

COUNTY OF SAGINAW, MICHIGAN

Year Ended
September 30,
2015

Financial
Statements and
Single Audit Act
Compliance

COUNTY OF SAGINAW, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

March 30, 2016

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, 2015, 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 61 percent, 75 percent, and 19 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, 2015, 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.

Implementation of GASB Statement No. 68

As described in Note 18, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Accordingly, beginning net position of governmental activities, the MERS (DB) Retirement internal service fund and the Saginaw County Community Mental Health component unit were restated. Our opinion is not modified with respect to this matter.

Restatement of Beginning Net Position of the Delinquent Tax Revolving Enterprise Fund and Business-type Activities

As discussed in Note 18 to the financial statements, the beginning net position of the Delinquent Tax Revolving enterprise fund and business-type activities was restated (i.e., increased) by \$2,853,462 to properly recognize revenue related to unrecorded interest and fees accrued on delinquent taxes receivable. Our opinion is not modified with respect to this matter.

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 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 30, 2016, 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

As management of the *County of Saginaw, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The County implemented GASB Statement No. 68 in the current year. In addition to expanded disclosure requirements, the County is required to report its net pension liability on the statement of net position. This change has resulted in a negative unrestricted net position of \$48,757,864 in governmental activities.
- The assets and deferred outflows of resources of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,424,567 (net position).
- The County's total net position decreased by \$4,427,595 during 2015.
- 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 \$38,080,526, a decrease of \$1,220,350 in comparison with the prior year. Approximately 78 percent of this total amount, or \$29,747,795, 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 unrestricted fund balance of \$16,856,729, or 46.1 percent of total general fund expenditures. Total fund balance for the General Fund was \$17,314,703.
- The County's total primary government debt (except for compensated absences) decreased by \$2,034,824 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, deferred outflows of resources and liabilities, with the difference 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 on long-term debt).

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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.

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 a blended component unit 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 statement of revenues, expenditures, and changes in fund balances for the General Fund, Health Department Fund, Michigan Works! Fund, Planning Commission Fund, and Public Improvement 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 have been provided herein to demonstrate compliance with the budgets of the major special revenue funds.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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.

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 information concerning the County's progress in funding its obligation to provide pension and other post employment benefits to its employees as well as other supplementary information such as the combining and individual fund financial statements.

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 and deferred outflows of resources exceeded liabilities by \$9,424,567 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 63,669,553	\$ 116,174,669	\$ 29,134,146	\$ 23,807,448	\$ 92,803,699	\$ 139,982,117
Capital assets, net	22,528,596	22,878,384	21,037,435	21,408,889	43,566,031	44,287,273
Total assets	86,198,149	139,053,053	50,171,581	45,216,337	136,369,730	184,269,390
Deferred outflows of resources	734,693	-	-	-	734,693	-
Liabilities						
Long-term liabilities	49,818,315	53,207,640	18,205,127	16,943,813	68,023,442	70,151,453
Other liabilities	57,382,502	43,589,505	2,273,912	2,303,752	59,656,414	45,893,257
Total liabilities	107,200,817	96,797,145	20,479,039	19,247,565	127,679,856	116,044,710

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Net Position						
Net investment in capital assets	\$ 20,773,419	\$ 20,747,383	\$ 17,932,435	\$ 17,623,889	\$ 38,705,854	\$ 38,371,272
Restricted	7,716,470	10,143,392	-	-	7,716,470	10,143,392
Unrestricted (deficit)	(48,757,864)	11,365,133	11,760,107	8,344,883	(36,997,757)	19,710,016
Total net position	\$ (20,267,975)	\$ 42,255,908	\$ 29,692,542	\$ 25,968,772	\$ 9,424,567	\$ 68,224,680

One of the largest portions of the County's net position, \$38,705,854 (exceeding total net position) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, vehicles); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$7,716,470 represents resources that are subject to external restrictions on how they may be used. This leaves a negative net position of \$36,997,757 as unrestricted net position.

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position for the government as a whole. The third category of unrestricted net position is reporting a negative balance due to the implementation of GASB Statement No. 68.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 28,298,555	\$ 26,451,369	\$ 8,717,204	\$ 8,002,568	\$ 37,015,759	\$ 34,453,937
Operating grants and contributions	34,672,046	34,770,212	-	-	34,672,046	34,770,212
Capital grants and contributions	-	-	1,179,645	723,407	1,179,645	723,407
General revenues:						
Property taxes	36,995,108	36,053,632	1,063,476	1,065,319	38,058,584	37,118,951
Accommodations tax	2,841,604	2,723,736	-	-	2,841,604	2,723,736
Grants and contributions not restricted to specific program	866,288	837,899	-	-	866,288	837,899
Other revenue, net	156,110	176,127	433,856	416,899	589,966	593,026
Total revenues	103,829,711	101,012,975	11,394,181	10,208,193	115,223,892	111,221,168

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

	Changes in Net Position (Continued)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2014	2013
Expenses						
Legislative	\$ 547,771	\$ 527,622	\$ -	\$ -	\$ 547,771	\$ 527,622
Judicial	18,709,562	18,154,610	-	-	18,709,562	18,154,610
General government	14,201,237	12,581,773	-	-	14,201,237	12,581,773
Public safety	29,031,795	29,003,552	-	-	29,031,795	29,003,552
Public works	834,919	852,562	-	-	834,919	852,562
Health and welfare	39,549,336	40,082,514	-	-	39,549,336	40,082,514
Community and economic development	4,183,653	5,560,378	-	-	4,183,653	5,560,378
Recreation and culture	2,026,155	2,069,809	-	-	2,026,155	2,069,809
Interest on long-term debt	1,882,744	785,184	-	-	1,882,744	785,184
Delinquent tax revolving	-	-	1,238,414	701,836	1,238,414	701,836
Delinquent tax foreclosure	-	-	1,522,765	1,569,533	1,522,765	1,569,533
Building Authority Event Center	-	-	4,765,890	4,668,275	4,765,890	4,668,275
Building Authority administration	-	-	88,646	77,926	88,646	77,926
Parking system	-	-	115,740	106,106	115,740	106,106
Harry W. Browne Airport	-	-	458,095	482,615	458,095	482,615
Inmate services	-	-	494,765	460,029	494,765	460,029
Total expenses	110,967,172	109,618,004	8,684,315	8,066,320	119,651,487	117,684,324
Change in net position before transfers	\$ (7,137,461)	\$ (8,605,029)	\$ 2,709,866	\$ 2,141,873	\$ (4,427,595)	\$ (6,463,156)
Transfers	1,839,558	1,954,450	(1,839,558)	(1,954,450)	-	-
Change in net position	(5,297,903)	(6,650,579)	870,308	187,423	(4,427,595)	(6,463,156)
Net position:						
Beginning of year	42,255,908	48,906,487	25,968,772	25,781,349	68,224,680	74,687,836
Restatement	(57,225,980)	-	2,853,462	-	(54,372,518)	-
	(14,970,072)	48,906,487	28,822,234	25,781,349	13,852,162	74,687,836
Net position, end of year	\$ (20,267,975)	\$ 42,255,908	\$ 29,692,542	\$ 25,968,772	\$ 9,424,567	\$ 68,224,680

Governmental activities. Governmental activities decreased the County's net position by \$5,297,903 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 2014 to FY 2015 showed an increase of \$2,816,736 (2.8 percent). The County saw more revenue in the areas of charges for services, property taxes, and accommodation's tax and less revenue in the areas of operating grants and contributions, and other revenue. The County Treasurer continues to be conservative in investments to keep them in 100% FDIC insured accounts which typically pay a slightly lower rate for interest.
- Expenses increased during the year as compared to the prior year by \$1,349,168 (1.2 percent). This was mainly in the areas of general government and interest on long-term debt.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

Business-type activities. Business-type activities increased the County's net position by \$870,308. Key elements of this increase are as follows:

- Revenues increased 11.6 percent, or \$1,185,988 mainly in the area of charges for services, and capital grants and contributions due to the increase in the Event Center of contributed money for the FirstMerit pavilion.
- Expenses increased 7.7 percent, or \$617,995, mainly as a result of increased activity within the delinquent tax revolving and building authority event center funds.
- Transfers netted out to a decrease of \$114,892 or 5.9 percent. This is a result of a decrease of \$100,000 in the amount transferred out from the delinquent tax revolving fund into the general fund from prior 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.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$38,080,526, a decrease of \$1,220,350 in comparison with the prior year. Approximately 78 percent of this total amount (\$29,747,795) constitutes unrestricted fund balance. However, the unrestricted fund balance amount is further separated into committed fund balance (\$4,558,529), assigned fund balance (\$19,828,371) and unassigned fund balance (\$5,360,895). 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 2 percent of the total fund balance amount (\$583,008) 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 (\$36,050) and special revenue funds (\$101,958). The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside for: 1) specific purposes (\$7,674,381), 2) pay debt service (\$72,376), or 3) for permanent trusts (\$2,966).

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 \$11,439,332 and the unassigned portion was \$5,417,397, while total fund balance amounted to \$17,314,703. As a measure of the General Fund's liquidity, it may be useful to compare unassigned and assigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 46 percent of total General Fund expenditures, while total fund balance represents 47 percent of that same amount.

The fund balance of the County's General Fund increased by \$1,130,139 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue remained relatively stagnant with a slight increase of \$135,462 (0.6 percent).
- State grants increased by \$868,386 (13.7 percent) mainly due to an increase in State shared revenues.
- Charges for services increased by \$117,721 (2.4 percent) due to an increase in monies collected by the Register of Deeds office for real estate transfer tax and recording fees.
- Reimbursements increased by \$257,951 (7.5 percent) due to an increase in indirect charges allocated to other departments of \$404,772 offset with a decrease in reimbursements from MDOC diverted felons being held in the County Jail and from inmates of \$147,968.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- Expenditures remained relatively flat overall with the largest increase occurring in a new area of contributions to the postemployment health benefits trust fund of \$1,258,187. This was due to a budgeted contribution of \$372,607 in addition to the adoption of a new budget surplus distribution policy by the Board of Commissioners that allocated one-third of the general fund surplus to the postemployment health benefits trust fund. The amount of this surplus distribution for 2015 was \$885,579.
- Transfers in decreased by \$131,792 (2.3 percent) mainly due to a decrease in the amount transferred in from the Delinquent Tax Revolving fund of \$100,000.
- Transfers out increased by \$302,801 (4.3 percent) mainly in the appropriations to the Health Department fund (\$598,466) due to the elimination of the program by the State of Michigan to match available dollars for DSH payments made to support resident county hospitalization. The appropriation to the Child Care fund increased by \$205,556 to cover expenditures due to the reallocation of personnel and the appropriation to the Law Enforcement fund increased by \$63,754 due to this fund having a budgetary and actual deficit in excess of the policy amount for 2015. These increases were offset by decreases in appropriations to MSU Extension (\$87,453), Emergency Services (\$22,151), Planning Commission (\$28,129), and Prosecutor Special Projects (\$15,332). It should also be noted that an appropriation to the Public Improvement fund (\$885,580) was made pursuant to a new policy adopted by the Board of Commissioners that one-third of the general fund surplus be transferred to this fund. The amount of this transfer was a decrease of \$413,763 from the prior fiscal year amount (\$1,299,343).

The Health Department fund had a decrease in fund balance for the current year of \$1,673,031, for an ending total of \$1,292,933. This decrease was the result of several factors including a large decrease in revenues offset with a smaller decrease in expenditures. Also, the Health Department was required to transfer the remaining substance abuse fund balance to the designated regional entity as created by State of Michigan.

The debt service funds have a total fund balance of \$72,376 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 \$34,745.

The capital project funds have a total fund balance of \$5,934,352, of which \$5,662,568 is restricted for public improvement and \$254,583 and \$14,451 are assigned for mainframe conversion project and parks building and site, respectively.

The permanent fund has a fund balance of \$39,016, of which \$36,050 is nonspendable and the remaining \$2,966 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 \$10,462,360, while unrestricted net position for the Building Authority Event Center amounted to \$665,013. The combined unrestricted net position of the nonmajor enterprise funds and the internal service funds were \$579,973 and \$7,325,983, respectively, at the end of the year. The Delinquent Tax Revolving Fund had an increase in net position for the year of \$451,557, whereas the Building Authority Event Center had an increase of \$434,616. The combined decrease in net position of the nonmajor enterprise funds was \$24,294 and the combined increase in net position of the internal service funds was \$588,875 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 for enterprise funds and governmental activities for internal service funds.

General Fund budgetary highlights. The differences between the original budget and final amended budget for expenditures resulted in a 0.10 percent decrease (\$36,804 decrease in appropriations); whereas the difference between the original budget and final amended budget for revenues resulted in a 0.02 percent increase (\$9,466 increase in revenues). All of these budgetary adjustments were offset by either an adjustment to other expenditures and transfers out or to revenues and transfers in and use of fund balance.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

The budgetary differences are summarized as follows:

- Towards the beginning of the year, an adjustment was made to amend the various budgets to reflect the costs for indirect and ISS charges as determined by the finalized cost allocation plan and ISS user rate plan pursuant to approval by the Board of Commissioners. This adjustment allocated a \$17,203 increase to reimbursement revenue and a \$7,737 decrease in federal grant revenue as well as the following affect on expenditures: a \$8,091 decrease in legislative functions, a \$36,684 increase in judicial functions, a \$39,761 decrease in general government functions, a \$9,095 increase in public safety functions, a \$4,983 decrease in health and welfare functions and a \$16,522 increase in transfers out to the Law Enforcement fund.
- During the year, a \$9,800 increase was allocated to the Board of Commissioners activity offset with a decrease in the contributions to postemployment health benefits trust fund to provide for the contract with Prima Civitas to facilitate the strategic planning session held by the Board pursuant to the approval by the Board of Commissioners.
- A \$5,376 increase was allocated to the Medical Examiners activity offset with a decrease in the contributions to postemployment health benefits trust fund to provide for the rental of office space at the Health Department pursuant to the approval by the Board of Commissioners.
- During the year, a \$25,550 decrease was allocated to the Circuit Court activity offset with an increase in the transfers out to the Special Projects fund to provide for a local cash match required for a Strategic Planning and Performance Improvement grant award.

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 expected no change in fund balance.

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

- The positive variance in property taxes of \$791,526 occurred due to not budgeting for money received from unpaid leased lands, PILT as well as the interest earned on delinquent and personal property taxes. Also, while preparing the 2015 budget, we were extremely conservative in the estimates for property taxes by budgeting a decrease of 1.04% in revenue and actual revenue increased 0.6% from the prior year.
- The unfavorable variance in state grants of \$112,610 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 favorable variance in charges for services of \$580,729 is manly due to receiving higher than anticipated court costs in 70th District Court.
- The unfavorable variance in fines and forfeitures of \$167,512 is due to lower than anticipated revenue received from the collection of local ordinance fines and costs by District Court.
- 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 previous fiscal years which further increased the delay in the filling of vacancies.
- The unfavorable variance in contributions to postemployment health benefits trust fund and in transfers out occurred mainly as a result of the transfer of one-third of the surplus to both the Postemployment Health Benefits Trust fund and the Public Improvement fund pursuant to the County Policy as approved by the Board of Commissioners.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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, 2015, and September 30, 2014, along with the amount and percentage of increases and decreases in relation to the 2014 fund balance:

	2015	2014	Variance from 2014	Percent Increase/ (Decrease)
Revenues	\$ 40,608,079	\$ 39,315,110	\$ 1,292,969	3.29%
Expenditures	(36,590,009)	(36,212,096)	(377,913)	1.04%
Revenues over expenditures	4,018,070	3,103,014	915,056	
Other financing sources (uses)				
Transfers in	4,435,439	4,567,231	(131,792)	-2.89%
Transfers out	(7,323,370)	(7,020,569)	(302,801)	4.31%
Net change in fund balances	1,130,139	649,676	480,463	
Fund balance, beginning of year	16,184,564	15,534,888	649,676	
Fund balance, end of year	\$ 17,314,703	\$ 16,184,564	\$ 1,130,139	6.98%

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

	General Fund Fund Balance Analysis		
	Nonspendable	Assigned and Unassigned	Total Fund Balance
Fund balance, beginning of year	\$ 445,000	\$ 15,739,564	\$ 16,184,564
Fiscal year 2015 transactions:			
Excess revenue over expenditures	12,974	4,005,096	4,018,070
Total other financing sources (uses)	-	(2,887,931)	(2,887,931)
Fiscal year net increase (decrease)	12,974	1,117,165	1,130,139
Fund balance, end of year	\$ 457,974	\$ 16,856,729	\$ 17,314,703

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 \$11,439,332 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 \$5,430,371 or 12.3 percent of the most current Board approved General Fund budget. These amounts are presented as assigned and unassigned fund balance, respectively, in the governmental funds balance sheet.

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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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.

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 23.4 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, 2015 amounted to \$43,566,031 (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 1.6 percent (a 1.5 percent decrease for governmental activities and a 1.7 percent decrease for business-type activities).

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

- Construction continued on the Bay/Zilwaukee portion of the Great Lakes Bay Rail Trail at a cost of \$441,320 and will be placed in service early fiscal 2016.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- Commission on Aging replaced concrete on the front of their building and installed a new sidewalk on the east side of their building for \$6,400 as well as purchased a three door freezer for \$5,712 and two double deck convection ovens for \$7,240 each.
- Animal Control received several needed updates including a new security camera system (\$8,809) and renovations to the reception area (\$8,861).
- A second entrance door was added to the Courthouse from the Adams Street entrance at a cost of \$5,644 as well as upgrades to the fire alarm system and the installation of a remote annunciator in the conference room on the first floor at a cost of \$12,345. Upgrades to the security system and card access control system were also made at the Courthouse totaling \$30,450.
- Family Division upgrading three of their court hearing rooms audio video systems at a total cost of \$63,787.
- Several copiers were purchased for various departments at a cost of \$36,096 as well as a new server and storage for the Register of Deeds at a cost of \$37,041.
- Several vehicles were replaced in various county departments at a total cost of \$239,719.
- Renovations continued to the FirstMerit pavilion across from the Dow Event Center to add facilities to the outdoor building at a cost of \$244,832.
- Construction continued on the runway joint/crack repair project at Harry W. Browne Airport at a cost of \$128,995 and the update to the airport layout plan began at a cost of \$70,641.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
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	840,223	408,253	674,071	276,989	1,514,294	685,242
Land improvements	5,338,738	5,561,538	3,597,996	3,849,622	8,936,734	9,411,160
Buildings and improvements	10,812,491	11,272,400	12,579,078	12,959,572	23,391,569	24,231,972
Machinery and equipment	1,320,187	1,370,376	438,327	482,890	1,758,514	1,853,266
Office furniture & fixtures	62,854	60,898	27,183	27,882	90,037	88,780
Planning and development	-	-	1,326,039	1,422,675	1,326,039	1,422,675
Vehicles	604,296	655,112	18,732	13,251	623,028	668,363
Total	\$ 22,528,596	\$ 22,878,384	\$ 21,037,435	\$ 21,408,890	\$ 43,566,031	\$ 44,287,274

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

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding (less accrued compensated absences) of \$92,468,909. Of this amount, \$85,564,499 comprises debt backed by the full faith and credit of the government and \$6,873,088 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	
	2015	2014	2015	2014	2015	2014
Primary Government						
General obligation bonds	\$ 48,120,177	\$ 51,421,001	\$ 3,105,000	\$ 3,185,000	\$ 51,225,177	\$ 54,606,001
Delinquent tax notes	-	-	15,095,000	13,149,000	15,095,000	13,149,000
Promissory note	-	-	-	600,000	-	600,000
Component Units						
Revolving loans	222,424	1,147,888	-	-	222,424	1,147,888
Capital Lease	331,322	119,621	-	-	331,322	119,621
General obligation bonds and notes	25,594,986	22,256,834	-	-	25,594,986	22,256,834
Total	\$ 74,268,909	\$ 74,945,344	\$ 18,200,000	\$ 16,934,000	\$ 92,468,909	\$ 91,879,344

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

	Amount	Issue	Rate
2015 Series GOL Delinquent Tax Notes	\$ 12,405,000	5/26/2015	1.1862%
Arlington Park Subdivision Drain Bonds, Series 2015	4,685,000	6/29/2015	3.00% - 3.75%
Freeland Tile Drain Bonds, Series 2015	745,000	6/29/2015	1.50% - 3.50%
Wilson Creek No. 2 Drain Bonds, Series 2014	355,000	12/30/2014	1.20% - 3.20%

The County's total debt increased by \$589,565 (0.6 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 \$538,581,904, 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 2016 fiscal year:

- Property Taxes - Estimates received from the County Equalization Department anticipated that property tax revenue for the General Fund would increase by 2.19% for fiscal 2016 while property tax revenue for the special millage funds would increase by 0.65% for fiscal 2016.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- **Wages and Fringe Benefits** - The County's authorized staff count saw a decrease from 2015 to 2016 with the reduction of 10.10 F.T.E.'s or 623.13 F.T.E.'s budgeted for. The wage rates for these positions were frozen without increase for fiscal 2016 as all labor contracts were set to expire September 30, 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 down from \$19,900 per covered employee to \$9,200 per full time position. This change in allocation method 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 as well as provide for the most equitable approach in allocating this cost. 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 2016 as anticipated due to staff turnover and staff reductions. However, at the August 2015 Board of Commissioner's meeting, it was approved to use fund balance in an amount of \$22,984 to fund MSU Extension at a higher level of support than originally recommended. We also 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 has been carried over into FY 2016 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, the Board of Commissioners engaged a process of developing a Strategic Plan for the County. The Board created a mission and vision statement and also discussed various goals and priorities that were submitted by departments. There were six major priorities identified by the Board during this process: addressing legacy costs, jail renovation, budgeting for capital improvements, investing in animal control, undergoing a county compensation study, and developing a countywide technology plan. These priorities will impact future budget cycles in various ways including where the Board prioritizes departmental budget requests.
- Also during FY 2015, the Board of Commissioners created a Retiree Healthcare Task Force. This Task Force was 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. A final recommendation will be presented to the Board in FY 2016 that will impact future budget cycles.
- 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investment pool	\$ 44,306,060	\$ 11,965,328	\$ 56,271,388	\$ 32,266,776
Receivables (net)	18,743,066	17,067,634	35,810,700	31,453,133
Internal balances	30,873	(30,873)	-	-
Inventory	-	119,279	119,279	1,679,224
Prepays	189,554	12,778	202,332	1,099,981
Advances to component unit	400,000	-	400,000	-
Capital assets:				
Assets not being depreciated	4,390,030	3,050,080	7,440,110	44,525,094
Assets being depreciated, net	18,138,566	17,987,355	36,125,921	164,049,106
Total assets	86,198,149	50,171,581	136,369,730	275,073,314
Deferred outflows of resources				
Deferred pension amounts	734,693	-	734,693	365,512
Liabilities				
Accounts payable and accrued liabilities	13,802,193	1,889,978	15,692,171	22,590,062
Unearned revenue	415,524	96,094	511,618	186,537
Advances from primary government	-	-	-	400,000
Long-term liabilities:				
Due within one year	4,968,789	100,000	5,068,789	2,775,350
Due in more than one year	44,849,526	18,105,127	62,954,653	24,484,174
Net pension liability	8,104,788	-	8,104,788	4,228,745
Net other postemployment benefit obligation	35,059,997	287,840	35,347,837	4,757,984
Total liabilities	107,200,817	20,479,039	127,679,856	59,422,852
Net position				
Net investment in capital assets	20,773,419	17,932,435	38,705,854	196,196,986
Restricted for:				
Debt service	-	-	-	7,760,730
Public safety	788,665	-	788,665	-
Public works	149,068	-	149,068	-
Health and welfare	59,805	-	59,805	3,404,378
Community and economic development	31,710	-	31,710	6,357,006
Recreation	114,098	-	114,098	-
Register of Deeds	868,790	-	868,790	-
Public improvement	5,665,318	-	5,665,318	-
Endowment:				
Nonexpendable	36,050	-	36,050	-
Expendable	2,966	-	2,966	-
Unrestricted (deficit)	(48,757,864)	11,760,107	(36,997,757)	2,296,874
Total net position (deficit)	\$ (20,267,975)	\$ 29,692,542	\$ 9,424,567	\$ 216,015,974

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2015

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	\$ 547,081	\$ 690	\$ -	\$ -	\$ -	\$ (547,771)
Judicial	18,227,829	481,733	3,702,139	5,275,764	-	(9,731,659)
General government	16,272,810	(2,071,573)	8,074,517	5,877,762	-	(248,958)
Public safety	28,828,893	202,902	9,370,323	2,298,828	-	(17,362,644)
Public works	827,549	7,370	604,874	384,163	-	154,118
Health and welfare	38,216,884	1,332,452	6,358,673	20,099,175	-	(13,091,488)
Community and economic development	4,170,748	12,905	30,211	716,828	-	(3,436,614)
Recreation and culture	1,995,514	30,641	157,818	19,526	-	(1,848,811)
Interest on long-term debt	1,882,744	-	-	-	-	(1,882,744)
Total governmental activities	110,970,052	(2,880)	28,298,555	34,672,046	-	(47,996,571)
Business-type activities:						
Delinquent tax revolving	1,238,414	-	3,164,236	-	-	1,925,822
Delinquent tax foreclosure	1,522,765	-	1,118,787	-	-	(403,978)
Building Authority Event Center	4,765,874	16	3,167,458	-	985,000	(613,432)
Building Authority administration	88,646	-	17,401	-	-	(71,245)
Parking system	115,408	332	103,927	-	-	(11,813)
Harry W. Browne Airport	457,868	227	312,111	-	194,645	48,661
Inmate services	492,460	2,305	833,284	-	-	338,519
Total business-type activities	8,681,435	2,880	8,717,204	-	1,179,645	1,212,534
Total primary government	\$ 119,651,487	\$ -	\$ 37,015,759	\$ 34,672,046	\$ 1,179,645	\$ (46,784,037)
Component units						
Road Commission	\$ 20,445,362	\$ -	\$ 98,251	\$ 20,558,925	\$ -	\$ 211,814
Brownfield Redevelopment Authority	1,455	-	-	15,914	-	14,459
Department of Public Works	553,559	-	46,712	44	586,609	79,806
Drain Commission	1,892,584	-	-	133,175	6,623,606	4,864,197
Economic Development Corporation	14,085	-	-	-	-	(14,085)
Land Bank Authority	5,666,311	-	300	6,343,110	16,403	693,502
Saginaw County Community Mental Health Authority	76,237,990	-	2,206,223	71,597,494	810,753	(1,623,520)
Total component units	\$ 104,811,346	\$ -	\$ 2,351,486	\$ 98,648,662	\$ 8,037,371	\$ 4,226,173

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, 2015

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net (expense) revenue	\$ (47,996,571)	\$ 1,212,534	\$ (46,784,037)	\$ 4,226,173
General revenues:				
Property taxes	36,995,108	1,063,476	38,058,584	6,835
Accommodations tax	2,841,604	-	2,841,604	-
Grants and contributions not restricted to specific programs	866,288	-	866,288	-
Investment income - interest earned	158,913	433,856	592,769	347,374
Loss on sale of capital assets	(2,803)	-	(2,803)	-
Transfers - internal activities	1,839,558	(1,839,558)	-	-
Special item - fair market value adjustment - inventory	-	-	-	(2,904,269)
Total general revenues, transfers and special item	42,698,668	(342,226)	42,356,442	(2,550,060)
Change in net position	(5,297,903)	870,308	(4,427,595)	1,676,113
Net position (deficit), beginning of year, as restated	(14,970,072)	28,822,234	13,852,162	214,339,861
Net position (deficit), end of year	\$ (20,267,975)	\$ 29,692,542	\$ 9,424,567	\$ 216,015,974

Concluded

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

COUNTY OF SAGINAW, MICHIGAN

Balance Sheet

Governmental Funds
September 30, 2015

	Special Revenue Funds				Capital Projects Fund
	General	Health Department	Michigan Works!	Planning Commission	Public Improvement
Assets					
Cash and investment pool	\$ 14,896,003	\$ 3,534,822	\$ 298,620	\$ 82,169	\$ 4,755,201
Receivables (net):					
Taxes	4,538,519	-	-	-	-
Accounts	1,467,723	354,549	3,905	-	-
Loans	-	-	-	2,150,544	-
Accrued interest	26,707	-	665	31	6,917
Due from other funds	848,378	-	-	-	948,246
Due from other governmental units	742,657	508,111	1,216,787	90,832	-
Advances to other funds	45,000	-	-	-	-
Advances to component units	400,000	-	-	-	-
Prepays	12,974	942	56,460	-	2,750
Total assets	<u>\$ 22,977,961</u>	<u>\$ 4,398,424</u>	<u>\$ 1,576,437</u>	<u>\$ 2,323,576</u>	<u>\$ 5,713,114</u>
Liabilities					
Accounts payable	\$ 1,612,529	\$ 2,700,063	\$ 1,323,959	\$ 28,562	\$ 47,796
Accrued liabilities	931,627	205,988	57,747	10,273	-
Deposits payable	-	23,403	-	-	-
Due to other funds	887,498	1,500	-	62,974	-
Due to other governmental units	-	169,802	-	235,032	-
Unearned revenue	-	4,735	194,731	-	-
Total liabilities	<u>3,431,654</u>	<u>3,105,491</u>	<u>1,576,437</u>	<u>336,841</u>	<u>47,796</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	2,231,604	-	-	-	-
Unavailable revenue - long-term receivables	-	-	-	1,915,513	-
Total deferred inflows of resources	<u>2,231,604</u>	<u>-</u>	<u>-</u>	<u>1,915,513</u>	<u>-</u>
Fund balances					
Nonspendable	457,974	942	56,460	-	2,750
Restricted	-	-	-	31,710	5,662,568
Committed	-	-	-	-	-
Assigned	11,439,332	1,291,991	-	39,512	-
Unassigned (deficit)	5,417,397	-	(56,460)	-	-
Total fund balances	<u>17,314,703</u>	<u>1,292,933</u>	<u>-</u>	<u>71,222</u>	<u>5,665,318</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,977,961</u>	<u>\$ 4,398,424</u>	<u>\$ 1,576,437</u>	<u>\$ 2,323,576</u>	<u>\$ 5,713,114</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,336,943	\$ 35,903,758
149,398	4,687,917
2,696,617	4,522,794
572,898	2,723,442
18,969	53,289
357,803	2,154,427
3,844,865	6,403,252
-	45,000
-	400,000
28,832	101,958
<u>\$ 20,006,325</u>	<u>\$ 56,995,837</u>
\$ 3,040,392	\$ 8,753,301
943,319	2,148,954
16,370	39,773
1,133,439	2,085,411
47,507	452,341
155,502	354,968
<u>5,336,529</u>	<u>13,834,748</u>
120,547	2,352,151
<u>812,899</u>	<u>2,728,412</u>
<u>933,446</u>	<u>5,080,563</u>
64,882	583,008
2,055,445	7,749,723
4,558,529	4,558,529
7,057,536	19,828,371
(42)	5,360,895
<u>13,736,350</u>	<u>38,080,526</u>
<u>\$ 20,006,325</u>	<u>\$ 56,995,837</u>

COUNTY OF SAGINAW, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
September 30, 2015

Fund balances - total governmental funds	\$ 38,080,526
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	4,390,030
Capital assets, being depreciated	18,138,566
Less: Internal service fund capital assets, net	(347,626)
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	(240,000)
Deferred inflows for long-term receivables	5,080,563
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(8,104,788)
Deferred outflows related to the net pension liability	734,693
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
	7,620,848
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	(48,120,177)
Other postemployment benefit obligation	(35,059,997)
Accrued interest on bonds payable	(794,869)
Accrued compensated absences	(1,645,744)
Net position of governmental activities	<u>\$ (20,267,975)</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, 2015

	Special Revenue Funds				Capital Projects Fund
	General	Health Department	Michigan Works!	Planning Commission	Public Improvement
Revenues					
Property taxes	\$ 23,180,007	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	213,074	405,189	-	-	-
Federal grants	339,332	2,116,464	9,373,429	475,244	-
State grants	7,218,166	2,542,626	754,276	16,975	-
Local grants and contributions	6,500	708,467	-	-	-
Charges for services	5,125,534	1,371,086	-	-	-
Fines and forfeitures	758,288	-	-	-	-
Investment income	62,226	-	327	70	15,444
Rental revenue	-	-	-	-	-
Donations	-	47,192	-	-	-
Reimbursements	3,689,477	1,798,710	1,459,841	-	-
Other revenue	15,475	540,008	-	31,753	-
Total revenues	40,608,079	9,529,742	11,587,873	524,042	15,444
Expenditures					
Current:					
Legislative	503,081	-	-	-	-
Judicial	11,514,075	-	-	-	-
General government	11,170,509	-	-	-	202,429
Public safety	10,139,889	-	-	-	-
Public works	154,436	-	-	-	-
Health and welfare	1,517,451	12,715,261	11,587,873	-	-
Community and economic development	300,545	-	-	541,143	-
Recreation and culture	-	-	-	-	-
Contributions to postemployment health benefits trust fund	1,258,187	-	-	-	-
Capital outlay	31,836	6,560	-	-	215,716
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	36,590,009	12,721,821	11,587,873	541,143	418,145
Revenues over (under) expenditures	4,018,070	(3,192,079)	-	(17,101)	(402,701)
Other financing sources (uses)					
Transfers in	4,435,439	1,519,048	-	47,524	998,246
Transfers out	(7,323,370)	-	-	-	-
Total other financing sources (uses)	(2,887,931)	1,519,048	-	47,524	998,246
Net change in fund balances	1,130,139	(1,673,031)	-	30,423	595,545
Fund balances, beginning of year	16,184,564	2,965,964	-	40,799	5,069,773
Fund balances, end of year	\$ 17,314,703	\$ 1,292,933	\$ -	\$ 71,222	\$ 5,665,318

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 13,791,944	\$ 36,971,951
2,841,604	2,841,604
29,011	647,274
4,535,335	16,839,804
6,494,769	17,026,812
391,014	1,105,981
6,800,131	13,296,751
309,856	1,068,144
52,099	130,166
396,515	396,515
321,987	369,179
7,939,727	14,887,755
42,030	629,266
<u>43,946,022</u>	<u>106,211,202</u>
-	503,081
5,179,931	16,694,006
1,815,634	13,188,572
16,772,535	26,912,424
579,628	734,064
11,797,664	37,618,249
3,332,679	4,174,367
1,846,101	1,846,101
-	1,258,187
943,558	1,197,670
3,300,824	3,300,824
1,895,942	1,895,942
<u>47,464,496</u>	<u>109,323,487</u>
<u>(3,518,474)</u>	<u>(3,112,285)</u>
5,318,379	12,318,636
<u>(3,103,331)</u>	<u>(10,426,701)</u>
<u>2,215,048</u>	<u>1,891,935</u>
(1,303,426)	(1,220,350)
<u>15,039,776</u>	<u>39,300,876</u>
<u>\$ 13,736,350</u>	<u>\$ 38,080,526</u>

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, 2015

Net change in fund balances - total governmental funds	\$ (1,220,350)
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	911,210
Net book value of disposed capital assets	(7,901)
Depreciation expense	(1,341,565)
Revenues in the funds that represent repayment of taxes or loans receivable that do not affect the statement of activities	(233,619)
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	3,300,824
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	13,197
Change in net pension liability and related deferred amounts	(2,959,998)
Change in net other postemployment benefit obligation	(4,408,966)
Change in accrued compensated absences	68,819
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	608,538
Operating income from governmental activities in internal service funds charged to business-type activities	(8,429)
Federal grant income from governmental internal service funds	5,803
State grant income from governmental internal service funds	967
Investment income from governmental internal service funds	28,747
Loss on sale of capital assets in governmental internal service funds	(2,803)
Net interfund transfers - governmental internal service funds	(52,377)
Change in net position of governmental activities	<u>\$ (5,297,903)</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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 22,388,481	\$ 22,388,481	\$ 23,180,007	\$ 791,526
Licenses and permits	258,525	258,525	213,074	(45,451)
Federal grants	369,295	361,558	339,332	(22,226)
State grants	7,330,776	7,330,776	7,218,166	(112,610)
Local grants and contributions	6,500	6,500	6,500	-
Charges for services	4,544,805	4,544,805	5,125,534	580,729
Fines and forfeitures	925,800	925,800	758,288	(167,512)
Investment income	60,050	60,050	62,226	2,176
Reimbursements	3,655,643	3,672,846	3,689,477	16,631
Other revenue	11,351	11,351	15,475	4,124
Total revenues	39,551,226	39,560,692	40,608,079	1,047,387
Expenditures				
Current:				
Legislative - Board of Commissioners	521,828	523,417	503,081	(20,336)
Judicial:				
Circuit Court	3,653,458	3,625,083	3,430,994	(194,089)
District Court	3,722,055	3,744,774	3,560,170	(184,604)
Probate Court	938,728	941,432	882,421	(59,011)
Law Library	52,552	56,552	56,552	-
Family Division	2,648,798	2,674,794	2,638,249	(36,545)
Probation - Circuit Court	88,381	88,381	78,534	(9,847)
Probation - District Court	849,970	838,487	769,024	(69,463)
Assigned Counsel	98,469	98,042	96,714	(1,328)
Jury Commission	1,500	1,500	1,417	(83)
Total judicial	12,053,911	12,069,045	11,514,075	(554,970)
General government:				
Elections	99,400	99,400	86,705	(12,695)
Auditing	115,300	116,260	116,257	(3)
Corporate Counsel	119,000	134,750	129,692	(5,058)
County Clerk	1,292,381	1,292,502	1,250,029	(42,473)
Controller	1,371,803	1,333,858	1,279,652	(54,206)
Equalization	514,707	513,425	420,937	(92,488)
Prosecuting Attorney	3,166,208	3,159,156	2,992,770	(166,386)
Prosecuting Attorney - Welfare	545,971	534,247	503,982	(30,265)
Register of Deeds	476,581	476,581	449,182	(27,399)
County Treasurer	800,155	794,767	554,847	(239,920)
Maintenance	3,138,037	3,137,755	2,960,536	(177,219)
Maintenance - Telephone	90,000	90,000	72,665	(17,335)
Public Works Commissioner	358,379	357,382	353,255	(4,127)
Total general government	12,087,922	12,040,083	11,170,509	(869,574)

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COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
Sheriff	\$ 662,968	\$ 653,561	\$ 638,139	\$ (15,422)
Marine Law Enforcement	3,555	3,555	2,476	(1,079)
Sheriff - Jail Division	9,455,624	9,477,282	9,413,437	(63,845)
Corrections Reimbursement	95,872	92,716	85,837	(6,879)
Total public safety	10,218,019	10,227,114	10,139,889	(87,225)
Public works - Drains	245,000	245,000	154,436	(90,564)
Health and welfare:				
Medical Examiner	408,448	408,841	410,627	1,786
Veterans Burial	38,000	38,000	22,255	(15,745)
Contributions to other agencies	1,084,803	1,084,803	1,084,569	(234)
Total health and welfare	1,531,251	1,531,644	1,517,451	(14,193)
Community and economic development:				
Plat Board	600	600	395	(205)
Contributions to other agencies	301,651	301,651	300,150	(1,501)
Total community and economic development	302,251	302,251	300,545	(1,706)
Contributions to postemployment health benefits trust fund	387,783	372,607	1,258,187	885,580
Capital outlay	33,000	33,000	31,836	(1,164)
Total expenditures	37,380,965	37,344,161	36,590,009	(754,152)
Revenues over expenditures	2,170,261	2,216,531	4,018,070	1,801,539
Other financing sources (uses)				
Transfers in	4,449,890	4,449,890	4,435,439	(14,451)
Transfers out	(6,620,151)	(6,666,421)	(7,323,370)	656,949
Total other financing sources (uses)	(2,170,261)	(2,216,531)	(2,887,931)	671,400
Net change in fund balance	-	-	1,130,139	1,130,139
Fund balance, beginning of year	16,184,564	16,184,564	16,184,564	-
Fund balance, end of year	\$ 16,184,564	\$ 16,184,564	\$ 17,314,703	\$ 1,130,139

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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 422,310	\$ 422,310	\$ 405,189	\$ (17,121)
Federal grants	1,300,000	1,300,000	2,116,464	816,464
State grants	6,729,806	6,742,911	2,542,626	(4,200,285)
Local grants and contributions	475,000	-	708,467	708,467
Charges for services	2,796,859	2,796,859	1,371,086	(1,425,773)
Donations	69,513	69,513	47,192	(22,321)
Reimbursements	2,006,944	2,090,401	1,798,710	(291,691)
Other revenue	537,068	537,068	540,008	2,940
Total revenues	<u>14,337,500</u>	<u>13,959,062</u>	<u>9,529,742</u>	<u>(4,429,320)</u>
Expenditures				
Health and welfare	15,495,043	15,581,605	12,715,261	(2,866,344)
Capital outlay	-	10,000	6,560	(3,440)
Total expenditures	<u>15,495,043</u>	<u>15,591,605</u>	<u>12,721,821</u>	<u>(2,869,784)</u>
Revenues under expenditures	(1,157,543)	(1,632,543)	(3,192,079)	(1,559,536)
Other financing sources				
Transfers in	1,044,046	1,519,046	1,519,048	2
Net change in fund balance	<u>(113,497)</u>	<u>(113,497)</u>	<u>(1,673,031)</u>	<u>(1,559,534)</u>
Fund balance, beginning of year	<u>2,965,964</u>	<u>2,965,964</u>	<u>2,965,964</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,852,467</u>	<u>\$ 2,852,467</u>	<u>\$ 1,292,933</u>	<u>\$ (1,559,534)</u>

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Michigan Works! Special Revenue Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 9,263,294	\$ 15,510,202	\$ 9,373,429	\$ (6,136,773)
State grants	1,505,095	815,799	754,276	(61,523)
Investment income	1,737	1,799	327	(1,472)
Donations	1,225,263	1,225,263	-	(1,225,263)
Reimbursements	1,474,003	1,310,901	1,459,841	148,940
Total revenues	13,469,392	18,863,964	11,587,873	(7,276,091)
Expenditures				
Health and welfare	13,469,392	18,863,964	11,587,873	(7,276,091)
Net change in fund balance	-	-	-	-
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, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 740,582	\$ 740,582	\$ 475,244	\$ (265,338)
State grants	20,000	20,000	16,975	(3,025)
Investment income	600	600	70	(530)
Reimbursements	23,478	23,478	-	(23,478)
Other revenue	33,000	33,000	31,753	(1,247)
Total revenues	817,660	817,660	524,042	(293,618)
Expenditures				
Community and economic development	865,184	855,161	541,143	(314,018)
Revenues over (under) expenditures	(47,524)	(37,501)	(17,101)	20,400
Other financing sources				
Transfers in	47,524	47,524	47,524	-
Net change in fund balances	-	10,023	30,423	20,400
Fund balance, beginning of year	40,799	40,799	40,799	-
Fund balance, end of year	\$ 40,799	\$ 50,822	\$ 71,222	\$ 20,400

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2015

	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	\$ 8,779,395	\$ 1,433,652	\$ 1,752,281	\$ 11,965,328	\$ 8,402,302
Receivables (net):					
Taxes	13,703,539	41,178	-	13,744,717	-
Accounts	319,956	120,210	67,440	507,606	578,283
Accrued interest and fees	2,804,174	1,339	2,397	2,807,910	13,122
Due from other funds	-	-	-	-	193
Due from other governmental units	7,401	-	-	7,401	967
Inventory	-	85,529	33,750	119,279	-
Prepays	-	1,500	11,278	12,778	87,596
Total current assets	<u>25,614,465</u>	<u>1,683,408</u>	<u>1,867,146</u>	<u>29,165,019</u>	<u>9,082,463</u>
Noncurrent assets:					
Capital assets not being depreciated	-	1,442,196	1,607,884	3,050,080	-
Capital assets being depreciated, net	11,735	15,999,016	1,976,604	17,987,355	347,626
Total noncurrent assets	<u>11,735</u>	<u>17,441,212</u>	<u>3,584,488</u>	<u>21,037,435</u>	<u>347,626</u>
Total assets	<u>25,626,200</u>	<u>19,124,620</u>	<u>5,451,634</u>	<u>50,202,454</u>	<u>9,430,089</u>
Liabilities					
Current liabilities:					
Accounts payable	55,174	397,198	860,256	1,312,628	218,537
Accrued liabilities	1,931	115,298	16,532	133,761	1,394,418
Deposits payable	-	415,732	27,857	443,589	-
Due to other funds	-	-	63,634	63,634	5,575
Unearned revenue	-	90,167	5,927	96,094	60,556
Current portion of bonds payable	-	100,000	-	100,000	-
Total current liabilities	<u>57,105</u>	<u>1,118,395</u>	<u>974,206</u>	<u>2,149,706</u>	<u>1,679,086</u>
Noncurrent liabilities:					
Advances from other funds	-	-	20,000	20,000	25,000
Accrued compensated absences	-	-	5,127	5,127	52,394
Notes payable	15,095,000	-	-	15,095,000	-
Bonds payable, net of current portion	-	3,005,000	-	3,005,000	-
Net other postemployment benefit obligation	-	-	287,840	287,840	-
Total noncurrent liabilities	<u>15,095,000</u>	<u>3,005,000</u>	<u>312,967</u>	<u>18,412,967</u>	<u>77,394</u>
Total liabilities	<u>15,152,105</u>	<u>4,123,395</u>	<u>1,287,173</u>	<u>20,562,673</u>	<u>1,756,480</u>
Net position					
Net investment in capital assets	11,735	14,336,212	3,584,488	17,932,435	347,626
Unrestricted	10,462,360	665,013	579,973	11,707,346	7,325,983
Total net position	<u>\$ 10,474,095</u>	<u>\$ 15,001,225</u>	<u>\$ 4,164,461</u>	<u>29,639,781</u>	<u>\$ 7,673,609</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				52,761	
Net position of business-type activities				<u>\$ 29,692,542</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, 2015

	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	\$ 650,164	\$ 2,932,107	\$ 2,175,805	\$ 5,758,076	\$ 298,505
Interest income	1,490,569	-	403,979	1,894,548	-
Fines and forfeitures	-	-	24,370	24,370	-
Rental revenue	-	-	97,786	97,786	589,922
Reimbursements	-	-	6,653	6,653	14,208,027
Other revenue	1,023,503	235,351	80,896	1,339,750	76,505
Total operating revenues	3,164,236	3,167,458	2,789,489	9,121,183	15,172,959
Operating expenses					
Personal services	-	1,382,423	142,994	1,525,417	867,912
Fringe benefits	-	-	156,926	156,926	10,941,783
Supplies	50,959	424,064	480,628	955,651	320,927
Services and charges	1,113,924	1,965,533	1,756,599	4,836,056	2,211,457
Other	-	219,096	-	219,096	94,063
Depreciation	2,635	703,288	135,247	841,170	128,279
Total operating expenses	1,167,518	4,694,404	2,672,394	8,534,316	14,564,421
Operating income (loss)	1,996,718	(1,526,946)	117,095	586,867	608,538
Nonoperating revenues (expenses)					
Property taxes	-	1,063,476	-	1,063,476	-
Federal grants	-	-	189,654	189,654	5,803
State grants	-	700,000	4,991	704,991	967
Contributions	-	285,000	-	285,000	-
Investment income	25,735	3,018	1,124	29,877	28,747
Interest expense and fiscal charges	(70,896)	(87,532)	-	(158,428)	-
Loss on disposal of capital assets	-	-	-	-	(2,803)
Total nonoperating revenues (expenses)	(45,161)	1,963,962	195,769	2,114,570	32,714
Income before transfers	1,951,557	437,016	312,864	2,701,437	641,252
Transfers					
Transfers in	-	-	1,400	1,400	-
Transfers out	(1,500,000)	(2,400)	(338,558)	(1,840,958)	(52,377)
Net transfers	(1,500,000)	(2,400)	(337,158)	(1,839,558)	(52,377)
Change in net position	451,557	434,616	(24,294)	861,879	588,875
Net position, beginning of year, as restated	10,022,538	14,566,609	4,188,755		7,084,734
Net position, end of year	\$ 10,474,095	\$ 15,001,225	\$ 4,164,461		\$ 7,673,609
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				8,429	
Change in net position of business-type activities				\$ 870,308	

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, 2015

	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	\$ 4,026,701	\$ 3,080,082	\$ 3,822,308	\$ 10,929,091	\$ -
Receipts from interfund services provided	-	-	-	-	15,381,897
Payments to employees	-	(1,409,944)	(259,671)	(1,669,615)	(1,478,126)
Payments to suppliers	(1,203,941)	(2,499,246)	(2,347,666)	(6,050,853)	(13,961,372)
Net cash provided by (used in) operating activities	2,822,760	(829,108)	1,214,971	3,208,623	(57,601)
Cash flows from noncapital financing activities					
Property tax collections	-	1,063,437	-	1,063,437	-
Transfers in	-	-	1,400	1,400	-
Transfers out	(1,500,000)	(2,400)	(338,558)	(1,840,958)	(52,377)
Proceeds from issuance of long-term debt	12,405,000	-	-	12,405,000	-
Principal paid on long-term debt	(10,459,000)	-	-	(10,459,000)	-
Interest paid on long-term debt	(70,896)	(102,314)	-	(173,210)	-
Net cash provided by (used in) noncapital financing activities	375,104	958,723	(337,158)	996,669	(52,377)
Cash flows from capital and related financing activities					
Receipts from federal and state grants	-	711,323	194,645	905,968	5,803
Receipts from local contributions	-	285,000	-	285,000	-
Principal paid on long-term debt	-	(680,000)	-	(680,000)	-
Payments for capital asset acquisition	(14,370)	(244,834)	(210,511)	(469,715)	(219,550)
Net cash provided by (used in) capital and related financing activities	(14,370)	71,489	(15,866)	41,253	(213,747)
Cash flows from investing activities					
Investment income received	25,735	3,192	1,368	30,295	35,362
Net change in cash and investment pool	3,209,229	204,296	863,315	4,276,840	(288,363)
Cash and investment pool:					
Beginning of year	5,570,166	1,229,356	888,966	7,688,488	8,690,665
End of year	\$ 8,779,395	\$ 1,433,652	\$ 1,752,281	\$ 11,965,328	\$ 8,402,302

continued...

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 1,996,718	\$ (1,526,946)	\$ 117,095	\$ 586,867	\$ 608,538
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,635	703,288	135,247	841,170	128,279
Changes in operating assets and liabilities:					
Receivables, net	838,710	(65,449)	1,034,362	1,807,623	202,953
Due from other funds	-	-	-	-	(193)
Due from other governmental units	23,755	-	-	23,755	-
Inventory	-	(8,341)	3,177	(5,164)	-
Prepays	-	2,250	(565)	1,685	(58,353)
Accounts payable	(36,929)	99,128	(85,483)	(23,284)	(105,854)
Accrued liabilities	(2,129)	(11,111)	8,482	(4,758)	(818,585)
Deposits payable	-	(13,616)	(3,416)	(17,032)	-
Due to other funds	-	-	(27,568)	(27,568)	(55,260)
Unearned revenue	-	(8,311)	1,873	(6,438)	60,556
Accrued compensated absences	-	-	(4,686)	(4,686)	(19,682)
Net OPEB obligation	-	-	36,453	36,453	-
Net cash provided by (used in) operating activities	<u>\$ 2,822,760</u>	<u>\$ (829,108)</u>	<u>\$ 1,214,971</u>	<u>\$ 3,208,623</u>	<u>\$ (57,601)</u>

Concluded

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Fiduciary Net Position
 Fiduciary Funds
 September 30, 2015

	Post- Employment Health Benefits Trust Fund	Agency Funds
Assets		
Cash and investment pool	\$ 385,798	\$ 11,402,729
Investments, at fair value - mutual funds	14,658,721	-
Receivables (net):		
Taxes	-	36,269
Accounts	1,059,537	1,988,847
Accrued interest	741	2,920
Due from other governmental units	-	239,465
Total assets	<u>16,104,797</u>	<u>\$ 13,670,230</u>
Liabilities		
Accounts payable	5,250	\$ 9,136,974
Accrued liabilities	288,046	-
Deposits payable	-	2,708,822
Due to other governmental units	-	1,824,434
Total liabilities	<u>293,296</u>	<u>\$ 13,670,230</u>
Net position restricted for:		
Other postemployment benefits	<u>\$ 15,811,501</u>	

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Changes in Fiduciary Net Position Fiduciary Fund - Postemployment Health Benefits Trust Fund For the Year Ended September 30, 2015

Additions	
Contributions:	
Employer	\$ 7,375,569
Retirees	360,474
	<hr/>
Total contributions	7,736,043
	<hr/>
Investment earnings:	
Net decrease in fair value of investments	(985,362)
Interest and dividends	755,210
	<hr/>
Net investment earnings	(230,152)
	<hr/>
Total additions	7,505,891
	<hr/>
Deductions	
Participant benefits	6,343,063
Administrative expenses	149,240
	<hr/>
Total deductions	6,492,303
	<hr/>
Change in net position	1,013,588
	<hr/>
Net position, beginning of year	14,797,913
	<hr/>
Net position, end of year	\$ 15,811,501
	<hr/> <hr/>

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

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Position

Component Units
September 30, 2015

	Road Commission 12/31/2014	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Assets				
Cash and investment pool	\$ 149,897	\$ 1,317,871	\$ 720,357	\$ 9,529,788
Investments	5,551,239	-	-	-
Receivables (net)	3,810,864	2,082	13,627,100	6,931,475
Inventory	258,424	-	-	-
Prepays	760,542	-	-	-
Capital assets:				
Assets not being depreciated	39,610,161	-	-	3,813,829
Assets being depreciated, net	118,780,419	-	-	33,579,265
Total assets	168,921,546	1,319,953	14,347,457	53,854,357
Deferred outflows of resources				
Deferred pension amounts	-	-	-	-
Liabilities				
Accounts payable and accrued liabilities	668,938	-	587,972	2,218,600
Unearned revenue	-	-	-	353
Advances from primary government	-	-	-	400,000
Long-term liabilities:				
Due within one year	290,810	14,886	953,000	574,023
Due in more than one year	758,260	30,785	12,487,000	6,790,461
Net pension liability	-	-	-	-
Net other postemployment benefit obligation	4,131,523	-	-	-
Total liabilities	5,849,531	45,671	14,027,972	9,983,437
Net position				
Net investment in capital assets	158,168,156	-	-	30,028,610
Restricted for:				
Debt service	-	-	275,426	7,485,304
Acquisition/construction of capital assets	-	-	-	6,357,006
Postemployment health benefits	-	-	-	-
Unrestricted (deficit)	4,903,859	1,274,282	44,059	-
Total net position	\$ 163,072,015	\$ 1,274,282	\$ 319,485	\$ 43,870,920

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

Economic Development Corporation	Land Bank Authority	Saginaw County Community Mental Health Authority	Total
\$ 59,752	\$ 88,341	\$ 11,551,841	\$ 23,417,847
-	-	3,297,690	8,848,929
-	2,594,826	4,486,786	31,453,133
-	1,259,700	161,100	1,679,224
-	-	339,439	1,099,981
-	-	1,101,104	44,525,094
-	-	11,689,422	164,049,106
<u>59,752</u>	<u>3,942,867</u>	<u>32,627,382</u>	<u>275,073,314</u>
-	-	365,512	365,512
1,519	74,722	19,038,311	22,590,062
-	-	186,184	186,537
-	-	-	400,000
-	-	942,631	2,775,350
-	-	4,417,668	24,484,174
-	-	4,228,745	4,228,745
-	-	626,461	4,757,984
<u>1,519</u>	<u>74,722</u>	<u>29,440,000</u>	<u>59,422,852</u>
-	-	8,000,220	196,196,986
-	-	-	7,760,730
-	-	-	6,357,006
-	-	3,404,378	3,404,378
<u>58,233</u>	<u>3,868,145</u>	<u>(7,851,704)</u>	<u>2,296,874</u>
<u>\$ 58,233</u>	<u>\$ 3,868,145</u>	<u>\$ 3,552,894</u>	<u>\$ 216,015,974</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2015

	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
Road Commission				
Governmental activities:				
Highways and streets	\$ 20,445,362	\$ 98,251	\$ 20,558,925	\$ -
				\$ 211,814
Brownfield Redevelopment Authority				
Governmental Activities:				
Community and economic development	1,455	-	15,914	-
				14,459
Department of Public Works				
Governmental Activities:				
Public works	51,987	46,712	44	586,609
Interest on long-term debt	501,572	-	-	-
				581,378
				(501,572)
Total Department of Public Works	553,559	46,712	44	586,609
				79,806
Drain Commission				
Governmental Activities:				
Public works	1,809,237	-	133,175	6,623,606
Interest on long-term debt	83,347	-	-	-
				4,947,544
				(83,347)
Total Drain Commission	1,892,584	-	133,175	6,623,606
				4,864,197
Economic Development Corporation				
Business-type Activities:				
Community and economic development	14,085	-	-	-
				(14,085)
Land Bank Authority				
Business-type Activities:				
Community and economic development	5,666,311	300	6,343,110	16,403
				693,502
Saginaw County Community Mental Health Authority				
Business-type Activities:				
Community services	76,237,990	2,206,223	71,597,494	810,753
				(1,623,520)
Total component units	\$ 104,811,346	\$ 2,351,486	\$ 98,648,662	\$ 8,037,371
				\$ 4,226,173

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, 2015

	Road Commission 12/31/2014	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Change in net position				
Net (expense) revenue	\$ 211,814	\$ 14,459	\$ 79,806	\$ 4,864,197
General revenues:				
Property taxes	-	6,835	-	-
Investment income - interest earned	22,155	4,478	625	197,431
Special item - fair market value adjustment - inventory	-	-	-	-
Total general revenues and special item	<u>22,155</u>	<u>11,313</u>	<u>625</u>	<u>197,431</u>
Change in net position	233,969	25,772	80,431	5,061,628
Net position, beginning of year, as restated	<u>162,838,046</u>	<u>1,248,510</u>	<u>239,054</u>	<u>38,809,292</u>
Net position, end of year	<u>\$ 163,072,015</u>	<u>\$ 1,274,282</u>	<u>\$ 319,485</u>	<u>\$ 43,870,920</u>

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

Economic Development Corporation	Land Bank Authority	Saginaw County Community Mental Health Authority	Total
\$ (14,085)	\$ 693,502	\$ (1,623,520)	\$ 4,226,173
-	-	-	6,835
20	4,616	118,049	347,374
-	(2,904,269)	-	(2,904,269)
<u>20</u>	<u>(2,899,653)</u>	<u>118,049</u>	<u>(2,550,060)</u>
(14,065)	(2,206,151)	(1,505,471)	1,676,113
<u>72,298</u>	<u>6,074,296</u>	<u>5,058,365</u>	<u>214,339,861</u>
<u>\$ 58,233</u>	<u>\$ 3,868,145</u>	<u>\$ 3,552,894</u>	<u>\$ 216,015,974</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, 2014 amounts have been included in the County audit. The Road Commission's activities are reported discretely as a governmental fund type.

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

Component Unit Financial Statements

Complete financial statements for the Road Commission and Saginaw County Community Mental Health Authority may be obtained from each entity's administrative offices. Separate financial statements are not prepared for the remaining component units.

Saginaw County Road Commission
3020 Sheridan Avenue
Saginaw, Michigan 48601

Saginaw County Community Mental Health Authority
500 Hancock Street
Saginaw, Michigan 48602

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 County.

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the primary 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 *Public Improvement 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.

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 County'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.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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.

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Assets, deferred outflows of resources, liabilities, deferred inflows of resources and 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 and payables

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

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

Certain receivables in governmental funds consist of rehabilitation and redevelopment loans that are generally not expected or scheduled to be collected in the subsequent year.

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.

Inventories and prepaids

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset 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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources in the proprietary fund and government-wide statements for deferred losses on advance bond refundings. The amounts result from the difference in the carrying value of refunded debt and its reacquisition price and are amortized over the shorter of the life of the refunded or refunding debt. In addition, the County reports deferred outflows of resources related to the net pension liability.

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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 governmental activities and 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 governmental activities Statement of Net Position.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from property taxes and special assessments receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the County reports deferred inflows of resources in its full-accrual statements related to the net pension liability.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 \$11,439,332 assigned for the Employee Payroll Reserve and an additional amount of \$5,430,371 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The County utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

2. BUDGETARY INFORMATION

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

- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Annual Informational Budget Summaries are prepared for enterprise funds and internal service funds.
- The County Controller is authorized to transfer budgeted amounts from one category to another within an activity and between activities within the same fund in an amount up to \$50,000. Revisions that alter the total expenditures of any 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 with certain exceptions based on the approval of the Controller/CAO.
- 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 adopted a policy to establish the manner in which a surplus fund balance in the General Fund is distributed among the County funds. This policy requires that General Fund budgeted surplus be transferred as follows: one-third (1/3) of any such surplus to the Public Improvement Special Revenue Fund; one-third (1/3) distributed to the OPEB fund (reported as contributions to postemployment health benefits trust fund, in the General Fund),and; the remaining one-third (1/3) to be distributed to the General Fund reserve fund balance accounts to be used towards maintaining an adequate level of reserves.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2015, the County incurred expenditures in certain activities within budgetary funds which were in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Variance
General Fund			
Health and welfare:			
Medical examiner	\$ 408,841	\$ 410,627	\$ 1,786
Contributions to postemployment health benefits trust fund	372,607	1,258,187	885,580
Transfers out	6,666,421	7,323,370	656,949

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

3. DEFICIT FUND EQUITY

Governmental activities reported a deficit in unrestricted net position in the amount of \$48,757,864 at September 30, 2015, which was mainly the result of implementing GASB 68 during the current year. Total net position amounted to a deficit of \$20,267,975.

The Michigan Works! special revenue fund reported a deficit unassigned fund balance of \$56,460. Total fund balance (which included \$56,460 classified as nonspendable related to prepaid items), was \$0.

The Saginaw County Community Mental Health Authority component unit reported a deficit in unrestricted net position of \$7,851,704 at September 30, 2015. Total net position (which includes net investment in capital assets of \$8,000,220 and restricted net position of \$3,404,378), was \$3,552,894.

The Veterans' Trust special revenue fund reported a deficit unassigned fund balance of \$42. Total fund balance (which included \$42 classified as nonspendable related to prepaid items), was \$0.

The Parking System enterprise fund reported a deficit unrestricted net position in the amount of \$30,251 at September 30, 2015. Total net position (which includes net investment in capital assets of \$58,694), was \$28,443.

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

- 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 date of purchase.
- Repurchase agreements consisting of instruments in item one above.
- Banker's acceptances of United States banks.
- Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- Obligations described above, if purchased through an interlocal agreement under the Urban Cooperation Act of 1967. 1967 (ExSess) PA 7, MCL 124.501 to 124.512.
- Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
- Investment pools organized under the local government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
- 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	\$ 56,271,388	\$ 32,266,776	\$ 88,538,164
Statement of Net Position - Fiduciary Funds			
Postemployment Health Benefits Trust Fund:			
Cash and investment pool	385,798	-	385,798
Investments	14,658,721	-	14,658,721
Agency Funds:			
Cash and investment pool	11,402,729	-	11,402,729
Total	<u>\$ 82,718,636</u>	<u>\$ 32,266,776</u>	<u>\$ 114,985,412</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Deposits and Investments

Bank deposits:

Checking and savings accounts	\$ 59,449,010
Pooled certificates of deposit:	
Due within one year	12,071,504
Due in one to five years	2,010,139

Investments:

Primary government	22,912,953
Fiduciary funds	14,658,721
Component units	3,297,690
Cash on hand	35,587
Timing difference for funds with different fiscal year ends	<u>549,808</u>

Total \$ 114,985,412

	Carrying Amount (Fair Value)	Maturity Less than 1 Year	Maturity 1-5 Years	Maturity 5-10 Years
Investments - primary government				
MBIA Governmental Investment Pool	\$ 2,535,202	\$ 2,535,202	\$ -	\$ -
Commercial paper	1,702,536	1,702,536	-	-
U.S. agencies	<u>18,675,215</u>	<u>-</u>	<u>16,573,860</u>	<u>2,101,355</u>
Total	<u><u>\$ 22,912,953</u></u>	<u><u>\$ 4,237,738</u></u>	<u><u>\$ 16,573,860</u></u>	<u><u>\$ 2,101,355</u></u>

The Postemployment Health Benefits Trust fiduciary fund investments of \$14,658,721 as of September 30, 2015 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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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	\$ 16,786,604
A	3,078,046
Not rated	<u>3,048,303</u>
Total	<u>\$ 22,912,953</u>

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 \$74,836,718 of the County's bank balance of \$76,111,718 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk. The County's investment policy does not address custodial credit risk for investments. However, while uninsured and unregistered, the County's funds are not exposed to custodial credit risk since the securities are held in the counterparty's trust department in the County's name.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The County's investment policy does not limit concentration of credit risk. At September 30, 2015, the County has the following investments of which exceeded 5% of total investments:

Investments - Primary Government	Carrying Amount (Fair Value)	% of Total Investments
Federal Home Loan Bank Bond	\$ 1,993,800	9%
Federal National Mortgage Assn. Bond	2,000,200	9%

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

5. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 4,687,917	\$ 13,744,717	\$ -
Special assessments:			
Due within one year	-	-	328,014
Due in more than one year	-	-	7,008,937
Accounts receivable	5,101,077	507,606	2,405,675
Notes:			
Due within one year	207,888	-	-
Due in more than one year	2,515,554	-	-
Interest	66,411	2,807,910	4,148
Due from other governments:			
Due within one year	6,164,219	7,401	953,000
Due in more than one year	-	-	20,753,359
Total receivables, net	<u>\$ 18,743,066</u>	<u>\$ 17,067,634</u>	<u>\$ 31,453,133</u>

The interest receivable in the business-type activities is net of an allowance for uncollectible accounts of approximately \$200,000.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2015, 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	408,253	441,320	(1,230)	(8,120)	840,223
	<u>3,958,060</u>	<u>441,320</u>	<u>(1,230)</u>	<u>(8,120)</u>	<u>4,390,030</u>
Capital assets being depreciated:					
Land improvements	8,677,951	6,400	-	-	8,684,351
Building and improvements	28,123,832	110,904	-	-	28,234,736
Machinery and equipment	6,394,805	334,431	(133,500)	8,120	6,603,856
Office furniture & fixtures	200,376	8,861	-	-	209,237
Vehicles	2,950,369	228,844	(222,505)	-	2,956,708
	<u>46,347,333</u>	<u>689,440</u>	<u>(356,005)</u>	<u>8,120</u>	<u>46,688,888</u>
Less accumulated depreciation:					
Land improvements	(3,116,413)	(229,200)	-	-	(3,345,613)
Buildings and improvements	(16,851,432)	(570,813)	-	-	(17,422,245)
Machinery and equipment	(5,024,429)	(383,266)	124,026	-	(5,283,669)
Office furniture & fixtures	(139,478)	(6,905)	-	-	(146,383)
Vehicles	(2,295,257)	(279,660)	222,505	-	(2,352,412)
	<u>(27,427,009)</u>	<u>(1,469,844)</u>	<u>346,531</u>	<u>-</u>	<u>(28,550,322)</u>
Total capital assets being depreciated, net	<u>18,920,324</u>	<u>(780,404)</u>	<u>(9,474)</u>	<u>8,120</u>	<u>18,138,566</u>
Governmental activities capital assets, net	<u>\$ 22,878,384</u>	<u>\$ (339,084)</u>	<u>\$ (10,704)</u>	<u>\$ -</u>	<u>\$ 22,528,596</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	276,989	418,218	-	(21,136)	674,071
	<u>2,652,998</u>	<u>418,218</u>	<u>-</u>	<u>(21,136)</u>	<u>3,050,080</u>
Capital assets being depreciated:					
Land improvements	4,183,745	-	-	-	4,183,745
Buildings and improvements	17,479,631	26,252	-	-	17,505,883
Machinery and equipment	1,136,243	14,370	-	-	1,150,613
Office furniture & fixtures	61,201	-	-	-	61,201
Planning and development	8,740,052	-	-	21,136	8,761,188
Vehicles	114,443	10,875	-	-	125,318
	<u>31,715,315</u>	<u>51,497</u>	<u>-</u>	<u>21,136</u>	<u>31,787,948</u>
Less accumulated depreciation:					
Land improvements	(334,122)	(251,627)	-	-	(585,749)
Buildings and improvements	(4,520,062)	(406,743)	-	-	(4,926,805)
Machinery and equipment	(653,352)	(58,934)	-	-	(712,286)
Office furniture & fixtures	(33,318)	(700)	-	-	(34,018)
Planning and development	(7,317,377)	(117,772)	-	-	(7,435,149)
Vehicles	(101,192)	(5,394)	-	-	(106,586)
	<u>(12,959,423)</u>	<u>(841,170)</u>	<u>-</u>	<u>-</u>	<u>(13,800,593)</u>
Total capital assets being depreciated, net	<u>18,755,892</u>	<u>(789,673)</u>	<u>-</u>	<u>21,136</u>	<u>17,987,355</u>
Business-type activities capital assets, net	<u>\$ 21,408,890</u>	<u>\$ (371,455)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,037,435</u>

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

Governmental activities	
Judicial	\$ 77,695
General government	400,032
Public safety	303,307
Public works	89,933
Health and welfare	322,384
Recreation and culture	148,214
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	<u>128,279</u>
	<u>\$ 1,469,844</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Business-type activities

Building Authority Event Center	\$ 703,288
Harry W. Browne Airport	132,874
Parking system	2,373
Delinquent tax revolving fund	<u>2,635</u>
	<u><u>\$ 841,170</u></u>

Discretely presented component units

Road Commission capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and improvements, infrastructure	\$ 38,966,165	\$ 85,361	\$ -	\$ -	\$ 39,051,526
Land	558,635	-	-	-	558,635
	<u>39,524,800</u>	<u>85,361</u>	<u>-</u>	<u>-</u>	<u>39,610,161</u>
Capital assets being depreciated:					
Land improvements	450,231	9,980	-	-	460,211
Depletable assets	42,008	-	(6,995)	-	35,013
Buildings and improvements	2,461,794	34,529	-	-	2,496,323
Office furniture & fixtures	900,536	13,904	-	-	914,440
Infrastructure	267,430,606	5,630,275	-	-	273,060,881
Equipment	16,340,248	452,384	(9,994)	-	16,782,638
	<u>287,625,423</u>	<u>6,141,072</u>	<u>(16,989)</u>	<u>-</u>	<u>293,749,506</u>
Less accumulated depreciation:					
Land improvements	(424,181)	(4,834)	-	-	(429,015)
Depletable assets	(3,914)	-	-	-	(3,914)
Buildings and improvements	(1,924,049)	(59,988)	-	-	(1,984,037)
Office furniture & fixtures	(822,022)	(32,061)	-	-	(854,083)
Infrastructure	(148,195,652)	(8,536,586)	-	-	(156,732,238)
Equipment	(14,090,861)	(884,933)	9,994	-	(14,965,800)
	<u>(165,460,679)</u>	<u>(9,518,402)</u>	<u>9,994</u>	<u>-</u>	<u>(174,969,087)</u>
Total capital assets being depreciated, net	<u>122,164,744</u>	<u>(3,377,330)</u>	<u>(6,995)</u>	<u>-</u>	<u>118,780,419</u>
Road Commission capital assets, net	<u>\$ 161,689,544</u>	<u>\$ (3,291,969)</u>	<u>\$ (6,995)</u>	<u>\$ -</u>	<u>\$ 158,390,580</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Drain Commission capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 576,008	\$ 3,237,821	\$ -	\$ -	\$ 3,813,829
Capital assets being depreciated:					
Infrastructure	62,018,678	-	-	-	62,018,678
Equipment	47,699	-	-	-	47,699
Vehicles	29,060	16,400	-	-	45,460
	<u>62,095,437</u>	<u>16,400</u>	<u>-</u>	<u>-</u>	<u>62,111,837</u>
Less accumulated depreciation:					
Infrastructure	(27,241,273)	(1,240,374)	-	-	(28,481,647)
Equipment	(40,546)	(2,634)	-	-	(43,180)
Vehicles	(2,422)	(5,323)	-	-	(7,745)
	<u>(27,284,241)</u>	<u>(1,248,331)</u>	<u>-</u>	<u>-</u>	<u>(28,532,572)</u>
Total capital assets being depreciated, net	<u>34,811,196</u>	<u>(1,231,931)</u>	<u>-</u>	<u>-</u>	<u>33,579,265</u>
Drain Commission capital assets, net	<u>\$ 35,387,204</u>	<u>\$ 2,005,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,393,094</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Community Mental Health Authority capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 842,015	\$ -	\$ -	\$ -	\$ 842,015
Construction in progress	39,377	259,089	-	(39,377)	259,089
	<u>881,392</u>	<u>259,089</u>	<u>-</u>	<u>(39,377)</u>	<u>1,101,104</u>
Capital assets being depreciated:					
Buildings and improvements	18,665,494	1,245,525	-	39,377	19,950,396
Office furniture & fixtures	1,328,351	313,374	-	-	1,641,725
Vehicles	1,741,166	50,622	(190,853)	-	1,600,935
Equipment	2,099,482	359,621	-	-	2,459,103
	<u>23,834,493</u>	<u>1,969,142</u>	<u>(190,853)</u>	<u>39,377</u>	<u>25,652,159</u>
Less accumulated depreciation:					
Buildings and improvements	(9,547,273)	(746,626)	-	-	(10,293,899)
Office furniture & fixtures	(648,565)	(118,808)	-	-	(767,373)
Vehicles	(1,107,448)	(312,504)	190,853	-	(1,229,099)
Equipment	(1,347,082)	(325,284)	-	-	(1,672,366)
	<u>(12,650,368)</u>	<u>(1,503,222)</u>	<u>190,853</u>	<u>-</u>	<u>(13,962,737)</u>
Total capital assets being depreciated, net	<u>11,184,125</u>	<u>465,920</u>	<u>-</u>	<u>39,377</u>	<u>11,689,422</u>
Community Mental Health Authority capital assets, net	<u>\$ 12,065,517</u>	<u>\$ 725,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,790,526</u>

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	\$ 8,971,838	\$ 1,312,628	\$ 11,236,963
Accrued liabilities	4,338,241	133,761	1,381,477
Due to other governments	452,341	-	9,971,622
Deposits payable	39,773	443,589	-
Total accounts payable and accrued liabilities	<u>\$ 13,802,193</u>	<u>\$ 1,889,978</u>	<u>\$ 22,590,062</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2015, was as follows:

Due to/from primary government funds:

	Due from Other Funds	Due to Other Funds
General fund	\$ 848,378	\$ 887,498
Health Department	-	1,500
Planning Commission	-	62,974
Public Improvement	948,246	-
Nonmajor governmental funds	357,803	1,133,439
Nonmajor enterprise funds	-	63,634
Internal service funds	193	5,575
	<u>\$ 2,154,620</u>	<u>\$ 2,154,620</u>

The County has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds:

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

The advances from the General Fund to the nonmajor enterprise and internal service funds exist to maintain adequate cash reserves in the funds. In addition, there is a \$400,000 advance from the General Fund to the Drain Commission to maintain adequate cash reserves.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

For the year ended September 30, 2015, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 4,435,439	\$ 7,323,370
Health Department	1,519,048	-
Planning Commission	47,524	-
Public Improvement	998,246	-
Nonmajor governmental funds	5,318,379	3,103,331
Delinquent Tax Revolving fund	-	1,500,000
Building Authority Event Center	-	2,400
Nonmajor enterprise funds	1,400	338,558
Internal service funds	-	52,377
	<u>\$ 12,320,036</u>	<u>\$ 12,320,036</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 debt activity for the year ended September 30, 2015, 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	\$ 49,290,000	\$ -	\$ (2,925,000)	\$ 46,365,000	\$ 2,950,000
2010 Capital Improvement	1,646,001	-	(130,824)	1,515,177	133,045
2011 Limited Tax Refunding	485,000	-	(245,000)	240,000	240,000
	<u>51,421,001</u>	<u>-</u>	<u>(3,300,824)</u>	<u>48,120,177</u>	<u>3,323,045</u>
Compensated absences	1,786,639	1,843,029	(1,931,530)	1,698,138	1,645,744
	<u>\$ 53,207,640</u>	<u>\$ 1,843,029</u>	<u>\$ (5,232,354)</u>	<u>\$ 49,818,315</u>	<u>\$ 4,968,789</u>
Business-type activities:					
Delinquent tax notes	\$ 13,149,000	\$ 12,405,000	\$ (10,459,000)	\$ 15,095,000	\$ -
General obligation bonds	3,185,000	-	(80,000)	3,105,000	100,000
Promissory Notes	600,000	-	(600,000)	-	-
	<u>16,934,000</u>	<u>12,405,000</u>	<u>(11,139,000)</u>	<u>18,200,000</u>	<u>100,000</u>
Compensated absences	9,813	9,779	(14,465)	5,127	-
	<u>\$ 16,943,813</u>	<u>\$ 12,414,779</u>	<u>\$ (11,153,465)</u>	<u>\$ 18,205,127</u>	<u>\$ 100,000</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Component Units					
Road Commission:					
SIB Loan	\$ 1,147,888	\$ -	\$ (925,464)	\$ 222,424	\$ 222,424
Equipment lease	-	353,095	(67,248)	285,847	68,386
	<u>1,147,888</u>	<u>353,095</u>	<u>(992,712)</u>	<u>508,271</u>	<u>290,810</u>
Compensated absences	573,739	50,118	(83,058)	540,799	-
	<u>\$ 1,721,627</u>	<u>\$ 403,213</u>	<u>\$ (1,075,770)</u>	<u>\$ 1,049,070</u>	<u>\$ 290,810</u>
Brownfield Redevelopment Authority:					
Loans from State of Michigan	\$ 60,230	\$ -	\$ (14,559)	\$ 45,671	\$ 14,886
	<u>\$ 60,230</u>	<u>\$ -</u>	<u>\$ (14,559)</u>	<u>\$ 45,671</u>	<u>\$ 14,886</u>
Department of Public Works:					
General obligation bonds	\$ 14,757,000	\$ -	\$ (1,317,000)	\$ 13,440,000	\$ 953,000
	<u>\$ 14,757,000</u>	<u>\$ -</u>	<u>\$ (1,317,000)</u>	<u>\$ 13,440,000</u>	<u>\$ 953,000</u>
Drain Commission:					
General obligation bonds and notes	\$ 2,083,507	\$ 5,785,000	\$ (504,023)	\$ 7,364,484	\$ 574,023
	<u>\$ 2,083,507</u>	<u>\$ 5,785,000</u>	<u>\$ (504,023)</u>	<u>\$ 7,364,484</u>	<u>\$ 574,023</u>
Community Mental Health Authority:					
Notes	\$ 5,356,097	\$ -	\$ (611,266)	\$ 4,744,831	\$ 618,527
Capital lease	119,621	16,982	(91,128)	45,475	39,107
	<u>5,475,718</u>	<u>16,982</u>	<u>(702,394)</u>	<u>4,790,306</u>	<u>657,634</u>
Compensated absences	565,166	317,388	(312,561)	569,993	284,997
	<u>\$ 6,040,884</u>	<u>\$ 334,370</u>	<u>\$ (1,014,955)</u>	<u>\$ 5,360,299</u>	<u>\$ 942,631</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, \$52,394 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%	\$ 48,120,177
Business-type activities	1.23 - 4.0%	<u>18,200,000</u>
Total primary government		<u>\$ 66,320,177</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
2016	\$ 3,323,045	\$ 1,923,443	\$ 100,000	\$ 305,455
2017	3,120,303	1,875,299	2,805,000	291,081
2018	3,177,599	1,810,772	12,535,000	288,781
2019	3,254,934	1,728,650	165,000	55,200
2020	3,352,309	1,625,874	170,000	51,900
2021-2025	18,813,604	5,986,582	905,000	224,968
2026-2030	13,078,383	1,342,255	1,050,000	140,486
2031-2032	-	-	470,000	19,883
Total	\$ 48,120,177	\$ 16,292,875	\$ 18,200,000	\$ 1,377,754

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 year end, the outstanding balance on these bonds, which mature May 1, 2029, was \$26,610,000. Because the County only provides a guarantee related to these bonds there is no related liability recorded in these financial statements.

Component Units

Road Commission

Annual debt service requirements to maturity for the Road Commission's installment debt are as follows:

Year Ending December 31,	Principal	Interest
2015	\$ 290,810	\$ 13,291
2016	70,466	4,538
2017	72,607	2,397
2018	74,388	187
Total	\$ 508,271	\$ 20,413

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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, 2015, are as follows:

Year Ending September 30,	Principal	Interest
2016	\$ 14,886	\$ 1,028
2017	15,221	693
2018	15,564	350
Total	\$ 45,671	\$ 2,071

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
2016	\$ 953,000	\$ 475,336
2017	1,025,000	440,944
2018	737,000	410,488
2019	744,000	384,906
2020	516,000	361,140
2021-2025	1,897,000	1,575,272
2026-2030	1,806,000	1,216,520
2031-2035	1,865,000	891,149
2036-2040	2,100,000	551,346
2041-2045	1,110,000	243,016
2046-2050	603,000	52,715
2051	84,000	-
Total	\$ 13,440,000	\$ 6,602,832

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Drain Commission

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

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

Year Ending September 30,	Principal	Interest
2016	\$ 574,023	\$ 210,682
2017	1,152,085	202,121
2018	526,688	178,026
2019	461,688	161,271
2020	445,000	147,801
2021-2025	1,605,000	578,476
2026-2030	1,425,000	393,980
2031-2035	1,175,000	179,763
Total	\$ 7,364,484	\$ 2,052,120

Community Mental Health Authority

The Community Mental Health Authority has a capital lease and various notes for group homes. There are monthly installments due through 2023 and bear interest rates varying from 2.73% to 4.42%.

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

Year Ending September 30,	Principal	Interest
2016	\$ 618,527	\$ 141,008
2017	493,294	120,271
2018	3,092,743	101,785
2019	99,909	19,191
2020	103,621	15,479
2021-2023	336,737	22,374
Total	\$ 4,744,831	\$ 420,108

The Authority has entered into multiple agreements to lease various copy machines for five year terms expiring in 2019. 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 \$66,487 for the year ended September 30, 2015.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

Year Ending September 30,	Payments
2016	\$ 48,734
2017	3,493
2018	3,493
2019	<u>1,635</u>
Total minimum payments due	57,355
Less amounts representing interest at 4.5%	<u>(11,880)</u>
Present value of net minimum lease payments	<u>\$ 45,475</u>

10. DEFINED BENEFIT PENSION PLANS

Primary Government

General Information About the Plan

Plan description. The County participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 2.25% to 2.50%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement options including 25 years of service and out and ages 50 to 55 with 15 to 25 years of service, depending on division/bargaining unit. Member contributions range from 0% to 4.34%. The MERS plan is closed to all new hires.

Employees Covered by Benefit Terms. As of the most recent valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	564
Inactive employees entitled to but not yet receiving benefits	62
Active employees	<u>67</u>
Total membership	<u><u>693</u></u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For fiscal year 2015, the actuarially determined annual employer contributions ranged from \$0 to \$5,493 for all divisions.

Net Pension Liability. The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively)
Investment rate of return	8.25%, net of investment expense and including inflation

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted in 2008. (The MERS Retirement Board recently completed an actuarial experience study covering the period from January 1, 2009, through December 31, 2013, which will affect contribution requirements for fiscal years beginning in 2017.)

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.53%
Diversifying strategies	<u>10.00%</u>	6.56%	0.64%
	<u><u>100.00%</u></u>		
Inflation			3.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u><u>8.25%</u></u>

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2013	\$ 139,086,919	\$ 82,686,442	\$ 56,400,477
Changes for the year:			
Service cost	470,724	-	470,724
Interest	11,028,920	-	11,028,920
Employer contributions	-	52,025,528	(52,025,528)
Employee contributions	-	98,809	(98,809)
Net investment income	-	7,963,230	(7,963,230)
Benefit payments, including refunds of employee contributions	(11,276,793)	(11,276,793)	-
Administrative expense	-	(292,649)	292,649
Other changes	(415)	-	(415)
Net changes	<u>222,436</u>	<u>48,518,125</u>	<u>(48,295,689)</u>
Balances at December 31, 2014	<u>\$ 139,309,355</u>	<u>\$ 131,204,567</u>	<u>\$ 8,104,788</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
County's net pension liability	\$ 20,874,308	\$ 8,104,788	\$ (2,868,379)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2015, the County recognized pension expense of \$3,304,807. The County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 425,032
Contributions subsequent to the measurement date	<u>309,661</u>
Total	<u>\$ 734,693</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2016. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2016	\$ 106,258
2017	106,258
2018	106,258
2019	<u>106,258</u>
Total	<u>\$ 425,032</u>

Payable to the Pension Plan. At September 30, 2015, the County had no outstanding required contributions to report as payable to the pension plan for the year ended September 30, 2015.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Component Unit - Road Commission

General Information About the Plan

Plan description. The Road Commission participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Three-Year Trend Information			
Fiscal Period Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
12/31/2012	\$ 386,130	100%	\$ -
12/31/2013	456,603	100%	-
12/31/2014	536,731	100%	-

Funded status and funding progress. As of December 31, 2014, the most recent actuarial valuation date, MERS was 79 percent funded. The actuarial accrued liability for benefits was \$30,705,969, and the actuarial value of assets was \$24,203,459, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,502,510. The covered payroll (annual payroll of active employees covered by MERS) was \$3,141,991, and the ratio of the UAAL to the covered payroll was 207 percent.

Component Unit - Community Mental Health Authority

General Information About the Plan

Plan Description. The Authority participates in the Municipal Employees Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 2.25% to 2.50%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 55 with 20 years of service or age 50 with 25 years of service. Members are not required to make contributions. Two of the five divisions included in the Plan are closed to new hires.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Employees Covered by Benefit Terms. At December 31, 2014, the date of the most recent actuarial valuation, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	26
Active employees	<u>17</u>
 Total membership	 <u><u>127</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended September 30, 2015, employer contributions ranged from 17.49% to 33.66% of annual payroll for open divisions. Closed divisions have an annual employer contribution ranging from \$24 to \$1,092.

Net Pension Liability. The Authority's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3% to 4%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively)
Investment rate of return	8.25%, net of administrative and investment expenses

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% to 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted in 2008. (The MERS Retirement Board recently completed an actuarial experience study covering the period from January 1, 2009, through December 31, 2013, which will affect contribution requirements for fiscal years beginning in 2017.)

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.53%
Diversifying strategies	<u>10.00%</u>	6.56%	0.64%
	<u><u>100.00%</u></u>		
Inflation			3.50%
Administrative and investment expenses netted above			<u>0.25%</u>
			<u><u>8.25%</u></u>

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2013	\$ 16,214,941	\$ 12,258,707	\$ 3,956,234
Changes for the year:			
Service cost	82,890	-	82,890
Interest	1,294,068	-	1,294,068
Employer contributions	-	369,262	(369,262)
Net investment income	-	761,937	(761,937)
Benefit payments, including refunds of employee contributions	(1,141,426)	(1,141,426)	-
Administrative expense	-	(27,835)	27,835
Other changes	(1,083)	-	(1,083)
Net changes	<u>234,449</u>	<u>(38,062)</u>	<u>272,511</u>
Balances at December 31, 2014	<u>\$ 16,449,390</u>	<u>\$ 12,220,645</u>	<u>\$ 4,228,745</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 8.25%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Authority's net pension liability	\$ 5,681,968	\$ 4,228,745	\$ 2,965,000

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2015, the Authority recognized pension expense of \$469,648. The Authority reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 173,125
Contributions subsequent to the measurement date	<u>192,387</u>
Total	<u>\$ 365,512</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2016. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2016	\$ 43,281
2017	43,281
2018	43,281
2019	<u>43,282</u>
Total	<u>\$ 173,125</u>

Payable to the Pension Plan. At September 30, 2015, the Authority reported no outstanding contributions to the pension plan required for the year ended September 30, 2015.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

11. DEFINED CONTRIBUTION PENSION PLAN

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

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

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

Employer contributions to the Plan for the year ended September 30, 2015, amounted to \$1,797,519 and employee contributions were \$980,772.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

12. POSTEMPLOYMENT HEALTH BENEFITS

Primary Government

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

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.

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, 2015, the County contributed \$7,375,569 into the Plan.

Funding progress. For the year ended September 30, 2015, the County estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2012. Such valuation computes the annual required contribution ("ARC") that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

At December 31, 2012, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	435
Active employees	<u>328</u>
Total	<u><u>763</u></u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

Years of Service	Retirement after January 1, 1991 and prior to January 1, 2014		Retirement after January 1, 2014	
	Employer Pays	Employee Pays	Employer Pays	Employee Pays
6	25%	75%	10%	90%
7	30%	70%	15%	85%
8	35%	65%	20%	80%
9	40%	60%	25%	75%
10	45%	55%	30%	70%
11	50%	50%	35%	65%
12	55%	45%	40%	60%
13	60%	40%	45%	55%
14	65%	35%	50%	50%
15	70%	30%	55%	45%
16	75%	25%	60%	40%
17	80%	20%	65%	35%
18	85%	15%	70%	30%
19	90%	10%	75%	25%
20 or more	95%	5%	80%	20%

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to financial statements, will present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The benefit obligation represents the actuarial present value of those estimated future benefits that are attributed to employee service rendered to September 30. 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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 2013 and scaling down to 4.5% over ten years.

The information presented in the required supplementary information 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 2013, grading to 4.5 percent over ten years

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	1,854,145
Adjustment to annual required contribution	<u>(2,347,655)</u>
Annual OPEB cost (expense)	11,820,988
Contributions made	<u>(7,375,569)</u>
Increase in net OPEB obligation	4,445,419
Net OPEB obligation, beginning of year	<u>30,902,418</u>
Net OPEB obligation, end of year	<u><u>\$ 35,347,837</u></u>

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/2013	\$ 11,249,743	38%	\$ 24,420,521
9/30/2014	11,924,504	42%	30,902,418
9/30/2015	11,820,988	62%	35,347,837

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was 9 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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 postemployment 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 2014 was as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
12/31/2012	\$ 1,546,829	64%	\$ 2,407,317
12/31/2013	1,499,004	47%	3,206,019
12/31/2014	1,534,215	37%	4,131,523

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

Actuarial Methods and Assumptions. The Plan’s unfunded accrued liability was determined as part of an actuarial valuation of the Plan as of December 31, 2010. Significant actuarial assumptions used in determining the Plan’s unfunded accrued liability included (a) a rate of return on the investment of present and future assets of 4.5% per year compounded annually, (b) projected salary increases of 4.8 to 12.9% depending on age, attributable to seniority/merit, and (c) health care cost increases of 4.5% to 9%.

Additional information and required supplementary information can be found in the Road Commission’s separately issued report.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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
9/30/2013	\$ 1,004,292	100%	\$ -
9/30/2014	1,049,485	87%	132,074
9/30/2015	1,041,805	53%	626,461

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Plan was 42.8 percent funded. The actuarial accrued liability for benefits was \$17,935,665, and the actuarial value of assets was \$11,819,776, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,115,889.

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, 2013. 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 7% per year compounded annually, (b) projected salary increases of 4% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.3% to 13% per year, depending on age, attributable to seniority/merit, and (d) health care cost increases of 9% in 2012 and scaling down by 0.5% every year until it reaches 4%.

Additional information and required supplementary information can be found in the Community Mental Health Authority’s separately issued report.

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 \$500,000 in liability for each occurrence and Eagles Claims Management, the County’s administrator for worker’s compensation, insures the remainder, through Midwest Employers Casualty Company, up to \$1,000,000 for each occurrence. 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, 2015, 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, 2015 and 2014, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2014	\$ 134,826	\$ 105,422	\$ 138,814	\$ 101,434
2015	101,434	76,095	103,907	73,622

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

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The changes in the claims liability for the years ended September 30, 2015 and 2014, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2014	\$ 254,940	\$ 587,225	\$ 544,396	\$ 297,769
2015	297,769	737,272	752,448	282,593

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, 2015 and 2014, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2014	\$ 510,217	\$ 9,663,051	\$ 9,490,820	\$ 682,448
2015	682,448	10,164,009	10,287,687	558,770

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, 2015 and 2014, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2014	\$ 22,976	\$ 500,704	\$ 499,218	\$ 24,462
2015	24,462	442,119	438,065	28,516

COUNTY OF SAGINAW, MICHIGAN

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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, 2015 and 2014, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2014	\$ 1,307	\$ 48,038	\$ 47,950	\$ 1,395
2015	1,395	36,707	36,782	1,320

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, 2013, totaled \$4,903,536,127. The tax levy for 2014/2015 operations were based on the following rates:

General Operating	4.85580	mills
Law Enforcement	0.33940	mills
Mosquito Control	0.64000	mills
Senior Citizens	0.43000	mills
Sheriff Service	1.00000	mills
Hospital Debt	0.44540	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 Delinquent Tax Revolving enterprise 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, 2015, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 4,390,030	\$ 3,050,080	\$ 44,525,094
Capital assets being depreciated, net	18,138,566	17,987,355	164,049,106
	<u>22,528,596</u>	<u>21,037,435</u>	<u>208,574,200</u>
Related debt:			
Due within one year	4,968,789	100,000	2,775,350
Due in more than one year	44,849,526	18,105,127	24,484,174
Less:			
Department of Public Works conduit debt	-	-	(13,440,000)
Brownfield Redevelopment Authority debt	-	-	(45,671)
Compensated absences	(1,698,138)	(5,127)	(1,110,792)
Non-capital related debt			(285,847)
Delinquent tax notes	-	(15,095,000)	-
Pension bonds	(46,365,000)	-	-
	<u>1,755,177</u>	<u>3,105,000</u>	<u>12,377,214</u>
Net investment in capital assets	<u>\$ 20,773,419</u>	<u>\$ 17,932,435</u>	<u>\$ 196,196,986</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	Michigan Works!	Planning Commission	Public Improvement	Nonmajor Funds	Total
Nonspendable:							
Long-term advances	\$ 445,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 445,000
Prepays	12,974	942	56,460	-	2,750	28,832	101,958
Permanent fund corpus	-	-	-	-	-	36,050	36,050
Total nonspendable	457,974	942	56,460	-	2,750	64,882	583,008
Restricted for:							
Public safety	-	-	-	-	-	788,342	788,342
Public works	-	-	-	-	-	149,068	149,068
Health and welfare	-	-	-	-	-	59,805	59,805
Community and economic development	-	-	-	31,710	-	-	31,710
Recreation	-	-	-	-	-	114,098	114,098
Register of Deeds	-	-	-	-	-	868,790	868,790
Debt service	-	-	-	-	-	72,376	72,376
Public Improvement	-	-	-	-	5,662,568	-	5,662,568
Permanent trusts	-	-	-	-	-	2,966	2,966
Total restricted	-	-	-	31,710	5,662,568	2,055,445	7,749,723
Committed for:							
Public safety	-	-	-	-	-	723,106	723,106
Recreation	-	-	-	-	-	717,900	717,900
Health and welfare	-	-	-	-	-	3,117,523	3,117,523
Total committed	-	-	-	-	-	4,558,529	4,558,529
Assigned for:							
Employee payroll reserve	11,439,332	-	-	-	-	-	11,439,332
G.I.S. System	-	-	-	-	-	19,683	19,683
Courts	-	-	-	-	-	193,052	193,052
General government	-	-	-	-	-	41,851	41,851
Public safety	-	-	-	-	-	2,303,460	2,303,460
Community and economic development	-	-	-	39,512	-	52,129	91,641
Health and welfare	-	1,291,991	-	-	-	3,390,144	4,682,135
Capital projects	-	-	-	-	-	1,057,217	1,057,217
Total assigned	11,439,332	1,291,991	-	39,512	-	7,057,536	19,828,371
Unassigned (deficit)	5,417,397	-	(56,460)	-	-	(42)	5,360,895
Total fund balances, governmental funds	\$ 17,314,703	\$ 1,292,933	\$ -	\$ 71,222	\$ 5,665,318	\$ 13,736,350	\$38,080,526

COUNTY OF SAGINAW, MICHIGAN

■ Notes To Financial Statements

18. RESTATEMENTS

The County adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in the current year. As a result of this change, beginning net position of governmental activities, Saginaw County Community Mental Health Authority component unit, and the MERS (DB) Retirement internal service fund (included in governmental activities) were decreased by \$57,225,980, \$3,657,892 and \$1,532,506, respectively.

Beginning net position of the Delinquent Tax Revolving enterprise fund was increased by \$2,853,462 to properly recognize revenue related to unrecorded interest and fees accrued on delinquent taxes receivable. The impact on the September 30, 2014 statement of activities would have been an increase in interest income of \$138,794.

19. SUBSEQUENT EVENTS

In February 2016, the Drain Commission, a component unit of the County, issued Wolf Creek Drain bonds, Whitman Drain bonds, and Tucker Drain notes, in the amounts of \$395,000, \$255,000, and \$145,000, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Changes in County's Net Pension Liability and Related Ratios

	Year Ended September 30, 2015
Total pension liability	
Service cost	\$ 470,724
Interest	11,028,920
Benefit payments, including refunds of employee contributions	(11,276,793)
Other changes	(415)
Net change in total pension liability	<u>222,436</u>
Total pension liability, beginning of year	<u>139,086,919</u>
Total pension liability, end of year	<u>139,309,355</u>
Plan fiduciary net position	
Employer contributions	52,025,528
Employee contributions	98,809
Net investment income	7,963,230
Benefit payments, including refunds of employee contributions	(11,276,793)
Administrative expense	(292,649)
Net change in plan fiduciary net position	<u>48,518,125</u>
Plan fiduciary net position, beginning of year	<u>82,686,442</u>
Plan fiduciary net position, end of year	<u>131,204,567</u>
County's net pension liability	<u>\$ 8,104,788</u>
Plan fiduciary net position as a percentage of total pension liability	94.2%
Covered-employee payroll	\$ 3,525,912
County's net pension liability as a percentage of covered-employee payroll	229.9%

Notes:

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information
MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of the Net Pension Liability

Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2015	\$ 139,309,355	\$ 131,204,567	\$ 8,104,788	94.2%	\$ 3,525,912	229.86%

The amounts presented for each fiscal year were determined as of December 31 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2015	\$ 338,547	\$ 338,547	\$ -	\$ 3,566,631	9.5%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of December 31, which is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	24 years
Asset valuation method	Closed; 10-year smooth market
Inflation	3.0% to 4.0%
Salary increases	4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively)
Investment rate of return	8.00%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2011 valuation. The next study is scheduled for 2016.
Mortality	50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality table is used with a 10-year set forward rate.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information
Other Postemployment Benefits Plan

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
2013	\$ 11,512,586	37%
2014	12,314,498	41%
2015	12,314,498	60%

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.

Concealed Pistol Licensing Fund - This fund is used to account for the collection of various fees under Act 3 of the Public Acts of 2015, which is used by the County Clerk for the cost of administering the Act. 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

MERS (DB) Pension Obligation Bond 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 to fund its unfunded accrued pension liabilities for the County's defined benefit pension plan retirement program. Money in this fund is received from charges to other funds to be used for debt retirement. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

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.

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, 2015

	Special Revenue Funds				
	Law Enforcement	County Road Patrol Millage	Parks & Recreation	G.I.S System	Friend of the Court
Assets					
Cash and investment pool	\$ 273,825	\$ 413,641	\$ 291,029	\$ 26,743	\$ 1,509
Receivables (net):					
Taxes	22,150	21,785	10,018	-	-
Accounts	207,975	-	7,218	-	14,352
Loans	-	-	-	-	-
Accrued interest	1,795	872	1,074	-	150
Due from other funds	2	-	323,673	-	-
Due from other governmental units	-	-	-	-	689,754
Prepays	65	-	-	-	1,172
Total assets	\$ 505,812	\$ 436,298	\$ 633,012	\$ 26,743	\$ 706,937
Liabilities					
Accounts payable	\$ 3,797	\$ 2,292	\$ 9,372	\$ -	\$ 10,962
Accrued liabilities	125,445	45,608	14,387	7,060	118,237
Deposits payable	5,410	-	-	-	-
Due to other funds	80	2,723	1,360	-	383,514
Due to other governmental units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	134,732	50,623	25,119	7,060	512,713
Deferred inflows of resources					
Unavailable revenue - property taxes	22,150	21,785	10,018	-	-
Unavailable revenue - long-term receivables	-	-	-	-	-
Total deferred inflows of resources	22,150	21,785	10,018	-	-
Fund balances					
Nonspendable	65	-	-	-	1,172
Restricted	-	-	114,098	-	-
Committed	348,865	363,890	483,777	-	-
Assigned	-	-	-	19,683	193,052
Unassigned (deficit)	-	-	-	-	-
Total fund balances	348,930	363,890	597,875	19,683	194,224
Total liabilities, deferred inflows of resources and fund balances	\$ 505,812	\$ 436,298	\$ 633,012	\$ 26,743	\$ 706,937

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
\$ 68,227	\$ -	\$ 233,709	\$ 1,658,171	\$ 1,525,087	\$ 4,064	\$ 44,063	\$ 152,201
-	-	9,915	24,528	26,428	-	28,851	-
100,605	883,449	-	11,985	652	-	-	-
-	-	-	-	-	-	-	-
359	-	414	2,940	2,602	161	58	217
-	-	-	-	-	-	-	-
-	-	-	148,423	10,000	-	-	-
-	-	-	24,853	298	-	-	-
<u>\$ 169,191</u>	<u>\$ 883,449</u>	<u>\$ 244,038</u>	<u>\$ 1,870,900</u>	<u>\$ 1,565,067</u>	<u>\$ 4,225</u>	<u>\$ 72,972</u>	<u>\$ 152,418</u>
\$ 20,123	\$ 844,778	\$ -	\$ 42,677	\$ 13,604	\$ 214	\$ 9,950	\$ -
-	-	-	90,579	43,479	-	1,380	-
-	-	-	-	-	-	-	-
-	38,671	-	-	-	-	-	-
-	-	-	-	-	-	27,420	-
-	-	-	1,950	-	-	-	-
<u>20,123</u>	<u>883,449</u>	<u>-</u>	<u>135,206</u>	<u>57,083</u>	<u>214</u>	<u>38,750</u>	<u>-</u>
-	-	9,915	24,528	26,428	-	-	-
-	-	-	-	-	-	-	-
-	-	9,915	24,528	26,428	-	-	-
-	-	-	24,853	298	-	-	-
149,068	-	-	50,048	-	-	-	-
-	-	234,123	1,636,265	1,481,258	-	-	-
-	-	-	-	-	4,011	34,222	152,418
-	-	-	-	-	-	-	-
<u>149,068</u>	<u>-</u>	<u>234,123</u>	<u>1,711,166</u>	<u>1,481,556</u>	<u>4,011</u>	<u>34,222</u>	<u>152,418</u>
<u>\$ 169,191</u>	<u>\$ 883,449</u>	<u>\$ 244,038</u>	<u>\$ 1,870,900</u>	<u>\$ 1,565,067</u>	<u>\$ 4,225</u>	<u>\$ 72,972</u>	<u>\$ 152,418</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2015

	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	\$ 196,252	\$ 157,946	\$ 881,077	\$ 129,008	\$ 1,657,904
Receivables (net):					
Taxes	4,608	-	-	-	-
Accounts	7,973	-	5,915	1,297,555	-
Loans	-	572,898	-	-	-
Accrued interest	-	445	1,492	1,540	2,585
Due from other funds	-	-	-	-	-
Due from other governmental units	10,000	-	-	101,062	-
Prepays	529	-	-	-	-
Total assets	\$ 219,362	\$ 731,289	\$ 888,484	\$ 1,529,165	\$ 1,660,489
Liabilities					
Accounts payable	\$ 6,376	\$ 106,261	\$ 19,694	\$ 1,372,814	\$ 40,951
Accrued liabilities	28,329	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	34,705	106,261	19,694	1,372,814	40,951
Deferred inflows of resources					
Unavailable revenue - property taxes	4,608	-	-	-	-
Unavailable revenue - long-term receivables	-	572,899	-	-	-
Total deferred inflows of resources	4,608	572,899	-	-	-
Fund balances					
Nonspendable	529	-	-	-	-
Restricted	169,169	-	868,790	156,351	-
Committed	10,351	-	-	-	-
Assigned	-	52,129	-	-	1,619,538
Unassigned (deficit)	-	-	-	-	-
Total fund balances	180,049	52,129	868,790	156,351	1,619,538
Total liabilities, deferred inflows of resources and fund balances	\$ 219,362	\$ 731,289	\$ 888,484	\$ 1,529,165	\$ 1,660,489

Special Revenue Funds							
Concealed Pistol Licensing	Area Records Management System	County Library Board	Remonu- mentation	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections
\$ 13,572	\$ 164,861	\$ -	\$ 38,795	\$ 414,582	\$ 811,815	\$ (1)	\$ 17,561
-	-	-	-	-	-	-	-
2,600	-	-	-	73,171	6,512	-	-
-	-	-	-	-	-	-	-
-	550	-	-	-	563	-	-
-	-	-	-	1,556	6,508	-	26,064
-	235,339	-	57,104	206,294	69,023	127,209	78,515
-	-	-	-	1,550	-	-	-
<u>\$ 16,172</u>	<u>\$ 400,750</u>	<u>\$ -</u>	<u>\$ 95,899</u>	<u>\$ 697,153</u>	<u>\$ 894,421</u>	<u>\$ 127,208</u>	<u>\$ 122,140</u>
\$ -	\$ 61,273	\$ -	\$ 87,934	\$ 36,123	\$ 70,317	\$ 75	\$ 12,251
-	-	-	336	16,374	31,432	32,743	10,330
-	-	-	-	-	10,960	-	-
-	75,744	-	-	5,339	2	93,446	28,648
-	-	-	-	-	-	-	-
-	6	-	-	2,002	98,415	-	-
-	<u>137,023</u>	-	<u>88,270</u>	<u>59,838</u>	<u>211,126</u>	<u>126,264</u>	<u>51,229</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,550	-	-	-
16,172	263,727	-	-	-	317	-	70,911
-	-	-	-	-	-	-	-
-	-	-	7,629	635,765	682,978	944	-
-	-	-	-	-	-	-	-
<u>16,172</u>	<u>263,727</u>	<u>-</u>	<u>7,629</u>	<u>637,315</u>	<u>683,295</u>	<u>944</u>	<u>70,911</u>
<u>\$ 16,172</u>	<u>\$ 400,750</u>	<u>\$ -</u>	<u>\$ 95,899</u>	<u>\$ 697,153</u>	<u>\$ 894,421</u>	<u>\$ 127,208</u>	<u>\$ 122,140</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2015

	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	\$ 113,185	\$ -	\$ 19,162	\$ 280,290	\$ 2,349,858	\$ 3,794
Receivables (net):						
Taxes	-	-	-	-	-	-
Accounts	1,430	-	-	165	75,060	-
Loans	-	-	-	-	-	-
Accrued interest	159	-	71	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governmental units	-	-	38,500	-	1,427,051	-
Prepays	323	-	-	-	-	42
Total assets	\$ 115,097	\$ -	\$ 57,733	\$ 280,455	\$ 3,851,969	\$ 3,836
Liabilities						
Accounts payable	\$ 700	\$ -	\$ 12,465	\$ -	\$ 155,819	\$ 1,143
Accrued liabilities	-	-	-	264,888	112,712	-
Deposits payable	-	-	-	-	-	-
Due to other funds	2,379	-	120	1,725	176,015	-
Due to other governmental units	-	-	-	-	20,087	-
Unearned revenue	-	-	45,148	5,288	-	2,693
Total liabilities	3,079	-	57,733	271,901	464,633	3,836
Deferred inflows of resources						
Unavailable revenue - property taxes	-	-	-	-	-	-
Unavailable revenue - long-term receivables	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Nonspendable	323	-	-	-	-	42
Restricted	111,695	-	-	8,554	1,203	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	3,386,133	-
Unassigned (deficit)	-	-	-	-	-	(42)
Total fund balances	112,018	-	-	8,554	3,387,336	-
Total liabilities, deferred inflows of resources and fund balances	\$ 115,097	\$ -	\$ 57,733	\$ 280,455	\$ 3,851,969	\$ 3,836

Debt Service Funds				Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
MERS (DB) Pension Obligation Bond	Qualified Energy Bond	Juvenile Center Renovation	Building Authority	Parks Building & Site	Mainframe Conversion Project	Rail Trail Endowment	
\$ -	\$ 92	\$ 30,216	\$ 41,908	\$ 69	\$ 283,774	\$ 38,954	\$ 12,336,943
-	-	1,115	-	-	-	-	149,398
-	-	-	-	-	-	-	2,696,617
-	-	-	-	-	-	-	572,898
-	18	48	94	95	605	62	18,969
-	-	-	-	-	-	-	357,803
-	-	-	240,000	406,591	-	-	3,844,865
-	-	-	-	-	-	-	28,832
<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 31,379</u>	<u>\$ 282,002</u>	<u>\$ 406,755</u>	<u>\$ 284,379</u>	<u>\$ 39,016</u>	<u>\$ 20,006,325</u>
\$ -	\$ -	\$ -	\$ -	\$ 68,631	\$ 29,796	\$ -	\$ 3,040,392
-	-	-	-	-	-	-	943,319
-	-	-	-	-	-	-	16,370
-	-	-	-	323,673	-	-	1,133,439
-	-	-	-	-	-	-	47,507
-	-	-	-	-	-	-	155,502
-	-	-	-	392,304	29,796	-	5,336,529
-	-	1,115	-	-	-	-	120,547
-	-	-	240,000	-	-	-	812,899
-	-	1,115	240,000	-	-	-	933,446
-	-	-	-	-	-	36,050	64,882
-	110	30,264	42,002	-	-	2,966	2,055,445
-	-	-	-	-	-	-	4,558,529
-	-	-	-	14,451	254,583	-	7,057,536
-	-	-	-	-	-	-	(42)
-	110	30,264	42,002	14,451	254,583	39,016	13,736,350
<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 31,379</u>	<u>\$ 282,002</u>	<u>\$ 406,755</u>	<u>\$ 284,379</u>	<u>\$ 39,016</u>	<u>\$ 20,006,325</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, 2015

	Special Revenue Funds				
	Law Enforcement	County Road Patrol Millage	Parks & Recreation	G.I.S System	Friend of the Court
Revenue					
Property taxes	\$ 4,720,496	\$ 1,603,022	\$ 762,588	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	-	2,781,637
State grants	-	-	7,175	-	205,365
Local grants and contributions	-	-	-	-	-
Charges for services	74,075	11,358	55,858	-	336,294
Fines and forfeitures	1,500	-	-	-	-
Investment income	4,061	1,785	2,288	-	330
Rental revenue	-	-	-	-	-
Donations	-	-	12,351	-	-
Reimbursements	874,254	1,282	-	196,425	80,226
Other revenue	-	-	4,950	-	-
Total revenue	5,674,386	1,617,447	845,210	196,425	3,403,852
Expenditures					
Current:					
Judicial	-	-	-	-	4,444,954
General government	-	-	-	192,707	-
Public safety	4,033,282	1,466,666	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	807,691	-	-
Capital outlay	-	29,597	27,146	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	4,033,282	1,496,263	834,837	192,707	4,444,954
Revenues over (under) expenditures	1,641,104	121,184	10,373	3,718	(1,041,102)
Other financing sources (uses)					
Transfers in	1,007,619	-	-	-	993,385
Transfers out	(2,658,401)	(2,723)	-	-	-
Total other financing sources (uses)	(1,650,782)	(2,723)	-	-	993,385
Net change in fund balances	(9,678)	118,461	10,373	3,718	(47,717)
Fund balances, beginning of year	358,608	245,429	587,502	15,965	241,941
Fund balances, end of year	\$ 348,930	\$ 363,890	\$ 597,875	\$ 19,683	\$ 194,224

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
\$ -	\$ -	\$ 943,038	\$ 2,030,557	\$ 3,024,397	\$ -	\$ -	\$ -
-	2,841,604	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,089,046	-	-	-	-
-	-	-	417,922	10,000	280,000	-	-
-	-	-	-	-	-	-	-
349,861	-	-	16,055	16,980	-	1,738	154,368
-	-	-	-	-	-	-	-
611	-	777	6,160	5,588	412	12,563	537
-	-	-	-	1,500	15,200	-	-
-	-	-	207,306	600	-	-	-
-	-	23,786	41,616	281,271	-	-	-
-	-	-	26,794	2,413	-	-	-
<u>350,472</u>	<u>2,841,604</u>	<u>967,601</u>	<u>3,835,456</u>	<u>3,342,749</u>	<u>295,612</u>	<u>14,301</u>	<u>154,905</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
398,781	-	-	3,798,303	2,545,910	293,793	-	-
-	2,841,604	-	-	-	-	26,174	-
-	-	965,186	-	-	-	-	-
-	-	-	50,612	124,455	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>398,781</u>	<u>2,841,604</u>	<u>965,186</u>	<u>3,848,915</u>	<u>2,670,365</u>	<u>293,793</u>	<u>26,174</u>	<u>-</u>
<u>(48,309)</u>	<u>-</u>	<u>2,415</u>	<u>(13,459)</u>	<u>672,384</u>	<u>1,819</u>	<u>(11,873)</u>	<u>154,905</u>
-	-	-	-	-	-	-	-
<u>(87,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
<u>(87,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
<u>(135,628)</u>	<u>-</u>	<u>2,415</u>	<u>(13,459)</u>	<u>672,384</u>	<u>1,819</u>	<u>(11,873)</u>	<u>4,905</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>
<u>\$ 149,068</u>	<u>\$ -</u>	<u>\$ 234,123</u>	<u>\$ 1,711,166</u>	<u>\$ 1,481,556</u>	<u>\$ 4,011</u>	<u>\$ 34,222</u>	<u>\$ 152,418</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, 2015

	Special Revenue Funds				
	Animal Control	Small Cities Reuse	Register of Deeds Automation	E-911 Telephone Surcharge	Mobile Data Maintenance & Repair
Revenue					
Property taxes	\$ 707,610	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	12,839	-	-	-	-
Federal grants	-	-	-	-	-
State grants	-	-	-	445,212	-
Local grants and contributions	-	-	-	-	124,500
Charges for services	71,151	-	170,440	5,196,482	180,242
Fines and forfeitures	-	-	-	-	-
Investment income	-	461	3,248	2,830	5,333
Rental revenue	-	-	-	-	-
Donations	50,459	-	-	-	-
Reimbursements	-	443,284	-	-	14,450
Other revenue	-	-	-	-	-
Total revenue	842,059	443,745	173,688	5,644,524	324,525
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	259,467	-	-
Public safety	882,746	-	-	7,066,659	291,281
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	427,497	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	88,241	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	882,746	427,497	347,708	7,066,659	291,281
Revenues over (under) expenditures	(40,687)	16,248	(174,020)	(1,422,135)	33,244
Other financing sources (uses)					
Transfers in	76,050	-	-	-	150,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	76,050	-	-	-	150,000
Net change in fund balances	35,363	16,248	(174,020)	(1,422,135)	183,244
Fund balances, beginning of year	144,686	35,881	1,042,810	1,578,486	1,436,294
Fund balances, end of year	\$ 180,049	\$ 52,129	\$ 868,790	\$ 156,351	\$ 1,619,538

Special Revenue Funds							
Concealed Pistol Licensing	Area Records Management System	County Library Board	Remonu- mentation	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
16,172	-	-	-	-	-	-	-
-	-	-	-	241,210	138,123	218,595	-
-	821,322	-	98,797	578,740	246,649	257,913	314,949
-	-	-	-	-	-	-	-
-	-	-	-	23,422	63,181	-	-
-	-	73,224	-	12,207	176,613	46,312	-
-	1,347	-	-	-	1,293	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,904	-	400	-
-	-	-	-	180,779	764,404	46,312	-
-	-	-	-	-	70	-	-
<u>16,172</u>	<u>822,669</u>	<u>73,224</u>	<u>98,797</u>	<u>1,041,262</u>	<u>1,390,333</u>	<u>569,532</u>	<u>314,949</u>
-	-	-	-	734,977	-	-	-
-	-	-	98,796	-	-	874,747	-
-	821,321	-	-	201,622	1,597,926	-	279,318
-	-	-	-	180,629	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	37,404	-	-	-
-	-	73,224	-	-	-	-	-
-	-	-	-	-	25,530	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>821,321</u>	<u>73,224</u>	<u>98,796</u>	<u>1,154,632</u>	<u>1,623,456</u>	<u>874,747</u>	<u>279,318</u>
<u>16,172</u>	<u>1,348</u>	<u>-</u>	<u>1</u>	<u>(113,370)</u>	<u>(233,123)</u>	<u>(305,215)</u>	<u>35,631</u>
-	-	-	-	172,821	88,868	305,235	-
-	-	-	-	(13,000)	(182,380)	-	(10,508)
-	-	-	-	159,821	(93,512)	305,235	(10,508)
16,172	1,348	-	1	46,451	(326,635)	20	25,123
-	262,379	-	7,628	590,864	1,009,930	924	45,788
<u>\$ 16,172</u>	<u>\$ 263,727</u>	<u>\$ -</u>	<u>\$ 7,629</u>	<u>\$ 637,315</u>	<u>\$ 683,295</u>	<u>\$ 944</u>	<u>\$ 70,911</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, 2015

	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	-	-	-	-	66,724	-
State grants	-	78,670	151,341	-	2,188,894	74,757
Local grants and contributions	-	-	25,108	-	174,306	-
Charges for services	78,270	-	356	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	362	-	157	-	-	-
Rental revenue	-	-	-	-	-	-
Donations	-	-	-	18,770	27,097	-
Reimbursements	-	-	67	-	210,920	-
Other revenue	-	-	-	-	7,803	-
Total revenue	78,632	78,670	177,029	18,770	2,675,744	74,757
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	389,917	-	-	-
Public safety	53,044	78,670	-	-	-	-
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	107,620	4,977,280	74,758
Community and economic development	-	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	53,044	78,670	389,917	107,620	4,977,280	74,758
Revenues over (under) expenditures	25,588	-	(212,888)	(88,850)	(2,301,536)	(1)
Other financing sources (uses)						
Transfers in	-	-	212,888	97,075	2,214,438	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	212,888	97,075	2,214,438	-
Net change in fund balances	25,588	-	-	8,225	(87,098)	(1)
Fund balances, beginning of year	86,430	-	-	329	3,474,434	1
Fund balances, end of year	\$ 112,018	\$ -	\$ -	\$ 8,554	\$ 3,387,336	\$ -

Debt Service Funds				Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
MERS (DB) Pension Obligation Bond	Qualified Energy Bond	Juvenile Center Renovation	Building Authority	Parks Building & Site	Mainframe Conversion Project	Rail Trail Endowment	
\$ -	\$ -	\$ 236	\$ -	\$ -	\$ -	\$ -	\$ 13,791,944
-	-	-	-	-	-	-	2,841,604
-	-	-	-	-	-	-	29,011
-	-	-	-	-	-	-	4,535,335
-	-	-	-	317,063	-	-	6,494,769
-	-	-	-	67,100	-	-	391,014
-	-	-	-	-	-	-	6,800,131
-	-	-	-	-	-	-	309,856
-	34	102	183	194	1,311	132	52,099
-	162,776	-	217,039	-	-	-	396,515
-	-	-	-	-	-	100	321,987
4,780,651	-	-	-	-	-	-	7,939,727
-	-	-	-	-	-	-	42,030
<u>4,780,651</u>	<u>162,810</u>	<u>338</u>	<u>217,222</u>	<u>384,357</u>	<u>1,311</u>	<u>232</u>	<u>43,946,022</u>
-	-	-	-	-	-	-	5,179,931
-	-	-	-	-	-	-	1,815,634
-	-	-	-	-	-	-	16,772,535
-	-	-	-	218	-	-	579,628
-	-	-	-	-	-	-	11,797,664
-	-	-	-	-	-	-	3,332,679
-	-	-	-	-	-	-	1,846,101
-	-	-	-	442,544	155,433	-	943,558
2,925,000	130,824	-	245,000	-	-	-	3,300,824
1,855,651	31,950	-	8,341	-	-	-	1,895,942
<u>4,780,651</u>	<u>162,774</u>	<u>-</u>	<u>253,341</u>	<u>442,762</u>	<u>155,433</u>	<u>-</u>	<u>47,464,496</u>
-	36	338	(36,119)	(58,405)	(154,122)	232	(3,518,474)
-	-	-	-	-	-	-	5,318,379
-	-	-	1,000	-	-	-	(3,103,331)
-	-	-	1,000	-	-	-	2,215,048
-	36	338	(35,119)	(58,405)	(154,122)	232	(1,303,426)
-	74	29,926	77,121	72,856	408,705	38,784	15,039,776
<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 30,264</u>	<u>\$ 42,002</u>	<u>\$ 14,451</u>	<u>\$ 254,583</u>	<u>\$ 39,016</u>	<u>\$ 13,736,350</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, 2015

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Assets						
Current assets:						
Cash and investment pool	\$ 1,015,840	\$ 271,199	\$ 86,323	\$ 268,432	\$ 110,487	\$ 1,752,281
Receivables (net):						
Accounts	-	-	-	18,835	48,605	67,440
Accrued interest	1,890	507	-	-	-	2,397
Inventory	-	-	-	33,750	-	33,750
Prepays	-	-	-	11,278	-	11,278
Total current assets	1,017,730	271,706	86,323	332,295	159,092	1,867,146
Noncurrent assets:						
Capital assets not being depreciated	-	-	41,273	1,566,611	-	1,607,884
Capital assets being depreciated, net	-	-	17,421	1,959,183	-	1,976,604
Total noncurrent assets	-	-	58,694	3,525,794	-	3,584,488
Total assets	1,017,730	271,706	145,017	3,858,089	159,092	5,451,634
Liabilities						
Current liabilities:						
Accounts payable	823,169	180	668	12,671	23,568	860,256
Accrued liabilities	6,950	-	9,582	-	-	16,532
Deposits payable	-	-	-	-	27,857	27,857
Due to other funds	-	-	968	-	62,666	63,634
Unearned revenue	-	-	-	5,927	-	5,927
Total current liabilities	830,119	180	11,218	18,598	114,091	974,206
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	20,000	20,000
Accrued compensated absences	5,127	-	-	-	-	5,127
Net other postemployment benefit obligation	182,484	-	105,356	-	-	287,840
Total noncurrent liabilities	187,611	-	105,356	-	20,000	312,967
Total liabilities	1,017,730	180	116,574	18,598	134,091	1,287,173
Net position						
Net investment in capital assets	-	-	58,694	3,525,794	-	3,584,488
Unrestricted (deficit)	-	271,526	(30,251)	313,697	25,001	579,973
Total net position	\$ -	\$ 271,526	\$ 28,443	\$ 3,839,491	\$ 25,001	\$ 4,164,461

COUNTY OF SAGINAW, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended September 30, 2015

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Operating revenues						
Charges for services	\$ 1,118,787	\$ 17,401	\$ 79,557	\$ 212,010	\$ 748,050	\$ 2,175,805
Interest income	403,979	-	-	-	-	403,979
Fines and forfeitures	-	-	24,370	-	-	24,370
Rental revenue	-	-	-	97,786	-	97,786
Reimbursements	-	-	-	1,316	5,337	6,653
Other revenue	-	-	-	999	79,897	80,896
Total operating revenues	1,522,766	17,401	103,927	312,111	833,284	2,789,489
Operating expenses						
Personnel services	106,409	1,321	35,264	-	-	142,994
Fringe benefits	100,801	-	56,125	-	-	156,926
Supplies	-	-	7,475	1,089	472,064	480,628
Services and charges	1,315,553	71,434	15,330	331,581	22,701	1,756,599
Depreciation	-	-	2,373	132,874	-	135,247
Total operating expenses	1,522,763	72,755	116,567	465,544	494,765	2,672,394
Operating income (loss)	3	(55,354)	(12,640)	(153,433)	338,519	117,095
Nonoperating revenues						
Federal grants	-	-	-	189,654	-	189,654
State grants	-	-	-	4,991	-	4,991
Investment income	-	1,085	-	-	39	1,124
Total nonoperating revenues	-	1,085	-	194,645	39	195,769
Income (loss) before transfers	3	(54,269)	(12,640)	41,212	338,558	312,864
Transfers						
Transfers in	-	1,400	-	-	-	1,400
Transfers out	-	-	-	-	(338,558)	(338,558)
Net transfers	-	1,400	-	-	(338,558)	(337,158)
Change in net position	3	(52,869)	(12,640)	41,212	-	(24,294)
Net position, beginning of year	(3)	324,395	41,083	3,798,279	25,001	4,188,755
Net position, end of year	\$ -	\$ 271,526	\$ 28,443	\$ 3,839,491	\$ 25,001	\$ 4,164,461

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2015

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Cash flows from operating activities						
Receipts from customers	\$ 2,572,217	\$ 17,401	\$ 105,529	\$ 312,915	\$ 814,246	\$ 3,822,308
Payments to employees	(185,166)	(1,321)	(73,184)	-	-	(259,671)
Payments to suppliers	(1,378,696)	(71,668)	(27,605)	(336,597)	(533,100)	(2,347,666)
Net cash provided by (used in) operating activities	1,008,355	(55,588)	4,740	(23,682)	281,146	1,214,971
Cash flows from noncapital financing activities						
Transfers in	-	1,400	-	-	-	1,400
Transfers out	-	-	-	-	(338,558)	(338,558)
Net cash provided by (used in) noncapital financing activities	-	1,400	-	-	(338,558)	(337,158)
Cash flows from capital and related financing activities						
Receipts from federal and state grants	-	-	-	194,645	-	194,645
Payments for capital asset acquisition	-	-	-	(210,511)	-	(210,511)
Net cash provided by (used in) capital and related financing activities	-	-	-	(15,866)	-	(15,866)
Cash flows from investing activities						
Investment income	-	1,329	-	-	39	1,368
Net change in cash and investment pool	1,008,355	(52,859)	4,740	(39,548)	(57,373)	863,315
Cash and investment pool:						
Beginning of year	7,485	324,058	81,583	307,980	167,860	888,966
End of year	\$ 1,015,840	\$ 271,199	\$ 86,323	\$ 268,432	\$ 110,487	\$ 1,752,281

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2015

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 3	\$ (55,354)	\$ (12,640)	\$ (153,433)	\$ 338,519	\$ 117,095
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	2,373	132,874	-	135,247
Changes in operating assets and liabilities:						
Receivables, net	1,049,451	-	1,602	(1,069)	(15,622)	1,034,362
Inventory	-	-	-	3,177	-	3,177
Prepays	-	-	-	(565)	-	(565)
Accounts payable	(63,143)	(234)	(5,768)	(6,539)	(9,799)	(85,483)
Accrued liabilities	752	-	7,730	-	-	8,482
Deposits payable	-	-	-	-	(3,416)	(3,416)
Due to other funds	-	-	968	-	(28,536)	(27,568)
Accrued compensated absences	843	-	(5,529)	-	-	(4,686)
Unearned revenue	-	-	-	1,873	-	1,873
Net OPEB obligation	20,449	-	16,004	-	-	36,453
Net cash provided by (used in) operating activities	<u>\$ 1,008,355</u>	<u>\$ (55,588)</u>	<u>\$ 4,740</u>	<u>\$ (23,682)</u>	<u>\$ 281,146</u>	<u>\$ 1,214,971</u>

Concluded

COUNTY OF SAGINAW, MICHIGAN

Internal Service Funds

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

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

Information Systems & 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, 2015

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving	Mailing Department
Assets					
Current assets:					
Cash and investment pool	\$ 34,504	\$ 500,858	\$ 457,146	\$ 34,202	\$ 19,909
Receivables (net):					
Accounts	236,068	89,252	1,140	-	-
Accrued interest	632	782	-	73	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	-	-
Prepays	-	-	-	-	20,000
Total current assets	<u>271,204</u>	<u>590,892</u>	<u>458,286</u>	<u>34,275</u>	<u>39,909</u>
Noncurrent assets:					
Capital assets being depreciated, net	-	-	200,117	15,314	-
Total assets	<u>271,204</u>	<u>590,892</u>	<u>658,403</u>	<u>49,589</u>	<u>39,909</u>
Liabilities					
Current liabilities:					
Accounts payable	2,806	128,900	13,352	2,915	14,909
Accrued liabilities	-	3,582	36,665	644	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total current liabilities	<u>2,806</u>	<u>132,482</u>	<u>50,017</u>	<u>3,559</u>	<u>14,909</u>
Noncurrent liabilities:					
Advances from other funds	-	-	-	-	25,000
Accrued compensated absences	-	11,456	32,263	1,232	-
Total noncurrent liabilities	<u>-</u>	<u>11,456</u>	<u>32,263</u>	<u>1,232</u>	<u>25,000</u>
Total liabilities	<u>2,806</u>	<u>143,938</u>	<u>82,280</u>	<u>4,791</u>	<u>39,909</u>
Net position					
Net investment in capital assets	-	-	200,117	15,314	-
Unrestricted	<u>268,398</u>	<u>446,954</u>	<u>376,006</u>	<u>29,484</u>	<u>-</u>
Total net position	<u>\$ 268,398</u>	<u>\$ 446,954</u>	<u>\$ 576,123</u>	<u>\$ 44,798</u>	<u>\$ -</u>

Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 348,644	\$ 2,005,658	\$ 6,668	\$ 4,989,933	\$ 4,780	\$ 8,402,302
-	19,340	-	225,285	7,198	578,283
-	3,887	-	7,746	2	13,122
-	-	193	-	-	193
-	967	-	-	-	967
-	-	-	67,596	-	87,596
348,644	2,029,852	6,861	5,290,560	11,980	9,082,463
132,195	-	-	-	-	347,626
480,839	2,029,852	6,861	5,290,560	11,980	9,430,089
3,974	2,674	1,579	35,464	11,964	218,537
-	976,515	949	376,063	-	1,394,418
2,828	-	2,747	-	-	5,575
-	-	-	60,556	-	60,556
6,802	979,189	5,275	472,083	11,964	1,679,086
-	-	-	-	-	25,000
-	3,295	1,586	2,562	-	52,394
-	3,295	1,586	2,562	-	77,394
6,802	982,484	6,861	474,645	11,964	1,756,480
132,195	-	-	-	-	347,626
341,842	1,047,368	-	4,815,915	16	7,325,983
\$ 474,037	\$ 1,047,368	\$ -	\$ 4,815,915	\$ 16	\$ 7,673,609

COUNTY OF SAGINAW, MICHIGAN

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

Internal Service Funds

For the Year Ended September 30, 2015

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
Operating revenues				
Charges for services	\$ -	\$ -	\$ 121,750	\$ -
Rental revenue	-	-	-	9,353
Reimbursements	422,041	2,804,515	1,887,938	-
Other revenue	-	65,539	-	-
Total operating revenues	422,041	2,870,054	2,009,688	9,353
Operating expenses				
Personnel services	-	56,400	711,797	10,245
Fringe benefits	411,788	2,858,549	532,233	10,710
Supplies	-	-	17,347	-
Services and charges	65,985	3,452	549,834	8,014
Other	-	-	-	-
Depreciation	-	-	16,429	6,743
Total operating expenses	477,773	2,918,401	1,827,640	35,712
Operating income (loss)	(55,732)	(48,347)	182,048	(26,359)
Nonoperating revenues (expenses)				
Federal grants	-	-	-	-
State grants	-	-	-	-
Investment income	1,960	1,663	-	145
Loss on sale of capital assets	-	-	-	(2,803)
Total nonoperating revenues (expenses)	1,960	1,663	-	(2,658)
Income (loss) before transfers	(53,772)	(46,684)	182,048	(29,017)
Transfers				
Transfers out	-	-	-	-
Change in net position	(53,772)	(46,684)	182,048	(29,017)
Net position, beginning of year, as restated	322,170	493,638	394,075	73,815
Net position, end of year	\$ 268,398	\$ 446,954	\$ 576,123	\$ 44,798

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 165,155	\$ 11,600	\$ -	\$ -	\$ -	\$ -	\$ 298,505
-	580,569	-	-	-	-	589,922
-	-	1,426,196	52,512	7,338,804	276,021	14,208,027
-	-	-	-	10,966	-	76,505
165,155	592,169	1,426,196	52,512	7,349,770	276,021	15,172,959
-	-	45,700	14,521	29,249	-	867,912
-	-	25,615	10,002	7,092,886	-	10,941,783
152,789	149,637	300	-	854	-	320,927
12,366	321,955	915,921	27,990	29,919	276,021	2,211,457
-	-	-	-	94,063	-	94,063
-	105,107	-	-	-	-	128,279
165,155	576,699	987,536	52,513	7,246,971	276,021	14,564,421
-	15,470	438,660	(1)	102,799	-	608,538
-	-	5,803	-	-	-	5,803
-	-	967	-	-	-	967
-	-	8,567	-	16,406	6	28,747
-	-	-	-	-	-	(2,803)
-	-	15,337	-	16,406	6	32,714
-	15,470	453,997	(1)	119,205	6	641,252
-	-	(52,118)	-	-	(259)	(52,377)
-	15,470	401,879	(1)	119,205	(253)	588,875
-	458,567	645,489	1	4,696,710	269	7,084,734
\$ -	\$ 474,037	\$ 1,047,368	\$ -	\$ 4,815,915	\$ 16	\$ 7,673,609

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2015

	MERS (DB) Retirement	MERS (DC) Retirement	Information Systems & Services	Equipment Revolving
Cash flows from operating activities				
Receipts from interfund services provided	\$ 345,403	\$ 2,897,403	\$ 2,014,171	\$ 9,353
Payments to employees	-	(55,857)	(1,276,330)	(20,690)
Payments to suppliers	(524,434)	(2,851,857)	(579,276)	(13,109)
Net cash provided by (used in) operating activities	(179,031)	(10,311)	158,565	(24,446)
Cash flows from noncapital financing activities				
Transfers out	-	-	-	-
Cash flows from capital and related financing activities				
Receipts from federal and state grants	-	-	-	-
Payments for capital asset acquisition	-	-	(159,636)	(10,951)
Net cash provided by (used in) capital and related financing activities	-	-	(159,636)	(10,951)
Cash flows from investing activities				
Investment income	2,027	2,115	-	300
Net change in cash and investment pool	(177,004)	(8,196)	(1,071)	(35,097)
Cash and investment pool:				
Beginning of year	211,508	509,054	458,217	69,299
End of year	\$ 34,504	\$ 500,858	\$ 457,146	\$ 34,202
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (55,732)	\$ (48,347)	\$ 182,048	\$ (26,359)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	16,429	6,743
Changes in operating assets and liabilities:				
Receivables, net	(21,709)	27,349	4,483	-
Due from other funds	-	-	-	-
Prepays	-	-	8,983	-
Accounts payable	(46,661)	9,841	(21,078)	(5,095)
Accrued liabilities	-	303	(12,149)	55
Due to other funds	(54,929)	-	-	-
Unearned revenue	-	-	-	-
Accrued compensated absences	-	543	(20,151)	210
Net cash provided by (used in) operating activities	\$ (179,031)	\$ (10,311)	\$ 158,565	\$ (24,446)

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 165,155	\$ 592,720	\$ 1,419,749	\$ 52,319	\$ 7,606,180	\$ 279,444	\$ 15,381,897
-	-	(71,308)	(24,210)	(29,731)	-	(1,478,126)
<u>(165,611)</u>	<u>(523,009)</u>	<u>(1,647,196)</u>	<u>(28,005)</u>	<u>(7,354,198)</u>	<u>(274,677)</u>	<u>(13,961,372)</u>
(456)	69,711	(298,755)	104	222,251	4,767	(57,601)
-	-	(52,118)	-	-	(259)	(52,377)
-	-	5,803	-	-	-	5,803
-	<u>(48,963)</u>	-	-	-	-	<u>(219,550)</u>
-	(48,963)	5,803	-	-	-	(213,747)
-	-	10,590	-	20,323	7	35,362
(456)	20,748	(334,480)	104	242,574	4,515	(288,363)
20,365	327,896	2,340,138	6,564	4,747,359	265	8,690,665
<u>\$ 19,909</u>	<u>\$ 348,644</u>	<u>\$ 2,005,658</u>	<u>\$ 6,668</u>	<u>\$ 4,989,933</u>	<u>\$ 4,780</u>	<u>\$ 8,402,302</u>
\$ -	\$ 15,470	\$ 438,660	\$ (1)	\$ 102,799	\$ -	\$ 608,538
-	105,107	-	-	-	-	128,279
-	-	(6,447)	-	195,854	3,423	202,953
-	-	-	(193)	-	-	(193)
-	-	-	-	(67,336)	-	(58,353)
(456)	(51,417)	(2,511)	-	10,179	1,344	(105,854)
-	-	(727,597)	122	(79,319)	-	(818,585)
-	551	(867)	(15)	-	-	(55,260)
-	-	-	-	60,556	-	60,556
-	-	7	191	(482)	-	(19,682)
<u>\$ (456)</u>	<u>\$ 69,711</u>	<u>\$ (298,755)</u>	<u>\$ 104</u>	<u>\$ 222,251</u>	<u>\$ 4,767</u>	<u>\$ (57,601)</u>

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 Assets and Liabilities

Agency Funds
September 30, 2015

	Trust & Agency	State Education Tax	Library Penal Fine
Assets			
Cash and investment pool	\$ 1,886,054	\$ 8,306,756	\$ 208,539
Receivables (net):			
Taxes	-	-	-
Accounts	1,986,838	-	2,009
Accrued interest	27	-	835
Due from other governmental units	163,564	75,901	-
Total assets	<u>\$ 4,036,483</u>	<u>\$ 8,382,657</u>	<u>\$ 211,383</u>
Liabilities			
Accounts payable	\$ 752,219	\$ 8,382,657	\$ -
Deposits payable	2,708,822	-	-
Due to other governmental units	575,442	-	211,383
Total liabilities	<u>\$ 4,036,483</u>	<u>\$ 8,382,657</u>	<u>\$ 211,383</u>



Hospital Millage	Dependent Care	Medical Spending Reimbursement	Total
\$ 983,781	\$ 1,549	\$ 16,050	\$ 11,402,729
36,269	-	-	36,269
-	-	-	1,988,847
2,058	-	-	2,920
-	-	-	239,465
<u>\$ 1,022,108</u>	<u>\$ 1,549</u>	<u>\$ 16,050</u>	<u>\$ 13,670,230</u>
\$ -	\$ 1,549	\$ 549	\$ 9,136,974
-	-	-	2,708,822
<u>1,022,108</u>	<u>-</u>	<u>15,501</u>	<u>1,824,434</u>
<u>\$ 1,022,108</u>	<u>\$ 1,549</u>	<u>\$ 16,050</u>	<u>\$ 13,670,230</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, 2015

	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Cash and investment pool	\$ 1,317,871	\$ -	\$ 1,317,871
Accrued interest receivable	2,082	-	2,082
Total assets	<u>\$ 1,319,953</u>	<u>-</u>	<u>1,319,953</u>
Liabilities			
Long-term liabilities:			
Due within one year	\$ -	14,886	14,886
Due in more than one year	-	30,785	30,785
Total liabilities	<u>-</u>	<u>45,671</u>	<u>45,671</u>
Fund balance			
Unassigned	<u>1,319,953</u>	<u>(1,319,953)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,319,953</u>		
Net position			
Unrestricted		<u>1,274,282</u>	<u>1,274,282</u>
Total net position		<u>\$ 1,274,282</u>	<u>\$ 1,274,282</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, 2015

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 6,835	\$ -	\$ 6,835
Reimbursements	15,914	-	15,914
Investment income	4,478	-	4,478
Total revenues	<u>27,227</u>	<u>-</u>	<u>27,227</u>
Expenditures / expenses			
Current:			
Community and economic development	100	-	100
Debt service:			
Principal	14,559	(14,559)	-
Interest and fiscal charges	1,355	-	1,355
Total expenditures / expenses	<u>16,014</u>	<u>(14,559)</u>	<u>1,455</u>
Change in fund balance / net position	11,213	14,559	25,772
Fund balance / net position, beginning of year	<u>1,308,740</u>	<u>(60,230)</u>	<u>1,248,510</u>
Fund balance / net position, end of year	<u>\$ 1,319,953</u>	<u>\$ (45,671)</u>	<u>\$ 1,274,282</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, 2015

	Debt Service	Adjustments	Statement of Net Position
Assets			
Cash and investment pool	\$ 674,189	\$ -	\$ 674,189
Due from other governmental units	13,440,000	187,094	13,627,094
Total assets	<u>\$ 14,114,189</u>	<u>187,094</u>	<u>14,301,283</u>
Liabilities			
Accounts payable	\$ 398,763	-	398,763
Accrued liabilities	-	187,094	187,094
Long-term liabilities:			
Due within one year	-	953,000	953,000
Due in more than one year	-	12,487,000	12,487,000
Total liabilities	<u>398,763</u>	<u>13,627,094</u>	<u>14,025,857</u>
Deferred inflows of resources			
Unavailable revenue -long-term receivables	13,440,000	(13,440,000)	-
Fund balance/net position			
Restricted for:			
Debt service	275,426	(275,426)	-
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 14,114,189</u>		
Net position			
Restricted for:			
Debt service		<u>\$ 275,426</u>	<u>\$ 275,426</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and

Changes in Fund Balance
 Department of Public Works Component Unit
 For the Year Ended September 30, 2015

	Debt Service	Adjustments	Statement of Activities
Revenues			
Local grants and contributions	\$ 1,918,246	\$ (1,331,637)	\$ 586,609
Investment income	625	-	625
Total revenues	<u>1,918,871</u>	<u>(1,331,637)</u>	<u>587,234</u>
Expenditures / expenses			
Current:			
Public works	8,902	-	8,902
Debt service:			
Principal	1,317,000	(1,317,000)	-
Interest and fiscal charges	516,209	(14,637)	501,572
Total expenditures / expenses	<u>1,842,111</u>	<u>(1,331,637)</u>	<u>510,474</u>
Change in fund balance / net position	<u>76,760</u>	<u>-</u>	<u>76,760</u>
Fund balance / net position, beginning of year	<u>198,666</u>	<u>-</u>	<u>198,666</u>
Fund balance / net position, end of year	<u>\$ 275,426</u>	<u>\$ -</u>	<u>\$ 275,426</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Department of Public Works Component Unit - Proprietary Fund
September 30, 2015

	Administration
Assets	
Cash and investment pool	\$ 46,168
Due from other governmental units	<u>6</u>
Total assets	<u>46,174</u>
Liabilities	
Accrued liabilities	<u>2,115</u>
Net position	
Unrestricted	<u><u>\$ 44,059</u></u>

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, 2015

	Administration
Operating revenues	
Licenses and permits	\$ 46,712
Operating expenses	
Personal services	18,066
Fringe benefits	5,812
Supplies	616
Services and charges	18,591
Total operating expenses	43,085
Operating income	3,627
Nonoperating revenues	
Federal grants	38
State grants	6
Total nonoperating revenues	44
Change in net position	3,671
Net position, beginning of year	40,388
Net position, end of year	\$ 44,059

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Department of Public Works Component Unit - Proprietary Fund
For the Year Ended September 30, 2015

Administration

Cash flows from operating activities	
Receipts from customers	\$ 46,712
Payments to employees	(23,424)
Payments to suppliers	(19,267)
	<hr/>
Net cash provided by operating activities	4,021
Cash flows from capital and related financing activities	
Receipts from federal and state grants	38
	<hr/>
Net change in cash and investment pool	4,059
Cash and investment pool:	
Beginning of year	42,109
	<hr/>
End of year	\$ 46,168
	<hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income	\$ 3,627
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts payable	(60)
Accrued liabilities	454
	<hr/>
Net cash provided by operating activities	\$ 4,021
	<hr/>

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, 2015

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Assets				
Cash and investment pool	\$ 431,633	\$ 261,867	\$ 3,457,617	\$ 4,865,612
Receivables (net):				
Special assessments	6,434,657	491,396	-	-
Accounts	-	-	1,987	-
Due from other funds	-	-	353,683	-
Capital assets:				
Assets not being depreciated	-	-	-	-
Assets being depreciated, net	-	-	-	-
Total assets	\$ 6,866,290	\$ 753,263	\$ 3,813,287	\$ 4,865,612
Liabilities				
Accounts payable	\$ -	\$ 106,014	\$ 447,611	\$ 1,635,655
Accrued liabilities	-	-	-	-
Due to other funds	-	-	734	353,112
Unearned revenue	-	-	353	-
Advances from primary government	-	-	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	-	106,014	448,698	1,988,767
Deferred inflows of resources				
Unavailable revenue - special assessments	6,434,657	491,396	-	-
Fund balances / net position				
Restricted for:				
Debt service	431,633	155,853	-	-
Capital projects	-	-	3,364,589	2,876,845
Total fund balances	431,633	155,853	3,364,589	2,876,845
Total liabilities, deferred inflows of resources and fund balances	\$ 6,866,290	\$ 753,263	\$ 3,813,287	\$ 4,865,612
Net position:				
Net investment in capital assets				
Restricted for:				
Debt service				
Acquisition/construction of capital assets				
Total net position				

Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Net Position
\$ 400,000	\$ 113,059	\$ 9,529,788	\$ -	\$ 9,529,788
-	-	6,926,053	-	6,926,053
-	3,435	5,422	-	5,422
-	163	353,846	(353,846)	-
-	-	-	3,813,829	3,813,829
-	-	-	33,579,265	33,579,265
<u>\$ 400,000</u>	<u>\$ 116,657</u>	<u>\$ 16,815,109</u>	<u>37,039,248</u>	<u>53,854,357</u>
\$ -	\$ 1,085	2,190,365	-	2,190,365
-	-	-	28,235	28,235
-	-	353,846	(353,846)	-
-	-	353	-	353
400,000	-	400,000	-	400,000
-	-	-	574,023	574,023
-	-	-	6,790,461	6,790,461
<u>400,000</u>	<u>1,085</u>	<u>2,944,564</u>	<u>7,038,873</u>	<u>9,983,437</u>
-	-	6,926,053	(6,926,053)	-
-	-	587,486	(587,486)	-
-	115,572	6,357,006	(6,357,006)	-
-	115,572	6,944,492	(6,944,492)	-
<u>\$ 400,000</u>	<u>\$ 116,657</u>	<u>\$ 16,815,109</u>		
			30,028,610	30,028,610
			7,485,304	7,485,304
			<u>6,357,006</u>	<u>6,357,006</u>
			<u>\$ 43,870,920</u>	<u>\$ 43,870,920</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, 2015

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Revenues				
Special assessments	\$ 190,608	\$ -	\$ 502,036	\$ 179,588
Federal grants	-	-	1,404	-
State grants and contributions	228	6,865	23,966	18,644
Local grants and contributions	43,963	347,039	74,918	10,750
Investment income	188,195	359	5,500	3,171
Reimbursements	-	-	24,132	-
Total revenues	422,994	354,263	631,956	212,153
Expenditures / expenses				
Current:				
Public works	-	-	933,387	2,852,460
Depreciation	-	-	-	-
Debt service:				
Principal	179,022	325,000	-	-
Interest and fiscal charges	41,480	29,784	-	-
Total expenditures	220,502	354,784	933,387	2,852,460
Revenues over (under) expenditures/expenses	202,492	(521)	(301,431)	(2,640,307)
Other financing sources				
Proceeds from issuance of long-term debt	-	-	-	5,785,000
Change in fund balance / net position	202,492	(521)	(301,431)	3,144,693
Fund balances (deficit) / net position, beginning of year	229,141	156,374	3,666,020	(267,848)
Fund balances / net position, end of year	\$ 431,633	\$ 155,853	\$ 3,364,589	\$ 2,876,845

Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Activities
\$ -	\$ -	\$ 872,232	\$ 5,274,704	\$ 6,146,936
-	-	1,404	-	1,404
-	-	49,703	-	49,703
-	-	476,670	-	476,670
-	206	197,431	-	197,431
-	57,936	82,068	-	82,068
-	58,142	1,679,508	5,274,704	6,954,212
-	29,281	3,815,128	(3,254,221)	560,907
-	-	-	1,248,330	1,248,330
-	-	504,022	(504,022)	-
-	-	71,264	12,083	83,347
-	29,281	4,390,414	(2,497,830)	1,892,584
-	28,861	(2,710,906)	7,772,534	5,061,628
-	-	5,785,000	(5,785,000)	-
-	28,861	3,074,094	1,987,534	5,061,628
-	86,711	3,870,398	34,938,894	38,809,292
\$ -	\$ 115,572	\$ 6,944,492	\$ 36,926,428	\$ 43,870,920

SINGLE AUDIT ACT COMPLIANCE

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

March 30, 2016

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 30, 2016, 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, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster:					
Non-cash assistance (commodities)					
Entitlement Commodities	10.555	MDE	730008002	\$ -	\$ 4,834
Cash assistance					
National School Lunch Program - Children's Facility	10.555	MDE	730008002	-	66,724
				-	71,558
Women and Infant Care	10.557	MDHHS	N/A	-	662,187
Women and Infant Care - Breastfeeding	10.557	MDHHS	N/A	-	38,826
				-	701,013
SNAP Cluster:					
Food Assistance & Employment Training Type A	10.561	WDA	N/A	82,594	110,400
Food Assistance & Employment Training / SS Type B	10.561	WDA	N/A	1,269	1,269
				83,863	111,669
Total U.S. Department of Agriculture				83,863	884,240
U.S. Department of Housing and Urban Development					
CDBG - State-Administered Small Cities Program Cluster:					
Community Development Block Grant	14.228	MSHDA	MSC-2014-0540-HOA	-	201,858
Community Development Block Grant - Administration	14.228	MSHDA	MSC-2014-0540-HOA	-	20,421
				-	222,279
Healthy Homes Demonstration Grants:					
Healthy Homes and Lead Hazard Control	14.901	Direct	MILHB0467-10	-	19,298
Total U.S. Department of Housing and Urban Development				-	241,577
U.S. Department of Justice					
Juvenile Accountability Block Grants:					
Truancy Early Intervention X & XI	16.523	MDHHS	JAIBG-12-73001	-	31,216
Juvenile Justice and Delinquency Prevention-Allocation to States:					
Multicultural Training Program	16.540	MDHHS	JJDMC-14-73001	-	35,269
State Criminal Alien Assistance Program	16.606	Direct	N/A	-	4,487

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Justice (concluded)					
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:					
Edward Byrne Memorial JAG Program	16.738	Direct	2012-DJ-BX-0221	\$ -	\$ 58,719
Edward Byrne Memorial JAG Program	16.738	Direct	2013-DJ-BX-0391	-	18,497
10th Circuit Court Adult Felony Drug Court - Byrne JAG	16.738	SCAO	SCAO-15-3063	-	37,532
Prosecutor's Bay Area Narcotics Enforcement Team (BAYANET)	16.738	MSP	2013-MU-BX-0051	-	18,595
Prosecutor's Major Crimes Prosecution Project	16.738	MSP	2013-MU-BX-0051	-	200,000
				<u>-</u>	<u>333,343</u>
Total U.S. Department of Justice				<u>-</u>	<u>404,315</u>
U.S. Department of Labor					
Employment Services Cluster:					
Employment Service	17.207	WDA	N/A	<u>169,741</u>	<u>394,062</u>
Reemployment and Eligibility Assessment Program	17.225	WDA	N/A	<u>65,466</u>	<u>68,883</u>
Trade Adjustment Assistance:					
Trade Adjustment Assistance	17.245	WDA	N/A	7,283	7,283
Trade Adjustment Assistance Administrative Grant	17.245	WDA	N/A	-	44,401
Trade Case Management	17.245	WDA	N/A	<u>1,502,019</u>	<u>1,552,079</u>
				<u>1,509,302</u>	<u>1,603,763</u>
Workforce Investment Act (WIA) Cluster:					
WIA - Adult	17.258	WDA	N/A	726,132	883,911
WIA - Administration	17.258	WDA	N/A	-	121,038
WIA - One Stop Operations	17.258	WDA	N/A	-	9,010
WIA - SWA Realignment Activities	17.258	WDA	N/A	-	14,772
Workforce Innovation and Opportunity Act - Adult	17.258	WDA	N/A	-	36,239
Workforce Innovation and Opportunity Act - One Stop Operations	17.258	WDA	N/A	-	6,107
WIA - Youth	17.259	WDA	N/A	739,104	752,830
WIA - Administration	17.259	WDA	N/A	-	129,217
WIA - One Stop Operations	17.259	WDA	N/A	-	9,619
WIA - SWA Realignment Activities	17.259	WDA	N/A	-	15,771
Workforce Innovation and Opportunity Act - Youth	17.259	WDA	N/A	26,438	52,179
Workforce Innovation and Opportunity Act - One Stop Operations	17.259	WDA	N/A	-	6,616
WIA - Administration	17.278	WDA	N/A	-	158,659
WIA - Dislocated Worker	17.278	WDA	N/A	970,064	1,165,689
WIA - One Stop Operations	17.278	WDA	N/A	-	11,810
WIA - SWA Realignment Activities	17.278	WDA	N/A	-	19,364

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Labor (concluded)					
Workforce Investment Act (WIA) Cluster (concluded):					
Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	WDA	N/A	\$ -	\$ 63,744
Workforce Innovation and Opportunity Act - One Stop Operations	17.278	WDA	N/A	-	8,482
				<u>2,461,738</u>	<u>3,465,057</u>
WIA - DW NEG RES	17.277	WDA	N/A	24,329	24,594
WIA - DW Job Driven Emerg Grant	17.277	WDA	N/A	50,903	362,020
WIA - TRW NEG	17.277	WDA	N/A	467,269	503,100
				<u>542,501</u>	<u>889,714</u>
Total U.S. Department of Labor				<u>4,748,748</u>	<u>6,421,479</u>
U.S. Department of Transportation					
Airport Improvement Program:					
Airport Improvement Program	20.106	MDOT-A	B-26-0114-2011	-	122,546
Airport Improvement Program	20.106	MDOT-A	B-26-0114-2114	-	67,109
				<u>-</u>	<u>189,655</u>
Urban Planning - FHWA	20.205	MDOT	PL-1484-231	-	226,228
Federal Transit Cluster:					
Urban Planning - FTA	20.500	MDOT	MI-80-0005	-	26,736
Rural Transit Assistance Program (RTAP)	20.509	MPTA	N/A	-	2,909
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	MPTA	2007-0283-Z2	-	717
Highway Safety Cluster:					
10th Circuit Court Adult Felony Drug Court - OHSP	20.601	SCAO	SCAO-15-2890	-	71,665
Police Traffic Services (Project Safe & Sober)	20.616	MSP	PT-15-34	-	24,594
Police Traffic Services (Alcohol Reduction S.C.A.R.E.)	20.616	MSP	PT-15-34	-	35,790
				<u>-</u>	<u>132,049</u>
Hazardous Material Emergency Preparedness	20.703	MSP	HM-HMP-0439-14-01-00	-	571
Total U.S. Department of Transportation				<u>-</u>	<u>578,865</u>
U.S. Department of Health and Human Services					
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services:					
Evidence Based Programs	93.043	MOAS	N/A	-	11,550

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (continued)					
Aging Cluster:					
Case Coordination and Support	93.044	MOAS	N/A	\$ -	\$ 78,092
Case Coordination and Support - In-Home Support Services	93.044	MOAS	N/A	-	44,912
Outreach	93.044	MOAS	N/A	-	19,156
Transportation	93.044	MOAS	N/A	-	9,148
Senior Center Staffing - MO	93.044	MOAS	N/A	-	10,512
Senior Center Staffing	93.044	MOAS	N/A	-	13,000
Senior Center Operations	93.044	MOAS	N/A	-	8,390
Nutrition - Title III C-1 Congregate	93.045	MOAS	N/A	-	111,862
Nutrition - Title III C-2 HDM	93.045	MOAS	N/A	-	226,254
Nutrition Services Incentive Program - Congregate	93.053	MOAS	N/A	-	39,435
Nutrition Services Incentive Program - HDM	93.053	MOAS	N/A	-	111,467
				-	672,228
National Family Caregiver Support, Title III, Part E:					
Title III E Kinship Care	93.052	MOAS	N/A	-	3,043
National Family Caregiver Support Program	93.052	MOAS	N/A	-	56,344
Supplemental funds - Title III E	93.052	MOAS	N/A	-	10,559
				-	69,946
Public Health Emergency Preparedness:					
Bioterrorism - Focus A	93.069	MDHHS	N/A	-	141,731
Bioterrorism - Focus C	93.069	MDHHS	N/A	-	57,447
Ebola Virus Disease	93.069	MDHHS	N/A	-	1,270
				-	200,448
TB Control	93.116	MDHHS	N/A	-	100
Family Planning General Services	93.217	MDHHS	N/A	-	76,831
Immunization Cooperation Agreements:					
Immunizations - IAP	93.268	MDHHS	N/A	-	89,127
Federally Funded Vaccines	93.268	MDHHS	N/A	-	241,397
Billing Practice Infrastructure Enhancement	93.268	MDHHS	N/A	-	12,091
				-	342,615
ACA - Maternal, Infant & Early Childhood Home Visiting Programs:					
NFP (Nurse Family Partnership)	93.505	MDHHS	N/A	-	255,750
Immunizations - IAP	93.539	MDHHS	N/A	-	8,970
TANF Cluster:					
TANF - JET Supportive Services Type E	93.558	WDA	N/A	81,999	81,999
TANF - JET Type T	93.558	WDA	N/A	1,850,471	2,758,282
				1,932,470	2,840,281

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (concluded)					
Child Enforcement Support:					
Title IV-D Maintenance Assistance (Federal Incentive) (FOC)	93.563	MDHHS	CSFOC-13-73001	\$ -	\$ 290,188
Title IV-D Cooperative Reimbursement Program (FOC)	93.563	MDHHS	CSFOC-13-73001	-	2,485,599
Title IV-D Cooperative Reimbursement Program (PA)	93.563	MDHHS	CSPA-13-73002	-	329,583
				<u>-</u>	<u>3,105,370</u>
Federal Access and Visitation	93.597	SCAO	N/A	-	5,850
Medicaid Cluster:					
Medicaid Outreach - Laboratory	93.778	MDHHS	N/A	-	14,225
CSHCS Medicaid Outreach	93.778	MDHHS	N/A	-	9,632
CSHCS Outreach & Advocacy	93.778	MDHHS	N/A	-	56,500
Medicaid Outreach - Nursing Services	93.778	MDHHS	N/A	-	18,241
Medicaid Reimbursement - TCM	93.778	MOAS	N/A	-	1,754
POS Waiver	93.778	MOAS	N/A	-	102,927
				<u>-</u>	<u>203,279</u>
HIV/AIDS Prevention Counseling	93.940	MDHHS	N/A	-	13,738
STD Laboratory Testing	93.977	MDHHS	N/A	-	124,928
STD Control Grant	93.991	MDHHS	N/A	-	36,130
Maternal and Child Health Services Block Grant:					
Local MCH Block Grant	93.994	MDHHS	N/A	-	197,324
Childhood Lead Poisoning Prevention	93.994	MDHHS	N/A	-	668
Family Planning Services	93.994	MDHHS	N/A	-	40,234
				<u>-</u>	<u>238,226</u>
Total U.S. Department of Health and Human Services				<u>1,932,470</u>	<u>8,206,240</u>
Corporation for National and Community Service					
Foster Grandparent Program	94.011	Direct	13SFNMI006	-	226,048
U.S. Department of Homeland Security					
Marine Safety Program	97.012	MDNR	N/A	-	2,477
Emergency Food and Shelter National Board Program	97.024	UWSC	481400-005	-	967
Emergency Management Performance Grant	97.042	MSP	EMW-2015-EP-00029-S01	-	39,746

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Homeland Security (concluded)					
3rd District Regional Homeland Security Grant	97.067	Alcona	EMW-2013-SS-00049	\$ -	\$ 21,772
3rd District Regional Homeland Security Grant	97.067	losco	EMW-2014-SS-00059	-	664
				<u>-</u>	<u>22,436</u>
Total U.S. Department of Homeland Security				<u>-</u>	<u>65,626</u>
Total Expenditures of Federal Awards				<u>\$ 6,765,081</u>	<u>\$ 17,028,390</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, 2015. 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, 2015, 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
Iosco	Iosco County, Michigan
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and 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
MSP	Michigan State Police
SCAO	State Court Administrative Office
UWSC	United Way of Saginaw County
WDA	Workforce Development Agency

COUNTY OF SAGINAW, MICHIGAN

Notes to the Schedule of Expenditures of Federal Awards

4. RECONCILIATION OF FEDERAL REVENUE TO THE FEDERAL EXPENDITURES REPORTED ON THE SCHEDULE

Federal revenue:	
Statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 16,839,804
Statement of revenues, expenses and changes in fund net position:	
Enterprise funds	189,654
Internal service funds	5,803
Statement of revenues, expenditures and changes in fund balances - component units:	
Department of public works	38
Drain commission	1,404
Less:	
Supplemental grant distributions for prior years' expenses	<u>(8,313)</u>
	<u>\$ 17,028,390</u>



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

March 30, 2016

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, 2015, 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 30, 2016. 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.

Rehmann Lobson LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

March 30, 2016

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 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, 2015. 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 \$1,650,434 and \$5,251,640 in federal awards, respectively, which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2015. Our audit, described below, did not include the operations of the County of Saginaw Road Commission or 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Rehmann Loborn LLC

COUNTY OF SAGINAW, MICHIGAN

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015**

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? _____ X yes _____ 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)? _____ X yes _____ no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIA Cluster
17.277	WIA National Emergency Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$ 510,852

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, 2015

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, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-001 - Eligibility Determinations

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Eligibility).

Program. WIA National Emergency Grants; U.S. Department of Labor; CFDA Number 17.277. Passed through Workforce Development Agency.

Criteria. Grant recipients are required to have a process for determining whether individuals receiving assistance with such funding meet eligibility requirements as set by the grantor agency.

Condition. During our audit, we selected a sample of 20 individuals receiving assistance under the WIA National Emergency Grants program. Of this sample, we were unable to test the eligibility of one individual, due to management not being able to locate the individual's file.

Cause. This condition appears to have been caused by improper retention of participant data.

Effect. As a result of this condition, we are unable to test compliance with eligibility requirements for this participant to verify their eligibility to receive federal assistance under this grant.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as the potential over-reimbursement to the County for the period audited would be inconsequential.

Recommendation. We recommend that program management review and modify, as necessary, the retention policies and procedures for participant files.

View of Responsible Officials. Great Lakes Bay Michigan Works! has reviewed and updated its file retention policies and procedures to include the use of a formal file transfer form that is to be completed when transferring a participant file, to better track file transfer between front-line staff and to better record current case management caseloads.

COUNTY OF SAGINAW, MICHIGAN

■ Summary Schedule of Prior Audit Findings For the Year Ended September 30, 2015

No matters were reported.

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