long-term debt | 452,442 | - | - | - |
| Transfers in | - | - | 92,216 | - |
| Transfers out | (92,061) | - | (83) | (72) |
| Total other financing sources (uses) | 360,381 | - | 92,133 | (72) |
| Net change in fund balances | (94,294) | 408 | 57,796 | (232,077) |
| Change in net position | - | - | - | - |
| Fund balances / net position (deficit), beginning of year | 323,435 | 155,966 | 3,608,224 | (35,771) |
| Fund balances / net position (deficit), end of year | \$ 229,141 | \$ 156,374 | \$ 3,666,020 | \$ (267,848) |

| Capital Projects Funds | | | | |
|------------------------|-----------------------------|--------------------------|---------------|-------------------------|
| Revolving Drain | Revolving Drain Maintenance | Total Governmental Funds | Adjustments | Statement of Activities |
| \$ - | \$ - | \$ 707,408 | \$ (939,225) | \$ (231,817) |
| - | - | 829,793 | - | 829,793 |
| - | 265 | 14,392 | - | 14,392 |
| - | 62,769 | 317,035 | - | 317,035 |
| - | 63,034 | 1,868,628 | (939,225) | 929,403 |
| - | 40,029 | 1,352,360 | (513,490) | 838,870 |
| - | - | - | 1,243,989 | 1,243,989 |
| - | - | 1,112,334 | (1,112,334) | - |
| - | - | 101,538 | (17,113) | 84,425 |
| - | 40,029 | 2,566,232 | (398,948) | 2,167,284 |
| - | 23,005 | (697,604) | (540,277) | (1,237,881) |
| - | - | 452,442 | (452,442) | - |
| - | - | 92,216 | (92,216) | - |
| - | - | (92,216) | 92,216 | - |
| - | - | 452,442 | (452,442) | - |
| - | 23,005 | (245,162) | (992,719) | - |
| - | - | - | - | (1,237,881) |
| - | 63,706 | 4,115,560 | 35,931,613 | 40,047,173 |
| \$ - | \$ 86,711 | \$ 3,870,398 | \$ 34,938,894 | \$ 38,809,292 |

SINGLE AUDIT ACT COMPLIANCE

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

March 31, 2015

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 31, 2015, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. 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, 2014

| 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 | \$ 4,791 |
| Cash assistance | | | | |
| National School Lunch Program - Children's Facility | 10.555 | MDE | 730008002 | 46,715 |
| | | | | <u>51,506</u> |
| Women and Infant Care | 10.557 | MDCH | N/A | 754,970 |
| Women and Infant Care - Breastfeeding | 10.557 | MDCH | N/A | 38,826 |
| | | | | <u>793,796</u> |
| SNAP Cluster: | | | | |
| Food Assistance & Employment Training Type A | 10.561 | WDA | N/A | 107,430 |
| Food Assistance & Employment Training / SS Type B | 10.561 | WDA | N/A | 1,740 |
| | | | | <u>109,170</u> |
| Total U.S. Department of Agriculture | | | | <u>954,472</u> |
| U.S. Department of Housing and Urban Development | | | | |
| CDBG - State-Administered Small Cities Program Cluster: | | | | |
| Community Development Block Grant - PIP Loan Administration | 14.228 | MSHDA | N/A | 1,200 |
| HOME Grant (PIP Plus Loan Administration) | 14.239 | Roscommon | N/A | 1,359 |
| Healthy Homes Demonstration Grants: | | | | |
| Healthy Homes and Lead Hazard Control | 14.901 | Direct | MILHB0467-10 | 757,231 |
| Total U.S. Department of Housing and Urban Development | | | | <u>759,790</u> |
| U.S. Department of Justice | | | | |
| Juvenile Accountability Block Grants: | | | | |
| Truancy Early Intervention X & XI | 16.523 | MDHS | JAIBG-12-73001 | 43,101 |
| Juvenile Justice and Delinquency Prevention-Allocation to States: | | | | |
| Multicultural Training Program | 16.540 | MDHS | JJDMC-14-73001 | 96,660 |
| State Criminal Alien Assistance Program | 16.606 | Direct | N/A | 4,300 |
| Bulletproof Vest Partnership Program | 16.607 | Direct | N/A | 1,399 |
| JAG Program Cluster: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | Direct | 2011-DJ-BX-2265 | 81,513 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | Direct | 2012-DJ-BX-0221 | 58,719 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | Direct | 2013-DJ-BX-0391 | 19,422 |
| Prosecutor's BAYANET-Bay Area Narcotics Enforcement Team | 16.738 | MSP | 2013-DJ-BX-0109 | 18,595 |
| Prosecutor's Major Crimes Prosecution Project | 16.738 | MSP | 2013-DJ-BX-0109 | 209,501 |
| | | | | <u>387,750</u> |
| Total U.S. Department of Justice | | | | <u>533,210</u> |

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2014

| Federal Grantor / Pass-Through Grantor / Program Title | CFDA Number | Passed Through | Pass-through / Grantor Number | Federal Expenditures |
|---|-------------|----------------|-------------------------------|----------------------|
| U.S. Department of Labor | | | | |
| Employment Services Cluster: | | | | |
| Employment Service | 17.207 | WDA | N/A | \$ 602,419 |
| ARRA - Reemployment Services (RES EUC) | 17.225 | WDA | N/A | 34,338 |
| RES/REA for Claimants | 17.225 | WDA | N/A | 43,057 |
| | | | | <u>77,395</u> |
| Trade Adjustment Assistance: | | | | |
| Trade Adjustment Assistance | 17.245 | WDA | N/A | 6,169 |
| Trade Case Management | 17.245 | WDA | N/A | 633,447 |
| | | | | <u>639,616</u> |
| Workforce Investment Act Cluster: | | | | |
| Workforce Investment Act - Adult | 17.258 | WDA | N/A | 1,184,440 |
| Workforce Investment Act - Administration | 17.258 | WDA | N/A | 97,505 |
| Workforce Investment Act - One Stop Operations | 17.258 | WDA | N/A | 20,508 |
| Workforce Investment Act - Youth | 17.259 | WDA | N/A | 1,078,225 |
| Workforce Investment Act - Administration | 17.259 | WDA | N/A | 104,093 |
| Workforce Investment Act - One Stop Operations | 17.259 | WDA | N/A | 21,894 |
| Workforce Investment Act - DW Job Driven Emerg Grant | 17.277 | WDA | N/A | 5,554 |
| Workforce Investment Act - TRW NEG | 17.277 | WDA | N/A | 310,379 |
| Workforce Investment Act - WIA DW NEG RES | 17.277 | WDA | N/A | 117,068 |
| Workforce Investment Act - Dislocated Worker | 17.278 | WDA | N/A | 962,504 |
| Workforce Investment Act - One Stop Operations | 17.278 | WDA | N/A | 26,883 |
| Workforce Investment Act - Administration | 17.278 | WDA | N/A | 127,810 |
| | | | | <u>4,056,863</u> |
| Total U.S. Department of Labor | | | | <u>5,376,293</u> |
| U.S. Department of Transportation | | | | |
| Airport Improvement Program: | | | | |
| Airport Improvement Program | 20.106 | MDOT-A | B-26-0114-1811 | 14,108 |
| Airport Improvement Program | 20.106 | MDOT-A | B-26-0114-1911 | 20,080 |
| Airport Improvement Program | 20.106 | MDOT-A | B-26-0114-2011 | 243,060 |
| | | | | <u>277,248</u> |
| Urban Planning - FHWA | 20.205 | MDOT | N/A | <u>240,920</u> |
| Federal Transit Cluster: | | | | |
| Urban Planning - FTA | 20.500 | MDOT | N/A | <u>21,788</u> |
| Rural Transit Assistance Program (RTAP) | 20.509 | MPTA | N/A | <u>3,804</u> |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 20.513 | MPTA | 2007-0283-Z2 | <u>57,330</u> |
| Highway Safety Cluster: | | | | |
| Police Traffic Services (Alcohol Reduction S.C.A.R.E.) | 20.600 | MSP | PT-14-32 | 67,429 |
| Adult Felony Drug Court (Alcohol Traffic Safety & Drunk Driving Prevention Incentive) | 20.601 | SCAO | SCAO-14-527 | 47,195 |
| | | | | <u>114,624</u> |
| Total U.S. Department of Transportation | | | | <u>715,714</u> |

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2014

| Federal Grantor / Pass-Through Grantor / Program Title | CFDA Number | Passed Through | Pass-through / Grantor Number | Federal Expenditures |
|---|-------------|----------------|-------------------------------|----------------------|
| U.S. Environment of Protection Agency | | | | |
| Cap Grant for the State Drinking Water Revolving Loan Fund Program | 66.468 | MDEQ | FS97548707 | \$ 300 |
| Michigan Agriculture Environmental Assurance Program (MAEAP) Clean Sweep Program | 66.469 | MDARD | 791N4300126 | <u>20,473</u> |
| Total U.S. Environmental Protection Agency | | | | <u>20,773</u> |
| U.S. Department of Health and Human Services | | | | |
| Aging Cluster: | | | | |
| Evidence Based Programs | 93.043 | MOAS | N/A | 11,317 |
| Case Coordination and Support | 93.044 | MOAS | N/A | 73,092 |
| Case Coordination and Support - In-Home Support Services | 93.044 | MOAS | N/A | 43,195 |
| Outreach | 93.044 | MOAS | N/A | 17,603 |
| Transportation | 93.044 | MOAS | N/A | 10,286 |
| Senior Center Staffing - MO | 93.044 | MOAS | N/A | 10,005 |
| Senior Center Staffing | 93.044 | MOAS | N/A | 9,000 |
| Senior Center Operations | 93.044 | MOAS | N/A | 7,000 |
| Nutrition - Title III C-1 Congregate | 93.045 | MOAS | N/A | 112,242 |
| Nutrition - Title III C-2 HDM | 93.045 | MOAS | N/A | 210,640 |
| Nutrition Services Incentive Program - Congregate | 93.053 | MOAS | N/A | 37,065 |
| Nutrition Services Incentive Program - HDM | 93.053 | MOAS | N/A | <u>124,500</u> |
| | | | | <u>665,945</u> |
| National Family Caregiver Support, Title III, Part E: | | | | |
| Title III E Kinship Care | 93.052 | MOAS | N/A | 3,181 |
| National Family Caregiver Support Program | 93.052 | MOAS | N/A | 52,867 |
| Supplemental funds - Title III E | 93.052 | MOAS | N/A | 14,065 |
| | | | | <u>70,113</u> |
| Public Health Emergency Preparedness: | | | | |
| Bioterrorism - Focus A | 93.069 | MDCH | N/A | 138,322 |
| Bioterrorism - Focus C | 93.069 | MDCH | N/A | <u>82,605</u> |
| | | | | <u>220,927</u> |
| Project Hope / HIV/STI Peer Education | 93.135 | UM | 5-U48-DP-001901-02 | <u>15,000</u> |
| Family Planning General Services | 93.217 | MDCH | N/A | <u>95,956</u> |
| Immunization Cluster: | | | | |
| Immunizations - IAP | 93.268 | MDCH | N/A | 87,365 |
| Federally Funded Vaccines | 93.268 | MDCH | N/A | <u>198,832</u> |
| | | | | <u>286,197</u> |
| ACA - Maternal, Infant & Early Childhood Home Visiting Programs: | | | | |
| MIECHV | 93.505 | MDCH | N/A | 4,761 |
| NFP (Nurse Family Partnership) | 93.505 | MDCH | N/A | <u>255,750</u> |
| | | | | <u>260,511</u> |

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2014

| 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) | | | | |
| TANF Cluster: | | | | |
| TANF - JET Supportive Services Type E | 93.558 | WDA | N/A | \$ 171,478 |
| TANF - JET Type T | 93.558 | WDA | N/A | 2,781,743 |
| | | | | <u>2,953,221</u> |
| Child Enforcement Support: | | | | |
| Title IV-D Maintenance Assistance (Federal Incentive) (FOC) | 93.563 | MDHS | CSFOC-13-73001 | 303,186 |
| Title IV-D Cooperative Reimbursement Program (FOC) | 93.563 | MDHS | CSFOC-13-73001 | 2,344,726 |
| Title IV-D Cooperative Reimbursement Program (PA) | 93.563 | MDHS | CSPA-13-73002 | 351,388 |
| | | | | <u>2,999,300</u> |
| Federal Access and Visitation | 93.597 | SCAO | N/A | <u>5,950</u> |
| Foster Care Independence Program - SYEP (Summer Youth) | 93.674 | WDA | N/A | <u>31,875</u> |
| Medicaid Cluster: | | | | |
| Medicaid Outreach - Laboratory | 93.778 | MDCH | N/A | 12,015 |
| CSHCS Medicaid Outreach | 93.778 | MDCH | N/A | 9,487 |
| CSHCS Outreach & Advocacy | 93.778 | MDCH | N/A | 56,500 |
| Medicaid Outreach - Dental Services | 93.778 | MDCH | N/A | 7,728 |
| Medicaid Outreach - Nursing Services | 93.778 | MDCH | N/A | 40,024 |
| Medicaid Reimbursement - TCM | 93.778 | MOAS | N/A | 8,619 |
| POS Waiver | 93.778 | MOAS | N/A | 117,062 |
| | | | | <u>251,435</u> |
| Healthy Start Initiative | 93.926 | Direct | N/A | <u>433,546</u> |
| HIV/AIDS Prevention Counseling | 93.940 | MDCH | N/A | <u>29,878</u> |
| STD Prevention Control Grant | 93.977 | MDCH | N/A | <u>53,668</u> |
| STD Prevention Services | 93.991 | MDCH | N/A | <u>27,097</u> |
| Maternal and Child Health Services Block Grant: | | | | |
| Local MCH Block Grant | 93.994 | MDCH | N/A | 197,324 |
| Childhood Lead Poisoning Education & Outreach | 93.994 | MDCH | N/A | 12,500 |
| Childhood Lead Poisoning Prevention | 93.994 | MDCH | N/A | 7,500 |
| | | | | <u>217,324</u> |
| STD Control Services (Laboratory Services) | 93.997 | MDCH | N/A | <u>120,232</u> |
| Total U.S. Department of Health and Human Services | | | | <u>8,738,175</u> |
| Corporation for National and Community Service | | | | |
| Foster Grandparent Program | 94.011 | Direct | 13SFNMI006 | <u>242,224</u> |

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2014

| 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 | \$ 3,500 |
| Emergency Food and Shelter National Board Program | 97.024 | UWSC | 481400-005 | 967 |
| Emergency Management Performance Grant | 97.042 | MSP | EMW-2014-EP-00023-S01 | 40,843 |
| | | | | <u>40,843</u> |
| 3rd District Regional Homeland Security Grant | 97.067 | Alcona | EMW-2011-SS-00103 | 35,317 |
| 3rd District Regional Homeland Security Grant | 97.067 | Alcona | EMW-2012-SS-00055 | 1,289 |
| 3rd District Regional Homeland Security Grant | 97.067 | Alcona | EMW-2013-SS-00049 | 4,738 |
| | | | | <u>41,344</u> |
| Total U.S. Department of Homeland Security | | | | <u>86,654</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 17,427,305</u> |
| | | | | Concluded |

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, 2014. 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, 2014, 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 |
|----------------------------------|--|
| Alcona | Alcona County, Michigan |
| MDARD | Michigan Department of Agriculture and Rural Development |
| MDCH | Michigan Department of Community Health |
| MDE | Michigan Department of Education |
| 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 |
| 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 |
| Roscommon | Roscommon County, Michigan |
| SCAO | State Court Administrative Office |
| UM | Regents of the University of Michigan |
| UWSC | United Way of Saginaw County |
| WDA | Workforce Development Agency |

4. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided the following federal awards to subrecipients.

| Program Title | CFDA Number | Amount Provided to Subrecipients |
|--|-------------|----------------------------------|
| Food Assistance & Employment Training Edward Byrne Memorial Justice Assistance Grant Program | 10.561 | \$ 86,136 |
| Employment Service | 16.738 | 78,141 |
| RES/REA for Claimants | 17.207 | 398,570 |
| Trade Adjustment Assistance | 17.225 | 73,709 |
| Workforce Investment Act | 17.245 | 622,620 |
| Workforce Investment Act | 17.258 | 955,647 |
| Workforce Investment Act | 17.259 | 1,013,030 |
| Workforce Investment Act | 17.278 | 744,938 |
| Workforce Investment Act | 17.277 | 402,139 |
| TANF | 93.558 | 1,841,960 |
| Foster Care Independence Program | 93.674 | 28,620 |



**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 31, 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, Michigan* (the "County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2014. Our report includes a reference to other auditors who audited the financial statements of the County of Saginaw Road Commission, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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*.

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 Lohman 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**

March 31, 2015

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, Michigan* (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, 2014. 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 \$1,332,132 and \$4,775,405 in federal awards, respectively, which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2014. 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 those entities arranged for separate audits 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, 2014.

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
For the Year Ended September 30, 2014**

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

17.207
17.245
93.558
93.044, 93.045, 93.053

Name of Federal Program or Cluster

Employment Services Cluster
Trade Adjustment Assistance
TANF Cluster
Aging Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 522,819

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

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2014

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

COUNTY OF SAGINAW, MICHIGAN

■ Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2014

No matters were reported.

■ ■ ■ ■ ■