

COUNTY OF
SAGINAW,
MICHIGAN



Year Ended
September 30,
2019

Financial
Statements and
Single Audit Act
Compliance

COUNTY OF SAGINAW, MICHIGAN

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Independent Auditors' Report

March 27, 2020

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, 2019, 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 Saginaw County Road Commission, a discretely presented component unit, which represent the indicated percentages of total aggregate discretely presented component units assets and deferred outflows, net position, and revenues:

	Percent of Total Assets and Deferred Outflows	Percent of Total Net Position	Percent of Total Revenues
Saginaw County Road Commission	59%	63%	46%

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, 2019, 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. 75 - Road Commission

As described in Note 19, the Road Commission implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in the current year. Accordingly, beginning net position was restated. Our opinion is not modified with respect to this matter.

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 27, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Rehmann Lobson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

As management of the *County of Saginaw, Michigan*, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements.

Financial Highlights

· Total primary government net position (deficit)	\$(17,492,619)
· Change in total primary government net position	9,088,339
· Fund balances, governmental funds	70,139,371
· Change in fund balances, governmental funds	(7,776,801)
· Unassigned fund balance, general fund	7,452,489
· Change in fund balance, general fund	888,789
· Primary government installment debt outstanding	101,839,296
· Change in installment debt	9,696,066

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, liabilities and deferred inflows of resources, 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).

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, building authority event center, building authority administration, delinquent tax foreclosure, 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 and Land Bank 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 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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, Michigan Works! Fund, Planning Commission Fund, Community Mental Health Bonds Fund, Mainframe Conversion Project Fund and Sheriff's Adult Detention and Administration Facility 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.

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, building authority event center, delinquent property tax foreclosure, 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 technology operations, equipment revolving (computer equipment maintenance and replacement) activities, motor pool operations, risk management program, investment pool, employee benefits, and retiree health savings plan activities. 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$17,492,619 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 99,277,990	\$103,555,596	\$ 28,944,353	\$ 24,436,834	\$128,222,343	\$ 127,992,430
Capital assets, net	48,597,556	27,988,706	22,123,680	23,046,877	70,721,236	51,035,583
Total assets	147,875,546	131,544,302	51,068,033	47,483,711	198,943,579	179,028,013
Deferred outflows of resources	11,658,675	2,587,096	-	-	11,658,675	2,587,096
Liabilities						
Long-term liabilities	90,840,450	83,629,245	16,483,345	12,392,363	107,323,795	96,021,608
Other liabilities	117,216,427	102,664,534	3,554,651	2,663,338	120,771,078	105,327,872
Total liabilities	208,056,877	186,293,779	20,037,996	15,055,701	228,094,873	201,349,480
Deferred inflows of resources	-	6,846,587	-	-	-	6,846,587
Net position						
Net investment in capital assets	20,305,185	18,483,220	18,487,680	19,245,877	38,792,865	37,729,097
Restricted	11,378,807	12,957,847	-	-	11,378,807	12,957,847
Unrestricted (deficit)	(80,206,648)	(90,450,035)	12,542,357	13,182,133	(67,664,291)	(77,267,902)
Total net position	\$ (48,522,656)	\$ (59,008,968)	\$ 31,030,037	\$ 32,428,010	\$ (17,492,619)	\$ (26,580,958)

One of the largest portions of the County's net position, \$38,792,865 (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, \$11,378,807 represents resources that are subject to external restrictions on how they may be used. This leaves a negative net position of \$67,664,291 as an unrestricted deficit.

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 mainly due to the requirements of GASB Statement No. 68 and 75 to record the net pension and OPEB liabilities. During 2019, the County had a significant increase in governmental activities capital assets, which was the result of the construction of the new County jail facility.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 27,029,364	\$ 29,714,582	\$ 9,731,247	\$ 8,962,207	\$ 36,760,611	\$ 38,676,789
Operating grants and contributions	37,355,326	34,724,914	78,407	-	37,433,733	34,724,914
Capital grants and contributions	-	-	-	1,640,416	-	1,640,416
General revenues:						
Property taxes	41,862,305	41,467,947	1,095,038	1,212,628	42,957,343	42,680,575
Accommodations tax	3,302,644	3,215,047	-	-	3,302,644	3,215,047
Grants and contributions not not restricted to specific programs	455,647	448,934	-	-	455,647	448,934
Investment income	1,825,599	146,432	541,864	61,888	2,367,463	208,320
Total revenues	111,830,885	109,717,856	11,446,556	11,877,139	123,277,441	121,594,995
Expenses						
Legislative	524,755	486,715	-	-	524,755	486,715
Judicial	17,676,889	16,218,447	-	-	17,676,889	16,218,447
General government	12,111,592	12,846,263	-	-	12,111,592	12,846,263
Public safety	28,081,811	24,032,377	-	-	28,081,811	24,032,377
Public works	891,933	740,539	-	-	891,933	740,539
Health and welfare	35,752,450	37,076,165	-	-	35,752,450	37,076,165
Community and economic development	3,999,154	3,932,509	-	-	3,999,154	3,932,509
Recreation and culture	2,520,579	2,425,733	-	-	2,520,579	2,425,733
Interest on long-term debt	3,193,505	3,006,273	-	-	3,193,505	3,006,273
Delinquent tax revolving	-	-	1,295,754	1,416,618	1,295,754	1,416,618
Delinquent tax foreclosure	-	-	1,468,322	1,141,061	1,468,322	1,141,061
Building Authority						
Event Center	-	-	5,518,288	4,411,609	5,518,288	4,411,609
Building Authority administration	-	-	32,883	65,252	32,883	65,252
Parking system	-	-	100,439	100,789	100,439	100,789
Harry W. Browne Airport	-	-	629,853	440,027	629,853	440,027
Inmate services	-	-	390,895	411,308	390,895	411,308
Total expenses	104,752,668	100,765,021	9,436,434	7,986,664	114,189,102	108,751,685
Change in net position before transfers	7,078,217	8,952,835	2,010,122	3,890,475	9,088,339	12,843,310
Transfers	3,408,095	2,775,038	(3,408,095)	(2,775,038)	-	-
Change in net position	10,486,312	11,727,873	(1,397,973)	1,115,437	9,088,339	12,843,310
Net position:						
Beginning of year, as previously reported (deficit)	(59,008,968)	(32,266,904)	32,428,010	30,981,841	(26,580,958)	(1,285,063)
GASB 75 restatement	-	(38,469,937)	-	330,732	-	(38,139,205)
Net position, end of year (deficit)	\$ (48,522,656)	\$ (59,008,968)	\$ 31,030,037	\$ 32,428,010	\$ (17,492,619)	\$ (26,580,958)

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the County's net position by \$10,486,312. Key elements of this increase are as follows:

- Revenues from FY 2018 to FY 2019 showed an increase of \$2,113,029 (1.9 percent). This increase was the result of increases in the areas of operating grants and contributions and investment income.
- Expenses increased during the year as compared to the prior year by \$3,987,647 (4.0 percent). This was mainly a result of a reduction in the number of vacancies held throughout the departments as well as the implementation of Phase I of the County's Job Classification and Compensation Study covering clerical and nurses. Additionally, the County saw an increase in expenses due to the implementation of the County's compliance plan related to the Michigan Indigent Defense Commission's standards for providing indigent criminal defense services.

Business-type activities. Business-type activities decreased the County's net position by \$1,397,973. Key elements of this decrease are as follows:

- Revenues decreased 3.6 percent, or \$430,583 mainly in the area of capital grants and contributions as well as property taxes offset with an increase in charges for services and investment income.
- Expenses increased 18.2 percent, or \$1,449,770, mainly as a result of increased activity in the foreclosure processes, the building authority event center, and the Harry W. Brown airport.
- Transfers netted to a decrease of \$633,057 or 22.8 percent. This is mainly the result of a transfer from the delinquent tax revolving fund to the sheriff's adult detention & administration facility project of \$1,328,000.

Financial Analysis of the Government's Funds

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

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

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$70,139,371, a decrease of \$7,776,801 in comparison with the prior year. Fund balances are separated into two main categories, restricted and unrestricted. Restricted fund balance indicates that it is not available for new spending because it has already been set aside for specific purposes. Unrestricted is further separated into nonspendable, committed, assigned, and unassigned fund balance. 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. Total governmental fund's had the following fund balance classifications at year end:

	Fund Balances		
	Unrestricted	Restricted	Total
Nonspendable:			
Advances:			
Inmate services fund	\$ 20,000	\$ -	\$ 20,000
Drain Commission component unit	400,000	-	400,000
Permanent fund	36,390	-	36,390
Prepays	301,517	-	301,517
Restricted	-	35,382,997	35,382,997
Committed	5,350,148	-	5,350,148
Assigned	21,195,830	-	21,195,830
Unassigned	7,452,489	-	7,452,489
Total	\$ 34,756,374	\$ 35,382,997	\$ 70,139,371

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance was separated into the following categories:

Nonspendable	\$ 433,391
Assigned	14,308,674
Unassigned	<u>7,452,489</u>
Total	<u>\$ 22,194,554</u>

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 55 percent of total General Fund expenditures, while total fund balance represents 56 percent of that same amount. Ending fund balance and net change in fund balance for each major fund is as follows:

	General	Michigan Works!	Planning Commission	Community Mental Health Bonds	Mainframe Conversion Project	Sheriff's Adult Detention and Administration Facility
Ending fund balance	\$ 22,194,554	\$ 158,240	\$ 105,870	\$ 21	\$ 10,643,973	\$ 12,080,918
Net change in fund balance	888,789	661	36,871	21	10,559,757	(18,754,753)

Key factors in the change in the fund balance of the County's General Fund are as follows:

- Property tax revenue decreased \$2,128,096 (815 percent) due to a reclassification in personal property tax reimbursements from the Local Community Stabilization Authority from property taxes to state grants. Overall taxable value of properties with the County remained relatively flat.
- State grant revenue decreased \$1,379,458 (19.4 percent) due to a reclassification in personal property tax reimbursements from the Local Community Stabilization Authority from property taxes to state grants.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- Charges for services increased by \$104,011 (2.2 percent) mainly due to an increase in monies collected by the 70th District Court for court costs and other fees.
- Investment income increased \$376,055 (151.3 percent) due to the recording of investments at fair market value per GASB 75 which resulted in a gain at year end.
- Reimbursements decreased \$1,267,647 (26.9 percent) mainly due to a one-time refund from the county's workers' compensation fund in FY 2018.
- Other revenue decreased \$461,448 (84.6 percent) from prior year due to a one-time invoice in FY 2018 to Saginaw County 911 Authority for reimbursement on electrical usage from the previous 6 years.
- Expenditures decreased \$314,365 (0.8 percent) with the largest increases in judicial (\$574,901), general government (\$281,589) and public safety (\$186,027) due to increased wages and fringes. There was also a decrease of \$1,531,809 in contributions to postemployment health benefits trust fund due to the County's budget surplus distribution policy to allocate one-third of the general fund surplus.
- Transfers in increased \$291,574 (6.3 percent) due to a one-time operating transfer of \$156,937 from Friend of the Court to move marriage counseling fees collected to the general fund.
- Transfers out decreased \$786,303 (9.8 percent) mainly due to an increase in the amounts transferred to the child care fund (\$490,915) and the health department (\$156,668) combined with a decrease in the amount transferred to the public improvement fund (\$1,531,809) in accordance with the budget surplus distribution policy.

The Michigan Works! special revenue fund had an increase in fund balance of \$661, for an ending fund balance of \$158,240.

The Planning special revenue fund had an increase in fund balance of \$36,871, for an ending fund balance of \$105,870. This increase was a result of a decrease in wages and fringes.

The Community Mental Health Bonds debt service fund had an increase in fund balance of \$21, for an ending fund balance of \$21.

The Mainframe Conversion Project capital projects fund had an increase in its ending fund balance of \$10,559,757, for an ending fund balance of \$10,643,973. This increase was the result of a bond issue in fiscal 2019 of \$9,185,000 which is intended to be spent through fiscal year 2029.

The Sheriff's Adult Detention and Administration Facility capital projects fund had a decrease in its ending fund balance of \$18,754,753, for an ending fund balance of \$12,080,918. This decrease was the result of expending the bond proceeds received in a prior year on the new jail facility, which was completed in February 2020.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities. The ending unrestricted net position as well as the change in net position is as follows:

	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Internal Service Funds
Unrestricted ending net position	\$ 10,601,044	\$ 1,070,185	\$ 798,895	\$ 6,790,516
Increase (decrease) in net position	(1,135,859)	59,424	(323,324)	406,730

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

General Fund budgetary highlights. The differences between the original budget and final amended budget for expenditures resulted in a 0.95 percent increase (\$390,992 increase in appropriations); whereas the difference between the original budget and final amended budget for revenues resulted in a 0.27 percent increase (\$115,345 increase in revenues). All of these budgetary adjustments were offset by either an adjustment to other expenditures and transfers out or to revenues and transfers in and use of fund balance.

The budgetary differences are summarized as follows:

- The Board of Commissioners approved amending the Register of Deeds budget to account for a new service for off-site access billed to customers as well as the administration fee paid to Fidar Technologies. This adjustment increased charges for services \$62,500, increased expenses \$50,000 and reduced the use of fund balance of \$12,500.
- The Board of Commissioners approved reclassification of the Board Coordinator position increasing wages and fringes \$8,608 with the offset to use of fund balance. Additionally, the Board of Commissioners also increased their budget by \$11,766 with an offset to use of fund balance to cover strategic planning sessions and installation of monitors in the board room.
- During the year, the Controller/CAO approved reclassifying the budget for payment to attorneys of various specialty courts from Circuit Court budget to District Court budget of \$45,000.
- At the end of the fiscal year, multiple adjustments were made to various departments as necessary to account for wage increases provided in approved Collective Bargaining agreements and implementation of Phase I of the Job Classification and Compensation Study that was approved by the Board of Commissioners. The total increase to wages and fringes was \$61,538 with an offset to increase in fund balance. The departments affected were Public Works (\$5,629), Board of Commissioners (\$611), Circuit Court (\$43,373), Sheriff (\$10,642) and Corrections Reimbursement (\$1,283). The impact of this in the other departments was able to be absorbed within their budgets.
- During the year, the Controller/CAO approved carrying forward \$7,870 from FY 2018 budget to FY 2019 for the Job Classification and Compensation Study with an offset to use of fund balance.
- The Board of Commissioners approved amending the Medical Examiner's budget by \$11,000 to allow for hiring of two temporary employees as well as by \$104,205 to account for increased fees in autopsy services, laboratory fees and other costs, both with an offset to use of fund balance.
- The Board of Commissioners approved increasing the Controller's Office budget to engage a professional accounting firm to provide assessments on cash receipting processes of all county departments in an amount of \$30,915 with an offset to use of fund balance.
- The Board of Commissioners also approved a correction to the adopted budget that reduced the use of fund balance by \$87,000 and increased transfers in from the Animal Control fund for repayment of the estimated FY 2018 deficit.
- The Controller/CAO approved a budget amendment to transfer \$50,389 from the Financial Services budget from wages and fringes to Public Works - Drains to cover prepayments made on several drain projects.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

Overall during the year, actual General Fund revenues were higher than the amended budgetary estimates and expenditures were less than the amended budgetary estimates, resulting in an actual increase in fund balance of \$888,789 that was more than the final amended budget amount which expected a decrease of \$656,876 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 favorable variance in property taxes of \$725,890 occurred due to a larger than anticipated increase in overall taxable value.
- The unfavorable variance in state grants of \$465,576 is a result of lower than anticipated number of Genesee County inmates housed in the jail as well as a lower than anticipated amount received for personal property tax reimbursement from the Local Community Stabilization Authority.
- The favorable variance in investment income of \$263,337 occurred due to the adjustment at year end to record our investments at fair market value which were positive for FY 2019.
- The unfavorable variance in reimbursements of \$256,208 is due to a decline in the revenue received by the Michigan Department of Corrections for housing of inmates in the Saginaw County jail as well as a decrease in the amount of reimbursements received by the inmates for housing and medical costs.
- 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 continuation of a hiring freeze which further increased the delays in filling vacancies.
- The unfavorable variance in Circuit Court is due to higher than anticipated costs paid for court appointed attorneys for appeal cases as well as jury fees paid.
- 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 general fund surplus to both the postemployment benefits trust fund and the public improvement fund pursuant to county policy as approved by the Board of Commissioners.

General Fund. The following schedule presents a comparative summary of changes in the fund balance of the General Fund for the fiscal years ended September 30, 2019 and September 30, 2018, along with the amount and percentage of increases and decreases in relation to the 2018 amounts:

	2019	2018	Variance from 2018	Percent Increase/ (Decrease)
Revenues	\$ 42,795,798	\$ 44,763,286	\$ (1,967,488)	-4.40%
Expenditures	(39,561,369)	(39,875,734)	314,365	-0.79%
Revenues over expenditures	3,234,429	4,887,552	(1,653,123)	
Other financing sources (uses)				
Transfers in	4,908,626	4,617,052	291,574	6.32%
Transfers out	(7,254,266)	(8,040,569)	786,303	-9.78%
Net change in fund balance	888,789	1,464,035	(575,246)	
Fund balance, beginning of year	21,305,765	19,841,730	1,464,035	
Fund balance, end of year	\$ 22,194,554	\$ 21,305,765	\$ 888,789	4.17%

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

The following schedule enumerates the particular changes in the General Fund's classifications of fund balance.

	Fund Balance Analysis		
	Nonspendable	Assigned and Unassigned	Total Fund Balance
Fund balance, beginning of year	\$ 598,830	\$ 20,706,935	\$ 21,305,765
Fiscal year transactions:			
Excess revenue over expenditures	(165,439)	3,399,868	3,234,429
Total other financing sources (uses)	-	(2,345,640)	(2,345,640)
Fiscal year net increase (decrease)	(165,439)	1,054,228	888,789
Fund balance, end of year	\$ 433,391	\$ 21,761,163	\$ 22,194,554

The Board of Commissioners approved the Fund Balance Policy within Saginaw County policies 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 \$12,305,092 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 \$7,452,489 or 15.7 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.

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 12.6 percent of the Parking System revenue is attributable to the fines received from the tickets.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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 seven 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, the Medical Spending Reimbursement Fund and the Children's Zoo Millage 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 other fiduciary fund included is the Postemployment Health Benefits Trust Fund.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounted to \$70,721,236 (net of accumulated depreciation). This investment in capital assets includes land, air rights, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was 38.6 percent (a 73.6 percent increase for governmental activities and a 4.0 percent decrease for business-type activities).

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

- Information Technology began a fiber installation project to run fiber to all county owned facilities as a total cost of \$17,037.
- The Sheriff's Jail facility replaced three (3) dryers and two (2) washing machines at a total cost of \$41,193.
- Due to an underground water leak, the event center had several needed repairs and replacements during FY 2019. They include replacing sump pumps, replacing water heaters, installing a backflow prevention device as well as replacing a parking lot totaling \$177,385.
- Construction work continued on the new Sheriff's Adult Detention & Administration facility at a cost of \$20,508,663. Completion of this project is anticipated in FY 2020.
- Work also began or continued during the fiscal year on a repair project at Juvenile Detention center (\$321,601), installation of emergency call boxes around the Courthouse (\$24,855) as well as the chiller tie-in from the Courthouse to the Friend of the Court annex (\$80,000).
- Several vehicles were replaced in various departments at a total cost of \$874,620. This includes six (6) transport vans (\$297,790) and one (1) food delivery vehicle (\$48,331) purchased for Commission on Aging; seven (7) vehicles for the Sheriff's Department (\$220,722); six (6) trucks purchased for Mosquito Abatement (\$151,524); one (1) Animal Control truck plus animal transport box (\$44,387); three (3) plows and salt spreaders and one (1) truck purchased for Maintenance (\$64,072); and two (2) vehicles purchased for Parks (\$47,794).
- Update of the Airport Layout Plan (ALP) was completed at Harry W. Browne Airport totaling \$123,178. Additionally, work began on the 10/28 runway lighting project (\$29,845).

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,792,748	\$ 3,792,748	\$ 2,258,248	\$ 2,258,248	\$ 6,050,996	\$ 6,050,996
Air rights	-	-	238,854	117,761	238,854	117,761
Construction in progress	26,911,883	5,959,727	29,845	293,350	26,941,728	6,253,077
Land improvements	4,980,152	5,173,328	2,724,313	2,843,119	7,704,465	8,016,447
Buildings and improvements	9,572,424	10,087,474	13,134,790	13,672,589	22,707,214	23,760,063
Machinery and equipment	1,524,232	1,555,940	260,133	266,306	1,784,365	1,822,246
Office furniture & fixtures	619,844	722,486	24,383	25,083	644,227	747,569
Planning and development	-	-	3,433,255	3,561,254	3,433,255	3,561,254
Vehicles	1,196,273	697,003	19,859	9,168	1,216,132	706,171
Total	\$ 48,597,556	\$ 27,988,706	\$ 22,123,680	\$ 23,046,878	\$ 70,721,236	\$ 51,035,584

Additional information on the County's capital assets can be found in the Note 5 in the financial statements.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding (less accrued compensated absences) of \$145,764,201. Of this amount, \$112,223,296 comprises debt backed by the full faith and credit of the government and \$32,997,742 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	
	2019	2018	2019	2018	2019	2018
Primary Government						
General obligation bonds	\$ 85,359,296	\$ 79,754,230	\$ 2,595,000	\$ 2,760,000	\$ 87,954,296	\$ 82,514,230
Delinquent tax notes	-	-	13,885,000	9,629,000	13,885,000	9,629,000
Component Units						
Capital Lease	543,163	746,404	-	-	543,163	746,404
General obligation bonds and notes	43,381,742	28,681,971	-	-	43,381,742	28,681,971
Total	\$ 129,284,201	\$ 109,182,605	\$ 16,480,000	\$ 12,389,000	\$ 145,764,201	\$ 121,571,605

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

During the year, the County of Saginaw and its component units (not including the Road Commission component unit) issued the following tax-exempt bonds and notes:

	Amount	Issue	Rate
2019 Series General Obligation Delinquent Tax Notes	\$ 12,605,000	5/29/2019	2.85%
Limited Tax General Obligation Bonds, Series 2019A - Mainframe Conversion	9,185,000	9/26/2019	5.00%
Universal Pump Station Drain Bonds, Series 2018	5,305,000	10/17/2018	2.50-4.00%
Swan Creek Intercounty Drain Bonds, Series 2018	2,295,000	12/5/2018	2.50-3.10%
Misteguay Creek Intercounty Drain Note, Series 2019	6,330,000	9/24/2019	2.00-3.00%

In addition, the County drew an additional \$3,636,000 on the Hemlock Drain bonds that were issued in a previous year.

The County's total debt increased by \$24,192,596 (19.9 percent) during the fiscal year, which was the net of the new issues noted above and the scheduled principal payments on existing debt.

The County has an "Aa2" 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 \$603,212,682, 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 Note 8 in 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 2020 fiscal year:

- Property Taxes - Estimates received from the County Equalization Department anticipated that property tax revenue for the General Fund and the special millage funds would increase by 2.73 percent for fiscal 2020.
- Wages and Fringe Benefits - The County's authorized staff count saw a decrease from 2019 to 2020 with the reduction of 0.78 F.T.E.'s for a total of 615.01 F.T.E.'s budgeted for. The wage rates for these positions were budgeted with a 2.0% base wage increase for fiscal 2020. 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 as well as MERS DB unfunded liability contributions and retiree health reserve contributions. Illustrative health premiums increased due the cost of providing health insurance and contributions to the retiree health reserve went up from \$13,100 per covered employee to \$13,200 per full time position. Contributions to the MERS DB unfunded liability increased from \$13,000 per F.T.E. to \$13,700 for 2020. The change in allocation method to both the MERS DB unfunded liability and 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 these benefits as well as provide for the most equitable approach in allocating these costs. All other fixed fringe benefits remained constant due to favorable negotiations and competitive bidding. Variable benefits include: social security tax, workers' compensation insurance, DC 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- Use of Reserves - Structural Deficit - The structural budget deficit situation was an issue for fiscal 2020 due to the Board of Commissioners approving to use fund balance in an amount of \$2,003,582 for the following purposes: continue funding for MSU Extension; funding of Phase I of the Job Compensation and Classification Study that was implemented in FY 2019; increase in the maintenance of effort for the Health Department; addition of a new position for the County Clerk's office; set aside funds for veterans to assist with access to transportation; retain a previously grant funded position in the Prosecutor's Office; shore up grant shortages in Community Corrections; and balance revenues with expenses. 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.
- During FY 2020, the Board of Commissioners have opened communications with all County departments regarding the County's current financial challenge of using reserves to balance the FY 2020 budget in an effort to eliminate the reliance on the use of fund balance in future budget cycles.
- The Board of Commissioners authorized a hiring freeze in FY 2013 that has been carried over into FY 2020 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 2019, the Board of Commissioners engaged a process of revising the County's Strategic Plan and updating their priorities for the County. The Board identified three (2) Vision/Priorities Categories: Quality of Life, Accessibility of Services and Revenue/Cost Control/Efficiency. Within these categories, the Board has identified the following priorities: competitive pay system; construction of a modern, more efficient jail; construction of a "stat of the arts" animal shelter; enhancing senior services; improving technology; enhancing preventative health services; job creation and business expansion; and crime reduction. These priorities were reviewed during the FY 2020 budget process and will impact future budget cycles in various ways including where the Board prioritizes departmental budget requests. Additionally, the Board of Commissioners will continue to review and update these priorities as necessary.
- 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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investment pool	\$ 78,705,964	\$ 12,948,138	\$ 91,654,102	\$ 30,206,521
Receivables, net	19,704,885	15,942,405	35,647,290	50,005,453
Internal balances	51,038	(51,038)	-	-
Inventory	-	102,144	102,144	2,069,837
Prepays	416,103	2,704	418,807	298,481
Advances to component unit	400,000	-	400,000	-
Advance to land bank	-	-	-	750,000
Capital assets:				
Assets not being depreciated	30,704,631	2,526,947	33,231,578	59,462,269
Assets being depreciated, net	17,892,925	19,596,733	37,489,658	169,443,549
Total assets	147,875,546	51,068,033	198,943,579	312,236,110
Deferred outflows of resources				
Deferred pension amounts	10,787,062	-	10,787,062	1,662,941
Deferred OPEB amounts	871,613	-	871,613	1,933,107
Total deferred outflows of resources	11,658,675	-	11,658,675	3,596,048
Liabilities				
Accounts payable and accrued liabilities	15,347,858	2,388,856	17,736,714	4,447,736
Unearned revenue	941,391	124,795	1,066,186	1,135,000
Advances from primary government	-	-	-	400,000
Advance from brownfield redevelopment	-	-	-	750,000
Long-term liabilities:				
Due within one year	6,062,084	170,000	6,232,084	3,307,710
Due in more than one year	84,778,366	16,313,345	101,091,711	41,264,076
Due to Saginaw Hockey Club, LLC, due in more than one year	-	1,041,000	1,041,000	-
Net pension liability, due in more than one year	35,838,180	-	35,838,180	12,281,863
Net other postemployment benefit liability, due in more than one year	65,088,998	-	65,088,998	29,408,908
Total liabilities	208,056,877	20,037,996	228,094,873	92,995,293
Deferred inflows of resources				
Deferred pension amounts	-	-	-	221,465
Net position				
Net investment in capital assets	20,305,185	18,487,680	38,792,865	194,564,913
Restricted for:				
Public improvement	4,163,925	-	4,163,925	-
Drain projects	-	-	-	15,357,249
Debt service	988,529	-	988,529	33,434,049
CMH renovations	1,275,953	-	1,275,953	-
Public safety	1,077,469	-	1,077,469	-
Health and welfare	1,127,539	-	1,127,539	-
Recreation	1,967,301	-	1,967,301	-
Other	778,091	-	778,091	-
Unrestricted (deficit)	(80,206,648)	12,542,357	(67,664,291)	(20,740,811)
Total net position (deficit)	\$ (48,522,656)	\$ 31,030,037	\$ (17,492,619)	\$ 222,615,400

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2019

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	\$ 523,655	\$ 1,100	\$ -	\$ -	\$ -	\$ (524,755)
Judicial	16,958,166	718,723	2,841,003	5,460,577	-	(9,375,309)
General government	14,384,876	(2,273,284)	8,858,862	7,260,473	-	4,007,743
Public safety	27,774,138	307,673	8,385,012	3,955,057	-	(15,741,742)
Public works	882,340	9,593	643,446	-	-	(248,487)
Health and welfare	34,591,442	1,161,008	6,196,809	19,765,171	-	(9,790,470)
Community and economic development	3,975,724	23,430	3,311	328,647	-	(3,667,196)
Recreation and culture	2,478,397	42,182	100,921	585,401	-	(1,834,257)
Interest on long-term debt	3,193,505	-	-	-	-	(3,193,505)
Total governmental activities	104,762,243	(9,575)	27,029,364	37,355,326	-	(40,367,978)
Business-type activities:						
Delinquent tax revolving	1,295,754	-	3,035,632	-	-	1,739,878
Delinquent tax foreclosure	1,468,322	-	1,101,496	-	-	(366,826)
Building Authority Event Center	5,518,288	-	4,401,219	78,407	-	(1,038,662)
Building Authority administration	32,883	-	17,401	-	-	(15,482)
Parking system	100,203	236	87,778	-	-	(12,661)
Harry W. Browne Airport	629,521	332	316,798	-	-	(313,055)
Inmate services	381,888	9,007	770,923	-	-	380,028
Total business-type activities	9,426,859	9,575	9,731,247	78,407	-	373,220
Total primary government	\$ 114,189,102	\$ -	\$ 36,760,611	\$ 37,433,733	\$ -	\$ (39,994,758)
Component units						
Road Commission	\$ 27,195,519	\$ -	\$ 117,518	\$ 30,117,787	\$ -	\$ 3,039,786
Brownfield Redevelopment Authority	617	-	4,977	-	-	4,360
Department of Public Works	437,970	-	120,620	-	353,673	36,323
Drain Commission	5,725,180	-	-	286,005	31,318,959	25,879,784
Economic Development Corporation	29,152	-	22,638	-	-	(6,514)
Land Bank Authority	3,041,981	-	-	1,226,605	1,226,018	(589,358)
Total component units	\$ 36,430,419	\$ -	\$ 265,753	\$ 31,630,397	\$ 32,898,650	\$ 28,364,381

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, 2019

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net (expense) revenue	\$ (40,367,978)	\$ 373,220	\$ (39,994,758)	\$ 28,364,381
General revenues:				
Property taxes	41,862,305	1,095,038	42,957,343	226
Accommodations tax	3,302,644	-	3,302,644	-
Grants and contributions not restricted to specific programs	455,647	-	455,647	-
Investment income - interest earned	1,825,599	541,864	2,367,463	567,493
Transfers - internal activities	3,408,095	(3,408,095)	-	-
Total general revenues and transfers	<u>50,854,290</u>	<u>(1,771,193)</u>	<u>49,083,097</u>	<u>567,719</u>
Change in net position	10,486,312	(1,397,973)	9,088,339	28,932,100
Net position (deficit), beginning of year	<u>(59,008,968)</u>	<u>32,428,010</u>	<u>(26,580,958)</u>	<u>193,683,300</u>
Net position (deficit), end of year	<u>\$ (48,522,656)</u>	<u>\$ 31,030,037</u>	<u>\$ (17,492,619)</u>	<u>\$ 222,615,400</u>

Concluded

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

COUNTY OF SAGINAW, MICHIGAN

Balance Sheet

Governmental Funds
September 30, 2019

	Special Revenue Funds			Debt Service Fund
	General	Michigan Works!	Planning Commission	Community Mental Health Bonds
Assets				
Cash and investment pool	\$ 17,378,816	\$ 1,252,413	\$ 49,806	\$ 21
Receivables:				
Taxes	6,488,253	-	-	-
Accounts	418,928	425	-	-
Loans	-	-	2,142,002	-
Lease	-	-	-	3,006,622
Interest	85,449	2,887	238	-
Due from other funds	774,060	-	-	-
Due from other governmental units	698,944	102,798	61,057	-
Advances to other funds	20,000	-	-	-
Advances to component units	400,000	-	-	-
Prepays	13,391	55,025	-	-
Total assets	\$ 26,277,841	\$ 1,413,548	\$ 2,253,103	\$ 3,006,643
Liabilities				
Accounts payable	\$ 550,037	\$ 1,237,102	\$ 2,451	\$ -
Accrued liabilities	402,368	17,750	2,779	-
Deposits payable	-	-	-	-
Due to other funds	906,233	-	-	-
Due to other governmental units	-	-	209,032	-
Unearned revenue	-	456	-	-
Total liabilities	1,858,638	1,255,308	214,262	-
Deferred inflows of resources				
Unavailable revenue - property taxes	2,224,649	-	-	-
Unavailable revenue - long-term receivables	-	-	1,932,971	3,006,622
Total deferred inflows of resources	2,224,649	-	1,932,971	3,006,622
Fund balances				
Nonspendable	433,391	55,025	-	-
Restricted	-	-	105,870	21
Committed	-	-	-	-
Assigned	14,308,674	103,215	-	-
Unassigned	7,452,489	-	-	-
Total fund balances	22,194,554	158,240	105,870	21
Total liabilities, deferred inflows of resources and fund balances	\$ 26,277,841	\$ 1,413,548	\$ 2,253,103	\$ 3,006,643

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

Capital Projects Funds			
Mainframe Conversion Project	Sheriff's Adult Detention and Administration Facility	Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,750,261	\$ 15,932,850	\$ 25,252,702	\$ 70,616,869
-	-	208,547	6,696,800
100	-	3,022,785	3,442,238
-	-	70,445	2,212,447
-	-	-	3,006,622
1,612	96,977	121,455	308,618
-	-	1,197,288	1,971,348
-	-	2,412,426	3,275,225
-	-	-	20,000
-	-	-	400,000
-	27,737	205,364	301,517
<u>\$ 10,751,973</u>	<u>\$ 16,057,564</u>	<u>\$ 32,491,012</u>	<u>\$ 92,251,684</u>
\$ 108,000	\$ 3,976,646	\$ 4,586,228	\$ 10,460,464
-	-	633,541	1,056,438
-	-	22,810	22,810
-	-	956,528	1,862,761
-	-	131,915	340,947
-	-	940,935	941,391
<u>108,000</u>	<u>3,976,646</u>	<u>7,271,957</u>	<u>14,684,811</u>
-	-	192,815	2,417,464
-	-	70,445	5,010,038
-	-	263,260	7,427,502
-	27,737	241,754	757,907
10,643,973	12,053,181	12,579,952	35,382,997
-	-	5,350,148	5,350,148
-	-	6,783,941	21,195,830
-	-	-	7,452,489
<u>10,643,973</u>	<u>12,080,918</u>	<u>24,955,795</u>	<u>70,139,371</u>
<u>\$ 10,751,973</u>	<u>\$ 16,057,564</u>	<u>\$ 32,491,012</u>	<u>\$ 92,251,684</u>

COUNTY OF SAGINAW, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
September 30, 2019

Fund balances - total governmental funds	\$ 70,139,371
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	30,704,631
Capital assets, being depreciated	17,892,925
Less: Internal service fund capital assets, net	(439,140)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred inflows for long-term receivables and unavailable property tax revenue	7,427,502
Certain pension and other postemployment benefit (OPEB)-related amounts, such as the net pension and OPEB liabilities and related 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	(35,838,180)
Deferred outflows related to the net pension liability	10,787,062
Net OPEB liability	(65,088,998)
Deferred outflows related to the net OPEB liability	871,613
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.	
Net position of the governmental activity internal service funds	7,229,656
Portion of the governmental activity's internal service fund net position allocated to business-type activities	(72,233)
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	(85,359,296)
Premium on bond issuance	(4,160,229)
Accrued interest on bonds payable	(1,343,426)
Accrued compensated absences	(1,273,914)
Net position of governmental activities	<u>\$ (48,522,656)</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, 2019

	Special Revenue Funds			Debt Service Fund
	General	Michigan Works!	Planning Commission	Community Mental Health Bonds
Revenues				
Property taxes	\$ 24,211,977	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-
Licenses and permits	140,117	-	-	-
Federal grants	471,446	9,613,331	307,634	-
State grants	8,492,849	1,111,319	21,013	-
Local grants and contributions	6,500	-	-	-
Charges for services	4,932,072	-	-	445,642
Fines and forfeitures	629,251	-	-	-
Investment income	383,387	6,281	905	21
Rental revenue	-	-	-	-
Donations	-	-	-	-
Reimbursements	3,443,683	2,021,887	-	-
Other revenue	84,516	-	8,106	-
Total revenues	42,795,798	12,752,818	337,658	445,663
Expenditures				
Current:				
Legislative	559,422	-	-	-
Judicial	13,264,425	-	-	-
General government	12,722,508	-	-	-
Public safety	10,482,094	-	-	-
Public works	275,388	-	-	-
Health and welfare	1,720,886	12,731,257	-	-
Community and economic development	314,287	-	373,028	-
Recreation and culture	-	-	-	-
Contributions to postemployment health benefits trust fund	186,748	-	-	-
Capital outlay	35,611	20,900	-	-
Debt service:				
Principal	-	-	-	325,000
Interest and fiscal charges	-	-	-	120,642
Total expenditures	39,561,369	12,752,157	373,028	445,642
Revenues over (under) expenditures	3,234,429	661	(35,370)	21
Other financing sources (uses)				
Bond proceeds	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	4,908,626	-	72,241	-
Transfers out	(7,254,266)	-	-	-
Total other financing sources (uses)	(2,345,640)	-	72,241	-
Net change in fund balances	888,789	661	36,871	21
Fund balances, beginning of year	21,305,765	157,579	68,999	-
Fund balances, end of year	\$ 22,194,554	\$ 158,240	\$ 105,870	\$ 21

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

Capital Projects Funds			
Mainframe Conversion Project	Sheriff's Adult Detention and Administration Facility	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 17,513,896	\$ 41,725,873
-	-	3,302,644	3,302,644
-	-	539,541	679,658
-	-	6,728,385	17,120,796
-	-	9,656,397	19,281,578
-	-	1,074,540	1,081,040
-	-	7,496,268	12,873,982
-	-	86,653	715,904
4,857	447,897	466,727	1,310,075
-	-	178,736	178,736
-	-	291,066	291,066
-	-	8,953,716	14,419,286
-	-	611,460	704,082
<u>4,857</u>	<u>447,897</u>	<u>56,900,029</u>	<u>113,684,720</u>
-	-	-	559,422
-	-	5,406,877	18,671,302
321,957	-	1,496,811	14,541,276
-	-	18,016,718	28,498,812
-	-	484,229	759,617
-	-	21,696,600	36,148,743
-	-	3,339,113	4,026,428
-	-	2,363,104	2,363,104
-	-	-	186,748
-	20,530,650	2,569,562	23,156,723
-	-	-	-
-	-	3,254,934	3,579,934
-	-	3,185,885	3,306,527
<u>321,957</u>	<u>20,530,650</u>	<u>61,813,833</u>	<u>135,798,636</u>
<u>(317,100)</u>	<u>(20,082,753)</u>	<u>(4,913,804)</u>	<u>(22,113,916)</u>
9,185,000	-	-	9,185,000
1,691,857	-	-	1,691,857
-	1,328,000	8,503,563	14,812,430
-	-	(4,097,906)	(11,352,172)
<u>10,876,857</u>	<u>1,328,000</u>	<u>4,405,657</u>	<u>14,337,115</u>
10,559,757	(18,754,753)	(508,147)	(7,776,801)
<u>84,216</u>	<u>30,835,671</u>	<u>25,463,942</u>	<u>77,916,172</u>
<u>\$ 10,643,973</u>	<u>\$ 12,080,918</u>	<u>\$ 24,955,795</u>	<u>\$ 70,139,371</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, 2019

Net change in fund balances - total governmental funds	\$ (7,776,801)
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	22,211,282
Loss on disposal of capital assets	(24,906)
Depreciation expense	(1,561,112)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.	
Change in deferred inflows related to unavailable property tax revenue	136,432
Change in deferred inflows related to long-term lease receivable	207,946
Change in deferred inflows related to long-term loans receivable	(55,039)
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	3,579,934
Bond proceeds	(9,185,000)
Premium on bond issuance	(1,691,857)
Change in accrued interest payable and amortization of bond premium	113,021
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 net pension liability and related deferred amounts	(3,038,398)
Change in net other postemployment benefit liability and related deferred amounts	7,163,578
Change in accrued compensated absences	2,288
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.	
Change in net position of internal service funds	406,730
Operating income from governmental activities in internal service funds charged to business-type activities	<u>(1,786)</u>
Change in net position of governmental activities	<u>\$ 10,486,312</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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 23,486,087	\$ 23,486,087	\$ 24,211,977	\$ 725,890
Licenses and permits	172,700	172,700	140,117	(32,583)
Federal grants	489,184	490,629	471,446	(19,183)
State grants	8,958,725	8,958,725	8,492,849	(465,876)
Local grants and contributions	6,500	6,500	6,500	-
Charges for services	4,864,910	4,978,810	4,932,072	(46,738)
Fines and forfeitures	634,800	634,800	629,251	(5,549)
Investment income	120,050	120,050	383,387	263,337
Reimbursements	3,699,891	3,699,891	3,443,683	(256,208)
Other revenue	87,503	87,503	84,516	(2,987)
Total revenues	42,520,350	42,635,695	42,795,798	160,103
Expenditures				
Current:				
Legislative - Board of Commissioners	545,249	566,234	559,422	(6,812)
Judicial:				
Circuit Court	3,109,741	3,113,964	3,141,060	27,096
District Court	4,483,139	4,520,089	4,291,977	(228,112)
Probate Court	1,151,370	1,151,370	1,068,270	(83,100)
Law Library	63,000	63,000	54,851	(8,149)
Family Division	2,930,286	2,930,286	2,800,153	(130,133)
Probation - Circuit Court	78,499	78,499	73,813	(4,686)
Probation - District Court	947,609	947,609	936,184	(11,425)
Assigned Counsel	829,423	897,917	897,917	-
Jury Commission	300	300	200	(100)
Total judicial	13,593,367	13,703,034	13,264,425	(438,609)
General government:				
Elections	63,800	63,800	63,330	(470)
Auditing	118,000	118,000	108,077	(9,923)
Corporate Counsel	235,000	235,000	207,925	(27,075)
County Clerk	1,470,580	1,470,580	1,431,790	(38,790)
Controller	1,626,006	1,599,702	1,409,912	(189,790)
Equalization	620,876	620,876	560,188	(60,688)
Prosecuting Attorney	3,581,023	3,581,023	3,286,310	(294,713)
Prosecuting Attorney - Welfare	735,802	735,802	710,421	(25,381)
Register of Deeds	578,081	628,081	533,532	(94,549)
County Treasurer	888,998	888,998	823,612	(65,386)
Maintenance	3,116,542	3,164,893	3,067,790	(97,103)
Maintenance - Telephone	78,000	92,700	91,829	(871)
Public Works Commissioner	436,761	446,390	427,792	(18,598)
Total general government	13,549,469	13,645,845	12,722,508	(923,337)

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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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
Sheriff	\$ 816,451	\$ 842,893	\$ 840,198	\$ (2,695)
Marine Law Enforcement	3,555	5,000	2,542	(2,458)
Sheriff - Jail Division	10,130,388	10,130,388	9,520,873	(609,515)
Corrections Reimbursement	118,626	119,909	118,481	(1,428)
Total public safety	11,069,020	11,098,190	10,482,094	(616,096)
Public works - Drains	225,000	275,389	275,388	(1)
Health and welfare:				
Medical Examiner	604,861	689,266	619,811	(69,455)
Veterans Burial	22,000	22,000	17,182	(4,818)
Contributions to other agencies	1,084,803	1,084,803	1,083,893	(910)
Total health and welfare	1,711,664	1,796,069	1,720,886	(75,183)
Community and economic development:				
Plat Board	300	300	-	(300)
Contributions to other agencies	325,000	325,000	314,287	(10,713)
Total community and economic development	325,300	325,300	314,287	(11,013)
Contributions to postemployment health benefits trust fund	-	-	186,748	186,748
Capital outlay	36,000	36,000	35,611	(389)
Total expenditures	41,055,069	41,446,061	39,561,369	(1,884,692)
Revenues over expenditures	1,465,281	1,189,634	3,234,429	2,044,795
Other financing sources (uses)				
Transfers in	4,686,447	4,773,447	4,908,626	135,179
Transfers out	(6,519,957)	(6,619,957)	(7,254,266)	634,309
Total other financing sources (uses)	(1,833,510)	(1,846,510)	(2,345,640)	499,130
Net change in fund balance	(368,229)	(656,876)	888,789	1,545,665
Fund balance, beginning of year	21,305,765	21,305,765	21,305,765	-
Fund balance, end of year	\$ 20,937,536	\$ 20,648,889	\$ 22,194,554	\$ 1,545,665

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 - Michigan Works! Special Revenue Fund
 For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 12,053,279	\$ 15,830,376	\$ 9,613,331	\$ (6,217,045)
State grants	2,807,507	3,853,539	1,111,319	(2,742,220)
Investment income	-	-	6,281	6,281
Reimbursements	2,188,635	2,188,635	2,021,887	(166,748)
Total revenues	17,049,421	21,872,550	12,752,818	(9,119,732)
Expenditures				
Current:				
Health and welfare	17,049,421	21,786,650	12,731,257	(9,055,393)
Capital outlay	-	20,900	20,900	-
Total expenditures	17,049,421	21,807,550	12,752,157	(9,055,393)
Net change in fund balance	-	65,000	661	(64,339)
Fund balance, beginning of year	157,579	157,579	157,579	-
Fund balance, end of year	\$ 157,579	\$ 222,579	\$ 158,240	\$ (64,339)

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, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 314,952	\$ 314,952	\$ 307,634	\$ (7,318)
State grants	22,000	22,000	21,013	(987)
Investment income	600	600	905	305
Other revenue	33,000	33,000	8,106	(24,894)
Total revenues	370,552	370,552	337,658	(32,894)
Expenditures				
Community and economic development	442,793	442,793	373,028	(69,765)
Revenues over (under) expenditures	(72,241)	(72,241)	(35,370)	36,871
Other financing sources				
Transfers in	72,241	72,241	72,241	-
Net change in fund balance	-	-	36,871	36,871
Fund balance, beginning of year	68,999	68,999	68,999	-
Fund balance, end of year	\$ 68,999	\$ 68,999	\$ 105,870	\$ 36,871

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investment pool	\$ 8,703,134	\$ 2,517,836	\$ 1,727,168	\$ 12,948,138	\$ 8,089,095
Receivables, net:					
Taxes	12,748,691	42,712	-	12,791,403	-
Accounts	241,557	220,634	68,894	531,085	728,780
Interest and fees	2,589,204	4,899	9,631	2,603,734	34,155
Due from other funds	-	-	-	-	160
Due from other governmental units	16,183	-	-	16,183	-
Inventory	-	61,265	40,879	102,144	-
Prepays	-	-	2,704	2,704	114,586
Advances to other funds	252,000	-	-	252,000	-
Total current assets	<u>24,550,769</u>	<u>2,847,346</u>	<u>1,849,276</u>	<u>29,247,391</u>	<u>8,966,776</u>
Noncurrent assets:					
Capital assets not being depreciated	-	1,223,614	1,303,333	2,526,947	17,037
Capital assets being depreciated, net	239	15,575,559	4,020,935	19,596,733	422,103
Total noncurrent assets	<u>239</u>	<u>16,799,173</u>	<u>5,324,268</u>	<u>22,123,680</u>	<u>439,140</u>
Total assets	<u>24,551,008</u>	<u>19,646,519</u>	<u>7,173,544</u>	<u>51,371,071</u>	<u>9,405,916</u>
Liabilities					
Current liabilities:					
Accounts payable	56,709	546,067	900,267	1,503,043	441,226
Accrued liabilities	8,016	172,646	4,074	184,736	1,682,547
Deposits payable	-	684,955	16,122	701,077	-
Due to other funds	-	-	103,271	103,271	5,476
Unearned revenue	-	121,493	3,302	124,795	-
Current portion of bonds payable	-	170,000	-	170,000	-
Total current liabilities	<u>64,725</u>	<u>1,695,161</u>	<u>1,027,036</u>	<u>2,786,922</u>	<u>2,129,249</u>
Noncurrent liabilities:					
Advances from other funds	-	252,000	20,000	272,000	-
Due to Saginaw Hockey Club, LLC	-	1,041,000	-	1,041,000	-
Accrued compensated absences	-	-	3,345	3,345	47,011
Notes payable	13,885,000	-	-	13,885,000	-
Bonds payable, net of current portion	-	2,425,000	-	2,425,000	-
Total noncurrent liabilities	<u>13,885,000</u>	<u>3,718,000</u>	<u>23,345</u>	<u>17,626,345</u>	<u>47,011</u>
Total liabilities	<u>13,949,725</u>	<u>5,413,161</u>	<u>1,050,381</u>	<u>20,413,267</u>	<u>2,176,260</u>
Net position					
Net investment in capital assets	239	13,163,173	5,324,268	18,487,680	439,140
Unrestricted	10,601,044	1,070,185	798,895	12,470,124	6,790,516
Total net position	<u>\$ 10,601,283</u>	<u>\$ 14,233,358</u>	<u>\$ 6,123,163</u>	<u>30,957,804</u>	<u>\$ 7,229,656</u>
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities				<u>72,233</u>	
Net position of business-type activities				<u>\$ 31,030,037</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, 2019

	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	\$ 676,627	\$ 3,866,270	\$ 2,054,886	\$ 6,597,783	\$ 217,388
Interest on delinquent taxes	1,361,606	-	27,682	1,389,288	-
Fines and forfeitures	-	-	11,094	11,094	-
Rental revenue	-	-	106,997	106,997	319,450
Reimbursements	-	-	28,337	28,337	17,584,319
Other revenue	997,399	613,356	65,400	1,676,155	278,651
Total operating revenues	3,035,632	4,479,626	2,294,396	9,809,654	18,399,808
Operating expenses					
Personnel services	-	1,500,837	60,062	1,560,899	849,306
Fringe benefits	-	-	46,047	46,047	13,678,233
Supplies	48,311	471,569	360,877	880,757	167,176
Services and charges	957,490	2,301,905	1,826,435	5,085,830	3,643,852
Other	-	359,164	-	359,164	2,858
Depreciation	2,875	828,304	271,797	1,102,976	115,014
Total operating expenses	1,008,676	5,461,779	2,565,218	9,035,673	18,456,439
Operating income (loss)	2,026,956	(982,153)	(270,822)	773,981	(56,631)
Nonoperating revenues (expenses)					
Property taxes	-	1,095,038	-	1,095,038	-
Investment income	152,263	17,427	372,174	541,864	515,524
Loss on disposal of capital assets	-	-	(49,081)	(49,081)	-
Interest expense and fiscal charges	(287,078)	(66,388)	-	(353,466)	-
Total nonoperating revenues (expenses)	(134,815)	1,046,077	323,093	1,234,355	515,524
Income (loss) before capital contributions and transfers	1,892,141	63,924	52,271	2,008,336	458,893
Transfers in	-	-	4,500	4,500	-
Transfers out	(3,028,000)	(4,500)	(380,095)	(3,412,595)	(52,163)
Change in net position	(1,135,859)	59,424	(323,324)	(1,399,759)	406,730
Net position, beginning of year	11,737,142	14,173,934	6,446,487		6,822,926
Net position, end of year	\$ 10,601,283	\$ 14,233,358	\$ 6,123,163		\$ 7,229,656
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,786	
Change in net position of business-type activities				\$ (1,397,973)	

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, 2019

	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	\$ 4,199,267	\$ 4,436,518	\$ 2,317,431	\$ 10,953,216	\$ -
Receipts from interfund services provided	-	-	-	-	18,224,315
Payments to employees	-	(1,552,951)	(105,619)	(1,658,570)	(1,456,145)
Payments to suppliers	(939,240)	(2,641,164)	(1,866,456)	(5,446,860)	(16,543,249)
Net cash provided by operating activities	3,260,027	242,403	345,356	3,847,786	224,921
Cash flows from noncapital financing activities					
Property tax collections	-	1,093,419	-	1,093,419	-
Transfers in	-	-	4,500	4,500	-
Transfers out	(3,028,000)	(4,500)	(380,095)	(3,412,595)	(52,163)
Proceeds from issuance of long-term debt	12,605,000	-	-	12,605,000	-
Principal paid on long-term debt	(8,349,000)	-	-	(8,349,000)	-
Interest paid on long-term debt	(287,078)	-	-	(287,078)	-
Net cash provided by (used in) noncapital financing activities	940,922	1,088,919	(375,595)	1,654,246	(52,163)
Cash flows from capital and related financing activities					
Advance from other funds	-	(31,500)	-	(31,500)	-
Principal paid on long-term debt	-	(165,000)	-	(165,000)	-
Interest paid on long-term debt	-	(95,581)	-	(95,581)	-
Payments for capital asset acquisition	-	(184,487)	(44,372)	(228,859)	(98,600)
Net cash used in capital and related financing activities	-	(476,568)	(44,372)	(520,940)	(98,600)
Cash flows from investing activities					
Investment income received	152,263	14,772	371,586	538,621	496,276
Net change in cash and investment pool	4,353,212	869,526	296,975	5,519,713	570,434
Cash and investment pool:					
Beginning of year	4,349,922	1,648,310	1,430,193	7,428,425	7,518,661
End of year	\$ 8,703,134	\$ 2,517,836	\$ 1,727,168	\$ 12,948,138	\$ 8,089,095

continued...

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2019

	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)	\$ 2,026,956	\$ (982,153)	\$ (270,822)	\$ 773,981	\$ (56,631)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,875	828,304	271,797	1,102,976	115,014
Changes in operating assets and liabilities that provided (used) cash:					
Receivables, net	1,174,216	(132,193)	(12,817)	1,029,206	(364,472)
Due from other funds	-	-	8,700	8,700	(160)
Due from other governmental units	(10,581)	-	27,599	17,018	192,521
Inventory	31,500	(5,828)	(2,722)	22,950	-
Prepays	-	-	(2,596)	(2,596)	(106,888)
Accounts payable	33,761	403,251	446,207	883,219	257,254
Accrued liabilities	1,300	41,937	508	43,745	187,314
Deposits payable	-	77,167	11,306	88,473	-
Due to other funds	-	-	(24,936)	(24,936)	(4,156)
Due to other governmental units	-	-	(103,797)	(103,797)	-
Unearned revenue	-	11,918	(3,053)	8,865	-
Accrued compensated absences	-	-	(18)	(18)	5,125
Net cash provided by operating activities	<u>\$ 3,260,027</u>	<u>\$ 242,403</u>	<u>\$ 345,356</u>	<u>\$ 3,847,786</u>	<u>\$ 224,921</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, 2019

	Post- employment Health Benefits Trust Fund	Agency Funds
Assets		
Current assets:		
Cash and investment pool	\$ 10,448,022	\$ 12,362,266
Investments, at fair value - mutual funds	19,746,689	-
Receivables (net):		
Taxes	-	47,897
Accounts	279,283	1,141,720
Accrued interest	47,678	9,298
Due from other governmental units	-	102,120
Prepays	171,593	-
Total assets (all current)	<u>30,693,265</u>	<u>\$ 13,663,301</u>
Liabilities		
Current liabilities:		
Accounts payable	382,522	\$ 732,553
Accrued liabilities	190,030	-
Deposits payable	-	1,714,391
Due to other governmental units	-	11,216,357
Total liabilities (all current)	<u>572,552</u>	<u>\$ 13,663,301</u>
Net position restricted for:		
Other postemployment benefits	<u>\$ 30,120,713</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, 2019

Additions	
Contributions:	
Employer	<u>\$ 7,999,149</u>
Investment earnings:	
Net depreciation in fair value of investments	(1,385,855)
Interest and dividends	<u>2,162,656</u>
Net investment earnings	<u>776,801</u>
Total additions	<u>8,775,950</u>
Deductions	
Participant benefits	4,267,244
Administrative expenses	<u>147,505</u>
Total deductions	<u>4,414,749</u>
Change in net position	4,361,201
Net position, beginning of year	<u>25,759,512</u>
Net position, end of year	<u><u>\$ 30,120,713</u></u>

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

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Position

Component Units
September 30, 2019

	Road Commission	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Assets				
Cash and investment pool	\$ 7,709,032	\$ 380,892	\$ 550,454	\$ 19,679,570
Receivables, net	6,536,762	217,819	9,723,735	32,726,870
Inventory	820,937	-	-	-
Prepays	298,481	-	-	-
Advance to land bank	-	750,000	-	-
Capital assets:				
Assets not being depreciated	40,223,566	-	-	19,238,703
Assets being depreciated, net	126,819,572	-	82,819	42,541,158
Total assets	182,408,350	1,348,711	10,357,008	114,186,301
Deferred outflows of resources				
Deferred pension amounts	1,662,941	-	-	-
Deferred OPEB amounts	1,933,107	-	-	-
Total deferred outflows of resources	3,596,048	-	-	-
Liabilities				
Accounts payable and accrued liabilities	561,727	230	142,885	3,595,855
Unearned revenue	1,135,000	-	-	-
Advances from primary government	-	-	-	400,000
Advance from brownfield redevelopment	-	-	-	-
Long-term liabilities:				
Due within one year	524,631	-	516,000	2,267,079
Due in more than one year	1,465,413	-	9,068,000	30,730,663
Net pension liability, due in more than one year	12,281,863	-	-	-
Net other postemployment benefit liability, due in more than one year	29,408,908	-	-	-
Total liabilities	45,377,542	230	9,726,885	36,993,597
Deferred inflows of resources				
Deferred pension amounts	221,465	-	-	-
Net position				
Net investment in capital assets	165,699,975	-	82,819	28,782,119
Restricted for:				
Debt service	-	-	380,713	33,053,336
Acquisition/construction of capital assets	-	-	-	15,357,249
Unrestricted (deficit)	(25,294,584)	1,348,481	166,591	-
Total net position	\$ 140,405,391	\$ 1,348,481	\$ 630,123	\$ 77,192,704

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

Economic Development Corporation	Land Bank Authority	Total
\$ 89,401	\$ 1,797,172	\$ 30,206,521
-	800,267	50,005,453
-	1,248,900	2,069,837
-	-	298,481
-	-	750,000
-	-	59,462,269
-	-	169,443,549
<u>89,401</u>	<u>3,846,339</u>	<u>312,236,110</u>
-	-	1,662,941
-	-	1,933,107
-	-	3,596,048
1,100	145,939	4,447,736
-	-	1,135,000
-	-	400,000
-	750,000	750,000
-	-	3,307,710
-	-	41,264,076
-	-	12,281,863
-	-	29,408,908
<u>1,100</u>	<u>895,939</u>	<u>92,995,293</u>
-	-	221,465
-	-	194,564,913
-	-	33,434,049
-	-	15,357,249
<u>88,301</u>	<u>2,950,400</u>	<u>(20,740,811)</u>
<u>\$ 88,301</u>	<u>\$ 2,950,400</u>	<u>\$ 222,615,400</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2019

	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
Road Commission				
Governmental activities:				
Highways and streets	\$ 27,195,519	\$ 117,518	\$ 30,117,787	\$ -
				\$ 3,039,786
Brownfield Redevelopment Authority				
Governmental Activities:				
Community and economic development	617	4,977	-	-
				4,360
Department of Public Works				
Business-type Activities:				
Public works	97,411	120,620	-	-
				23,209
Governmental Activities:				
Public works	-	-	-	353,673
Interest on long-term debt	340,559	-	-	-
				(340,559)
Total Department of Public Works	437,970	120,620	-	353,673
				36,323
Drain Commission				
Governmental Activities:				
Public works	5,035,428	-	286,005	31,318,959
				26,569,536
Interest on long-term debt	689,752	-	-	-
				(689,752)
Total Drain Commission	5,725,180	-	286,005	31,318,959
				25,879,784
Economic Development Corporation				
Business-type Activities:				
Community and economic development	29,152	22,638	-	-
				(6,514)
Land Bank Authority				
Business-type Activities:				
Community and economic development	3,041,981	-	1,226,605	1,226,018
				(589,358)
Total component units	\$ 36,430,419	\$ 265,753	\$ 31,630,397	\$ 32,898,650
				\$ 28,364,381

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2019

	Road Commission	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Change in net position				
Net (expense) revenue	\$ 3,039,786	\$ 4,360	\$ 36,323	\$ 25,879,784
General revenues:				
Property taxes	-	226	-	-
Investment income	39,794	26,294	3,320	448,595
Total general revenues	39,794	26,520	3,320	448,595
Change in net position	3,079,580	30,880	39,643	26,328,379
Net position, beginning of year, as restated	137,325,811	1,317,601	590,480	50,864,325
Net position, end of year	\$ 140,405,391	\$ 1,348,481	\$ 630,123	\$ 77,192,704

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

Economic Development Corporation	Land Bank Authority	Total
\$ (6,514)	\$ (589,358)	\$ 28,364,381
-	-	226
559	48,931	567,493
559	48,931	567,719
(5,955)	(540,427)	28,932,100
94,256	3,490,827	193,683,300
<u>\$ 88,301</u>	<u>\$ 2,950,400</u>	<u>\$ 222,615,400</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. The Building Authority does not issue a separate financial statement.

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, 2018 amounts have been included in the County audit.

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 members appointed by the Saginaw County Board of Commissioners. One of the six members is appointed to represent the interest of the City of Saginaw and one of the six members to represent the interest of the other units of local government in Saginaw County.

Component Unit Financial Statements

Complete financial statements for the Road Commission may be obtained from the entity's administrative office. Separate financial statements are not prepared for the remaining component units.

Saginaw County Road Commission
3020 Sheridan Avenue
Saginaw, Michigan 48601

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 *Michigan Works! Fund* (special revenue) accounts for the grant revenues and the related job placement operations of the Great Lakes Bay Michigan Works! consortium.

The *Planning Commission Fund* (special revenue) 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 *Community Mental Health Bonds Fund* (debt service) accounts for the resources accumulated from the Saginaw County Community Mental Health Authority capital lease to pay the principal and interest on the bonds.

The *Mainframe Conversion Project* (capital project) was established 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.

The *Sheriff's Adult Detention and Administration Facility* (capital project) was established to account for the bond proceeds that were received and the construction of the new County adult detention and administration facility.

The government reports the following major proprietary funds:

The *Delinquent Tax Revolving Fund* accounts for the purchase of delinquent taxes from other local taxing units.

The *Building Authority Event Center Fund* accounts for the operations of the Saginaw County Event Center.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

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

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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.

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.

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

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

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

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

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

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

Assets, 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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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.

Inventory and prepaids

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

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

	Years
Land improvements	15-20
Buildings and improvements	5-45
Machinery and equipment	3-10
Office furniture & fixtures	5-20
Planning and development	5-30
Vehicles	2-8
Infrastructure	50

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 related to its net pension and OPEB liabilities.

Due to Saginaw Hockey Club, LLC

On August 23, 2016, the County entered into an agreement with the Saginaw Hockey Club, LLC (the "Club"), tenant of the County's Event Center, to reimburse the Club for certain building improvements. The agreement requires the County to reimburse the Club for up to 60% of the total cost of the building improvements up to a maximum County reimbursement of \$1,041,000. The County is only required to reimburse the Club if an increased millage is approved by the County voters commencing in tax year 2021. If the millage passes, the County will be required to repay its portion of the improvements from the increased millage proceeds over a ten year period. If the millage does not pass, the County will not be required to reimburse the Club for any amounts related to the building improvements. The County believes that the millage will pass and they will reimburse the club for the County's 60% share of the building improvements. As of September 30, 2019, the Club had expended \$1,880,871 on the agreed upon building improvements which has resulted in the County recognizing a liability of \$1,041,000 at year end.

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/fund balance 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 long-term receivables. 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 the government-wide financial statements related to its net pension and OPEB liabilities.

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 Saginaw County policies which establish 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 \$12,305,092 assigned for the Employee Payroll Reserve and an additional amount of \$7,452,489 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 and OPEB Plans

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. 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 \$75,000. 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 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 the General Fund budget surplus will first be used to bring any reserve balances in the General Fund into compliance with the policy as well as any budget surplus in the sheriff's jail division will be transferred to the Sheriff's Adult Detention and Administration Facility Bonds debt service fund. Any remaining General Fund budgeted surplus is to 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 assigned 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, 2019, 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:			
Judicial:			
Circuit Court	\$ 3,113,964	\$ 3,141,060	\$ 27,096
Contributions to OPEB trust fund	-	186,748	186,748
Transfers out	6,619,957	7,254,266	634,309

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

3. DEPOSITS AND INVESTMENTS

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

Statutes authorize the County to invest in the following:

- Bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution.
- Commercial paper rated at the time of purchase at the highest classifications (except for GMAC) established by not less than two standard rating services and that matures not more than 270 days after the 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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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	\$ 91,654,102	\$ 30,206,521	\$ 121,860,623
Statement of Net Position - Fiduciary Funds			
Postemployment Health Benefits Trust Fund:			
Cash and investment pool	10,448,022	-	10,448,022
Investments	19,746,689	-	19,746,689
Agency Funds:			
Cash and investment pool	12,362,266	-	12,362,266
Total	\$ 134,211,079	\$ 30,206,521	\$ 164,417,600

Deposits and Investments

Bank deposits:			
Checking and savings accounts			\$ 88,644,833
Certificates of deposit:			
Due within one year			15,237,114
Due in one to five years			6,689,248
Investments:			
Primary government			32,480,930
Fiduciary funds			19,746,689
Cash on hand			20,882
Timing difference for component unit with different fiscal year end			1,597,904
Total			\$ 164,417,600

	Carrying Amount (Fair Value)	No Maturity	Maturity Less than 1 Year	Maturity 1-5 Years	Maturity 5-10 Years
Investments					
Municipal bonds	\$ 18,245,425	\$ -	\$ 2,701,370	\$ 11,370,664	\$ 3,636,571
U.S. government bonds	8,037,086	-	-	5,948,552	1,144,862
Michigan Class investment pool	1,405,333	-	1,405,333	-	-
Mutual funds	19,746,689	19,746,689	-	-	-
Money market	4,793,086	4,793,086	-	-	-
Total	\$ 52,227,619	\$ 24,539,775	\$ 4,106,703	\$ 17,319,216	\$ 4,781,433

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COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

	Maturity 10-15 Years	Maturity 15-20 Years
Investments		
Municipal bonds	\$ 536,820	\$ -
U.S. government bonds	198,658	745,014
Michigan Class investment pool	-	-
Mutual funds	-	-
Money market	-	-
	<hr/>	<hr/>
Total	<u>\$ 735,478</u>	<u>\$ 745,014</u> Concluded

Investment and deposit risk

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

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

	Carrying Amount (Fair Value)
Investments	
AAAm	\$ 1,405,333
AA+	9,037,667
AA	9,370,763
Not rated	<u>32,413,856</u>
Total	<u>\$ 52,227,619</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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, \$102,177,072 of the County's bank balance of \$112,346,110 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, 2019, the County has no investments that exceeded 5% of total investments.

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County had the following recurring fair value measurements as of year end:

Investment Type	Level 1	Level 2	Level 3	Total Fair Value
Municipal bonds	\$ -	\$ 18,245,425	\$ -	\$ 18,245,425
U.S. government	-	8,037,086	-	8,037,086
Mutual funds	19,746,689	-	-	19,746,689
	<u>\$ 19,746,689</u>	<u>\$ 26,282,511</u>	<u>\$ -</u>	<u>46,029,200</u>
Investments not subject to fair value hierarchy:				
Michigan Class investment pool				1,405,333
Money market funds				<u>4,793,086</u>
Total investments				<u>\$ 52,227,619</u>

There have been no changes from the prior year in the methodologies used. The following is a description of the valuation methodology used for assets recorded at fair value:

Mutual funds classified as Level 1 of the fair value hierarchy are valued based on quoted market prices in active markets.

Municipal bonds and government bonds are classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Investments in Entities that Calculate Net Asset Value per Share

The County holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical

At year end, the net asset value of the County's investment in Michigan CLASS was \$1,405,333. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

4. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 6,696,800	\$ 12,791,403	\$ -
Special assessments:			
Due within one year	-	-	7,304,564
Due in more than one year	-	-	20,649,358
Accounts receivable	4,171,018	531,085	877,577
Loans:			
Due within one year	16,883	-	18,265
Due in more than one year	2,195,564	-	181,735
Lease:			
Due within one year	315,000	-	-
Due in more than one year	2,691,622	-	-
Interest, net	342,773	2,603,734	29,694
Due from other governmental units:			
Due within one year	3,275,225	16,183	516,000
Due in more than one year	-	-	20,428,260
Total receivables, net	<u>\$ 19,704,885</u>	<u>\$ 15,942,405</u>	<u>\$ 50,005,453</u>

The interest receivable in the business-type activities is net of an allowance for uncollectible accounts of approximately \$185,000.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

5. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 3,792,748	\$ -	\$ -	\$ -	\$ 3,792,748
Construction in progress	5,959,727	20,952,156	-	-	26,911,883
	<u>9,752,475</u>	<u>20,952,156</u>	<u>-</u>	<u>-</u>	<u>30,704,631</u>
Capital assets being depreciated:					
Land improvements	9,196,937	31,675	-	-	9,228,612
Buildings and improvements	29,283,819	108,650	-	-	29,392,469
Machinery and equipment	7,375,545	307,513	(102,325)	-	7,580,733
Office furniture & fixtures	1,093,066	35,269	-	-	1,128,335
Vehicles	3,130,004	874,619	(390,698)	-	3,613,925
	<u>50,079,371</u>	<u>1,357,726</u>	<u>(493,023)</u>	<u>-</u>	<u>50,944,074</u>
Less accumulated depreciation:					
Land improvements	(4,023,609)	(224,851)	-	-	(4,248,460)
Buildings and improvements	(19,196,345)	(623,700)	-	-	(19,820,045)
Machinery and equipment	(5,819,605)	(326,617)	89,721	-	(6,056,501)
Office furniture & fixtures	(370,580)	(137,911)	-	-	(508,491)
Vehicles	(2,433,001)	(363,047)	378,396	-	(2,417,652)
	<u>(31,843,140)</u>	<u>(1,676,126)</u>	<u>468,117</u>	<u>-</u>	<u>(33,051,149)</u>
Total capital assets being depreciated, net	<u>18,236,231</u>	<u>(318,400)</u>	<u>(24,906)</u>	<u>-</u>	<u>17,892,925</u>
Governmental activities capital assets, net	<u>\$ 27,988,706</u>	<u>\$ 20,633,756</u>	<u>\$ (24,906)</u>	<u>\$ -</u>	<u>\$ 48,597,556</u>

As of September 30, 2019, the County had an outstanding commitment related to the Saginaw County Adult Detention Facility and Sheriff Administration Building project in the amount of approximately \$15,008,000.

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	-	-	121,093	238,854
Construction in progress	293,350	29,846	(49,081)	(244,270)	29,845
	<u>2,669,359</u>	<u>29,846</u>	<u>(49,081)</u>	<u>(123,177)</u>	<u>2,526,947</u>
Capital assets being depreciated:					
Land improvements	4,183,745	133,380	-	-	4,317,125
Buildings and improvements	19,710,641	-	-	-	19,710,641
Machinery and equipment	1,160,038	51,109	-	-	1,211,147
Office furniture & fixtures	61,201	-	-	-	61,201
Planning and development	11,402,124	524	-	123,177	11,525,825
Vehicles	125,318	14,000	-	-	139,318
	<u>36,643,067</u>	<u>199,013</u>	<u>-</u>	<u>123,177</u>	<u>36,965,257</u>
Less accumulated depreciation:					
Land improvements	(1,340,626)	(252,186)	-	-	(1,592,812)
Buildings and improvements	(6,038,052)	(537,799)	-	-	(6,575,851)
Machinery and equipment	(893,732)	(57,282)	-	-	(951,014)
Office furniture & fixtures	(36,118)	(700)	-	-	(36,818)
Planning and development	(7,840,870)	(251,700)	-	-	(8,092,570)
Vehicles	(116,150)	(3,309)	-	-	(119,459)
	<u>(16,265,548)</u>	<u>(1,102,976)</u>	<u>-</u>	<u>-</u>	<u>(17,368,524)</u>
Total capital assets being depreciated, net	<u>20,377,519</u>	<u>(903,963)</u>	<u>-</u>	<u>123,177</u>	<u>19,596,733</u>
Business-type activities capital assets, net	<u>\$ 23,046,878</u>	<u>\$ (874,117)</u>	<u>\$ (49,081)</u>	<u>\$ -</u>	<u>\$ 22,123,680</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

Governmental activities	
Judicial	\$ 58,510
General government	556,243
Public safety	323,192
Public works	79,008
Health and welfare	375,255
Recreation and culture	168,904
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	115,014
	\$ 1,676,126
 Business-type activities	
Building Authority Event Center	\$ 828,304
Harry W. Browne Airport	269,424
Parking system	2,373
Delinquent tax revolving	2,875
	\$ 1,102,976

Discretely presented component units

Department of Public Works capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets being depreciated:					
Vehicles	\$ 34,021	\$ 70,861	\$ -	\$ -	\$ 104,882
Less accumulated depreciation:					
Vehicles	(12,150)	(9,913)	-	-	(22,063)
	\$ 21,871	\$ 60,948	\$ -	\$ -	\$ 82,819

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Road Commission capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land, land improvements and infrastructure	\$ 39,664,931	\$ -	\$ -	\$ -	\$ 39,664,931
Land	558,635	-	-	-	558,635
	<u>40,223,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,223,566</u>
Capital assets being depreciated:					
Land improvements	460,211	26,177	-	-	486,388
Depletable assets	35,013	-	-	-	35,013
Buildings and improvements	3,523,021	327,369	-	-	3,850,390
Office furniture & fixtures	537,919	96,215	-	-	634,134
Infrastructure	303,493,406	10,114,106	-	-	313,607,512
Equipment	17,863,443	1,712,423	(844,415)	-	18,731,451
	<u>325,913,013</u>	<u>12,276,290</u>	<u>(844,415)</u>	<u>-</u>	<u>337,344,888</u>
Less accumulated depreciation:					
Land improvements	(443,957)	(7,089)	-	-	(451,046)
Depletable assets	(3,914)	-	-	-	(3,914)
Buildings and improvements	(2,040,027)	(166,629)	-	-	(2,206,656)
Office furniture & fixtures	(386,525)	(48,894)	-	-	(435,419)
Infrastructure	(182,858,146)	(9,060,836)	-	-	(191,918,982)
Equipment	(15,204,337)	(1,149,377)	844,415	-	(15,509,299)
	<u>(200,936,906)</u>	<u>(10,432,825)</u>	<u>844,415</u>	<u>-</u>	<u>(210,525,316)</u>
Total capital assets being depreciated, net	<u>124,976,107</u>	<u>1,843,465</u>	<u>-</u>	<u>-</u>	<u>126,819,572</u>
Road Commission capital assets, net	<u>\$ 165,199,673</u>	<u>\$ 1,843,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,043,138</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Drain Commission capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 11,959,560	\$ 10,506,956	\$ -	\$ (3,227,813)	\$ 19,238,703
Capital assets being depreciated:					
Infrastructure	72,418,088	521,961	-	3,227,813	76,167,862
Equipment	517,118	25,599	-	-	542,717
Vehicles	93,077	-	-	-	93,077
	<u>73,028,283</u>	<u>547,560</u>	<u>-</u>	<u>3,227,813</u>	<u>76,803,656</u>
Less accumulated depreciation:					
Infrastructure	(32,540,794)	(1,480,460)	-	-	(34,021,254)
Equipment	(139,453)	(47,155)	-	-	(186,608)
Vehicles	(38,618)	(16,018)	-	-	(54,636)
	<u>(32,718,865)</u>	<u>(1,543,633)</u>	<u>-</u>	<u>-</u>	<u>(34,262,498)</u>
Total capital assets being depreciated, net	<u>40,309,418</u>	<u>(996,073)</u>	<u>-</u>	<u>3,227,813</u>	<u>42,541,158</u>
Drain Commission capital assets, net	<u>\$ 52,268,978</u>	<u>\$ 9,510,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,779,861</u>

6. 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	\$ 10,901,690	\$ 1,503,043	\$ 4,051,689
Accrued liabilities	4,082,411	184,736	396,047
Due to other government units	340,947	-	-
Deposits payable	22,810	701,077	-
Total accounts payable and accrued liabilities	<u>\$ 15,347,858</u>	<u>\$ 2,388,856</u>	<u>\$ 4,447,736</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of year-end, was as follows:

Due to/from primary government funds:

	Due from Other Funds	Due to Other Funds
General	\$ 774,060	\$ 906,233
Nonmajor governmental funds	1,197,288	956,528
Nonmajor enterprise funds	-	103,271
Internal service funds	160	5,476
	<u>\$ 1,971,508</u>	<u>\$ 1,971,508</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	\$ 20,000	\$ -
Delinquent Tax Revolving	252,000	-
Building Authority Event Center	-	252,000
Nonmajor enterprise funds	-	20,000
	<u>\$ 272,000</u>	<u>\$ 272,000</u>

The advances from the General Fund to the nonmajor enterprise and internal service funds exist to maintain adequate cash reserves in the funds. The advance from the Delinquent Tax Revolving fund to the Building Authority Event Center fund was used for renovations at the event center. In addition, there is a \$400,000 advance from the General Fund to the Drain Commission to maintain adequate cash reserves and a \$750,000 advance from the Brownfield Redevelopment Authority to the Land Bank Authority for demolition and redevelopment of a Land Bank owned property.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

For the year ended September 30, 2019, interfund transfers consisted of the following:

Transfers Out	Transfers In		
	General Fund	Planning Commission	Sheriff's Adult Detention And Administration Facility
General fund	\$ -	\$ 46,065	\$ -
Nonmajor governmental funds	2,931,802	26,176	-
Delinquent Tax Revolving	1,700,000	-	1,328,000
Building Authority Event Center	-	-	-
Nonmajor enterprise funds	276,824	-	-
Internal Service Fund	-	-	-
Total	\$ 4,908,626	\$ 72,241	\$ 1,328,000

Transfers Out	Transfers In		
	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
General fund	\$ 7,208,201	\$ -	\$ 7,254,266
Nonmajor governmental funds	1,139,928	-	4,097,906
Delinquent Tax Revolving	-	-	3,028,000
Building Authority Event Center	-	4,500	4,500
Nonmajor enterprise funds	103,271	-	380,095
Internal Service Fund	52,163	-	52,163
Total	\$ 8,503,563	\$ 4,500	\$ 14,816,930

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

8. LONG-TERM DEBT

Changes in Long-term Debt

Long-term debt activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Primary Government					
Governmental activities:					
General obligation bonds:					
2013 pension bonds	\$ 37,390,000	\$ -	\$ (3,115,000)	\$ 34,275,000	\$ 3,210,000
2017 Sheriff's Adult Detention and Administration Facility bonds	36,675,000	-	-	36,675,000	-
2019 Mainframe Modernization project bonds	-	9,185,000	-	9,185,000	865,000
2018 Community Mental Health Facility bonds	4,580,000	-	(325,000)	4,255,000	315,000
2010 Capital Improvement bonds	1,109,230	-	(139,934)	969,296	142,309
	<u>79,754,230</u>	<u>9,185,000</u>	<u>(3,579,934)</u>	<u>85,359,296</u>	<u>4,532,309</u>
Compensated absences	1,318,088	1,190,432	(1,187,595)	1,320,925	1,273,914
Bond premium	2,556,927	1,691,857	(88,555)	4,160,229	255,861
	<u>\$ 83,629,245</u>	<u>\$ 12,067,289</u>	<u>\$ (4,856,084)</u>	<u>\$ 90,840,450</u>	<u>\$ 6,062,084</u>
Business-type activities:					
Direct placement:					
Delinquent tax notes	\$ 9,629,000	\$ 12,605,000	\$ (8,349,000)	\$ 13,885,000	\$ -
General obligation bonds	2,760,000	-	(165,000)	2,595,000	170,000
	<u>12,389,000</u>	<u>12,605,000</u>	<u>(8,514,000)</u>	<u>16,480,000</u>	<u>170,000</u>
Compensated absences	3,363	6,598	(6,616)	3,345	-
	<u>\$ 12,392,363</u>	<u>\$ 12,611,598</u>	<u>\$ (8,520,616)</u>	<u>\$ 16,483,345</u>	<u>\$ 170,000</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end, \$47,011 of internal service funds compensated absences are included in the above amounts. For governmental activities, compensated absences are generally liquidated by the General Fund.

General obligation bonds and notes payable are direct obligations and pledge the full faith and credit of the County. These bonds are generally issued as 5 to 20-year serial bonds with varying amounts of principal maturing each year through fiscal year 2048. Delinquent tax notes payable generally mature within 24 months of issuance with interest due annually. General obligation bonds and notes payable currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	1.90 - 5.75%	\$ 85,359,296
Business-type activities	2.00 - 2.85%	<u>16,480,000</u>
Total primary government		<u>\$ 101,839,296</u>

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

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 4,532,309	3,553,363
2021	5,239,725	3,505,427
2022	5,442,180	3,290,632
2023	5,654,678	3,076,181
2024	5,897,219	2,827,730
2025-2029	28,373,185	9,680,611
2030-2034	6,510,000	5,235,937
2035-2039	7,005,000	3,813,900
2040-2044	8,565,000	2,267,550
2045-2048	<u>8,140,000</u>	<u>582,575</u>
Total	<u>\$ 85,359,296</u>	<u>\$ 37,833,906</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Annual debt service requirements to maturity for business-type activities general obligation bonds and direct placement obligations are as follows:

Year Ending September 30,	Direct Placement Obligations		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ -	\$ 387,054	\$ 170,000	\$ 51,900
2021	2,280,000	387,054	175,000	48,500
2022	11,605,000	330,510	175,000	47,813
2023	-	-	180,000	46,688
2024	-	-	185,000	42,638
2025-2029	-	-	1,015,000	161,051
2030-2034	-	-	695,000	38,648
Total	\$ 13,885,000	\$ 1,104,618	\$ 2,595,000	\$ 437,238

The County is party to an agreement with HealthSource Saginaw ("HealthSource"), a Municipal Health Facilities Organization under Public Act 230 of Public Acts of 1987, whereas HealthSource issued bonds to fund improvements to its facility. The County has agreed to levy the voter-approved property tax millage and provide these funds to HealthSource for it to make the required principal and interest payments. HealthSource has pledged its net revenue as security on the bonds. The County 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 its net revenues. At year end, the outstanding balance on these bonds, which mature May 1, 2029, was \$21,640,000. 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 Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct placements:					
Michigan Transportation Note	\$ 1,200,000	\$ -	\$ (400,000)	\$ 800,000	\$ 400,000
Equipment lease	746,404	-	(203,241)	543,163	124,631
	1,946,404	-	(603,241)	1,343,163	524,631
Compensated absences	669,338	3,645	(26,102)	646,881	-
	\$ 2,615,742	\$ 3,645	\$ (629,343)	\$ 1,990,044	\$ 524,631

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Annual debt service requirements to maturity for direct placement installment debt are as follows:

Year Ending December 31,	Principal	Interest
2019	524,631	33,751
2020	478,911	20,623
2021	81,239	10,019
2022	83,636	7,622
2023	86,103	5,155
2024	88,643	770
Total	\$ 1,343,163	\$ 77,940

Department of Public Works Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct Placement:					
General obligation bonds	\$ 7,093,000	\$ -	\$ (205,000)	\$ 6,888,000	\$ 216,000
General obligation bonds	2,979,000	-	(283,000)	2,696,000	300,000
	<u>\$ 10,072,000</u>	<u>\$ -</u>	<u>\$ (488,000)</u>	<u>\$ 9,584,000</u>	<u>\$ 516,000</u>

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 fiscal year 2051 and bear interest at varying rates from 2.23% to 5.90%.

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

Year Ending September 30,	Direct Placement Obligations		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 216,000	\$ 251,680	300,000	94,070
2021	221,000	243,825	137,000	84,795
2022	226,000	235,820	139,000	78,925
2023	240,000	227,562	141,000	72,780
2024	250,000	218,871	143,000	66,320
2025-2029	1,390,000	953,119	433,000	254,005
2030-2034	1,585,000	689,666	272,000	189,510
2035-2039	1,779,000	395,844	273,000	149,685
2040-2044	772,000	126,243	320,000	105,300
2045-2049	209,000	17,194	372,000	53,490
2050-2051	-	-	166,000	3,750
Total	\$ 6,888,000	\$ 3,359,824	\$ 2,696,000	\$ 1,152,630

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Drain Commission Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct placement:					
Notes payable	\$ 368,571	\$ -	\$ (61,429)	\$ 307,142	\$ 61,429
General obligation bonds	17,041,400	17,566,000	(1,916,800)	32,690,600	2,205,650
	<u>\$ 17,409,971</u>	<u>\$ 17,566,000</u>	<u>\$ (1,978,229)</u>	<u>\$ 32,997,742</u>	<u>\$ 2,267,079</u>

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 through fiscal year 2048 and bear interest rates varying from 1.05% to 4.00%.

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

Year Ending September 30,	Direct Placement Obligations			
	Principal	Interest	Principal	Interest
2020	\$ 61,429	\$ 7,528	\$ 2,205,650	\$ 874,640
2021	61,429	6,019	2,135,650	864,329
2022	61,429	4,512	2,136,650	812,013
2023	37,429	3,008	2,136,650	759,583
2024	37,429	2,106	2,147,650	704,888
2025-2029	47,997	2,390	9,365,350	2,718,225
2030-2034	-	-	6,268,500	1,827,376
2035-2039	-	-	4,483,500	788,338
2040-2044	-	-	1,878,500	328,738
2045-2048	-	-	1,502,800	93,925
	<u>307,142</u>	<u>25,563</u>	<u>34,260,900</u>	<u>9,772,055</u>
Remaining available to draw	-	-	(1,570,300)	-
Total	<u>\$ 307,142</u>	<u>\$ 25,563</u>	<u>\$ 32,690,600</u>	<u>\$ 9,772,055</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

9. 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	573
Inactive employees entitled to but not yet receiving benefits	45
Active employees	<u>21</u>
Total membership	<u><u>639</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 fiscal year 2019, the actuarially determined monthly employer contributions ranged from \$0 to \$58,667 for all divisions.

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.50%.

Mortality rates used were based on a 50% Male - 50% Female blend of the RP-2014 Healthy Annuitant (with rates multiplied by 105%), Employee and Juvenile Mortality Tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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	55.50%	6.15%	3.41%
Global fixed income	18.50%	1.26%	0.23%
Real assets	13.50%	7.22%	0.98%
Diversifying strategies	12.50%	5.00%	0.63%
	<u>100.00%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2018 was 8.00%. 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, 2017	\$ 144,698,575	\$ 123,041,994	\$ 21,656,581
Changes for the year:			
Service cost	141,797	-	141,797
Interest	11,077,621	-	11,077,621
Difference between expected and actual experience	747,985	-	747,985
Employer contributions	-	2,457,345	(2,457,345)
Employee contributions	-	56,056	(56,056)
Net investment loss	-	(4,496,238)	4,496,238
Benefit payments, including refunds of employee contributions	(12,598,428)	(12,598,428)	-
Administrative expense	-	(231,362)	231,362
Other changes	(3)	-	(3)
Net changes	<u>(631,028)</u>	<u>(14,812,627)</u>	<u>14,181,599</u>
Balances at December 31, 2018	<u>\$ 144,067,547</u>	<u>\$ 108,229,367</u>	<u>\$ 35,838,180</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 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's net pension liability	\$ 48,677,513	\$ 35,838,180	\$ 24,791,125

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, 2019, the County recognized pension expense of \$6,051,358. The County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources, net
Net difference between projected and actual earnings on pension plan investments	\$ 8,385,682
Contributions subsequent to the measurement date	<u>2,401,380</u>
Total	<u>\$ 10,787,062</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, 2020. Other amounts reported as pension-related deferred outflows of resources will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2020	\$ 3,233,098
2021	792,896
2022	1,574,303
2023	<u>2,785,385</u>
Total	<u>\$ 8,385,682</u>

Payable to the Pension Plan. At September 30, 2019, the County had outstanding required contributions to report as payable to the pension plan for the year ended September 30, 2019 in the amount of \$252,319.

The net pension liability is generally liquidated by the General Fund.

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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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 1.50% to 2.50%. Participants are considered to be fully vested in the plan after 6 or 10 years. Normal retirement age is 60 with early retirement at age 55 with 15 to 25 years of service or age 50 with 25 years of service. Member contributions range from 4.00% to 4.70% of annual compensation. Four of the seven divisions included in the Plan are closed to new hires.

Employees Covered by Benefit Terms. At December 31, 2017, the date of the most recent actuarial valuation, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>71</u>
 Total membership	 <u><u>182</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 December 31, 2018, employer contributions ranged from 3.03% to 6.78% of annual payroll for open divisions. Closed divisions have a monthly employer contribution ranging from \$20,677 to \$36,071.

Net Pension Liability. The Commission's net pension liability was measured as of December 31, 2018, 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 was rolled forward to December 31, 2018 using the December 31, 2017 actuarial valuation with the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

COUNTY OF SAGINAW, MICHIGAN

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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	55.50%	6.15%	3.42%
Global fixed income	18.50%	1.26%	0.23%
Real assets	13.50%	7.22%	0.97%
Diversifying strategies	<u>12.50%</u>	5.00%	0.63%
	<u>100.00%</u>		
Inflation			2.50%
Administrative and investment expenses netted above			<u>0.25%</u>
			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for 2018. 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

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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, 2017	\$ 33,525,923	\$ 23,687,628	\$ 9,838,295
Changes for the year:			
Service cost	396,845	-	396,845
Interest	2,606,124	-	2,606,124
Employer contributions	-	898,360	(898,360)
Employee contributions	-	258,535	(258,535)
Net investment income	-	(894,542)	894,542
Benefit payments, including refunds of employee contributions	(2,295,603)	(2,295,603)	-
Experience changes	(386,610)	-	(386,610)
Administrative expense	-	(45,152)	45,152
Other changes	44,410	-	44,410
Net changes	<u>365,166</u>	<u>(2,078,402)</u>	<u>2,443,568</u>
Balances at December 31, 2018	<u>\$ 33,891,089</u>	<u>\$ 21,609,226</u>	<u>\$ 12,281,863</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Commission, calculated using the discount rate of 8.00%, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Commission's net pension liability	\$ 15,796,662	\$ 12,281,863	\$ 9,286,124

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/Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the Commission recognized pension expense of \$2,031,506. The Commission reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,662,941	\$ -	\$ 1,662,941
Differences in assumptions	-	221,465	(221,465)
	<u>\$ 1,662,941</u>	<u>\$ 221,465</u>	<u>\$ 1,441,476</u>

Amounts reported as pension-related deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2019	\$ 579,255
2020	91,316
2021	222,465
2022	<u>548,440</u>
Total	<u>\$ 1,441,476</u>

Payable to the Pension Plan. At December 31, 2018, the Commission reported no payable to the pension plan required for the year ended December 31, 2018.

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

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Notes To Financial Statements

10. DEFINED CONTRIBUTION PENSION PLAN

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 are automatically enrolled 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 his/her 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 its contract was ratified. These dates range for new hires 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 amounted to \$1,858,760 and employee contributions were \$1,205,044.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

11. 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, 2019, the County contributed \$7,999,149 to the Plan.

At September 30, 2019, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	678
Inactive employees entitled to but not yet receiving benefits	496
Active employees	<u>156</u>
Total	<u><u>1,330</u></u>

COUNTY OF SAGINAW, MICHIGAN

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Benefits. The County pays between 10%-100% of the health insurance premiums for these retirees. At age 65 retirees and covered spouses are required to enroll in Medicare parts A and B when eligible. The retiree is responsible for payment of the Medicare part B premiums. Effective August 1, 2017, eligible retirees and their spouses that become Medicare eligible are transferred into a Medicare Plus Blue PPO (Medicare Advantage) fully insured plan. Retirees are required to enroll in both Part A and Part B of Medicare to continue under the County's group coverage. A premium share 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 on or 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. During year ended September 30, 2019, retiree contributions amounted to \$341,729.

COUNTY OF SAGINAW, MICHIGAN

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Changes in Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2018	\$ 93,237,123	\$ 25,759,512	\$ 67,477,611
Changes for the year:			
Service cost	751,637	-	751,637
Interest	5,488,195	-	5,488,195
Employer contributions	-	7,999,149	(7,999,149)
Net investment income	-	776,801	(776,801)
Benefit payments, including refunds of employee contributions	(4,267,244)	(4,267,244)	-
Administrative expenses	-	(147,505)	147,505
Net changes	<u>1,972,588</u>	<u>4,361,201</u>	<u>(2,388,613)</u>
Balances at September 30, 2019	<u>\$ 95,209,711</u>	<u>\$ 30,120,713</u>	<u>\$ 65,088,998</u>

Methods and Assumptions. 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 of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was calculated as of September 30, 2019 rolled forward from the September 30, 2018 actuarial valuation, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Retirement age for active employees—Based on the retirement rates used in the most recent MERS pension valuation.

Spousal election rates—70% of participating retirees are assumed to be married at retirement. 100% of married participants at retirement will elect to cover their spouse.

Mortality—Mortality rates used were a blended rate of the RP-2014 Health Annuitant Mortality Tables, with rates multiplied by 105%, RP-2014 Employee Mortality Tables and the RP-2014 Juvenile Mortality Tables of a 50% Male and 50% Female blend. Disabled retirees mortality rates were based on the 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

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Healthcare cost trend rate—The expected rate of increase in healthcare insurance premiums was based on projections by the County’s management. A pre-65 rate of 8.5% and a post-65 rate of 7.0% were used for the first year reducing by .25% each year until leveling out at 4.50%.

Inflation rate—The expected long-term inflation assumption used was 2.50%.

Payroll growth rate—The expected long-term payroll growth was 3.75%.

Investment rate of return—Based on the historical and expected returns of the County’s long-term investment portfolio, a discount rate of 6.00% was used.

Investments

Investment Policy. The OPEB Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment processes that the Board deems appropriate. The OPEB Plan’s asset allocation policy is shown below.

Rate of Return. For the year ended September 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 2.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB Plan investments was determined using a forward looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each 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
Domestic fixed income	40.0%	1.00%	0.41%
Domestic equity	50.0%	5.50%	2.75%
International equity	5.0%	6.50%	0.36%
Other	5.0%	-0.50%	-0.02%
	<u>100.0%</u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u>6.00%</u>

COUNTY OF SAGINAW, MICHIGAN

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Discount Rate. The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the County, calculated using the discount rate of 6.00%, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.00%) or 1% higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
County's net OPEB liability	\$ 78,660,010	\$ 65,088,998	\$ 53,949,746

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 8.50% (post-65 7.00%), as well as what the County’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (pre-65 7.50% and post-65 6.00%)	Current Trend Rate (pre-65 8.50% post-65 7.00%)	1% Increase (pre-65 7.50% and post-65 6.00%)
County's net OPEB liability	\$ 54,012,845	\$ 65,088,998	\$ 78,471,662

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2019, the County recognized OPEB expense of \$835,570 mainly due to the amortization of the changes in assumptions. The County reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	<u>\$ 871,613</u>

COUNTY OF SAGINAW, MICHIGAN

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Amounts reported as OPEB-related deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2020	\$ 232,118
2021	232,118
2022	232,117
2023	<u>175,260</u>
Total	<u>\$ 871,613</u>

Payable to the OPEB Plan. At September 30, 2019, the County reported \$186,748 in outstanding contributions to the OPEB plan for the year ended September 30, 2019.

The net OPEB liability is generally liquidated by the General Fund.

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. The Plan provides up to 100% of health insurance benefits depending on coverage elected by the employee. The Plan is closed to new employees hired on or after December 27, 2011.

Contributions. The Saginaw County Road Commission OPEB was established and is being funded under the authority of the Road Commission and under agreements with the unions representing various classes of employees. The plan's funding policy is that the employer will fund the plan on a pay-as-you-go basis. Currently, benefit payments are made from the general operating funds. There are no long term contracts for contributions to the plan.

At December 31, 2018, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	98
Active employees	<u>40</u>
Total	<u>138</u>

Benefits. Dental premiums, life insurance premiums stipends for retirees opting out of medical coverage are fully paid by the Commission. Union retirees hired on or after February 9, 2004 pay a percentage of their medical premiums based on their service years at retirement. If healthcare premiums exceed the hard caps as set by the State of Michigan under MCL 15.563, retirees must contribute the cost of the medical premiums in excess of those caps. The Commission reimburses pre-65 retirees for deductibles and copays in excess of \$2,000 per year for single coverage or in excess of \$4,000 per year for double coverage. The Commission pays \$2.50 per month per \$1,000 in coverage provided for retiree life insurance.

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Changes in Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2017	\$ 25,452,191	\$ -	\$ 25,452,191
Changes for the year:			
Service cost	344,702	-	344,702
Interest	761,217	-	761,217
Differences between expected and actual experience	719,423	-	719,423
Changes in assumptions	3,037,369	-	3,037,369
Employer contributions	-	905,994	(905,994)
Benefit payments, including refunds of employee contributions	(845,994)	(845,994)	-
Net changes	<u>4,016,717</u>	<u>60,000</u>	<u>3,956,717</u>
Balances at December 31, 2018	<u>\$ 29,468,908</u>	<u>\$ 60,000</u>	<u>\$ 29,408,908</u>

Methods and Assumptions. 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 of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was calculated as of December 31, 2018 from an actuarial valuation as of the same date, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Retirement age for active employees—Based on the retirement rates used in the most recent MERS pension valuation.

Election rates—100% of participants will elect coverage at retirement.

Mortality—RP-2014 adjusted to 2006, Total Data Set, Headcount-weighted, MP-2018 no pre-retirement mortality.

Healthcare cost trend rate—The expected rate of increase in healthcare insurance premiums was based on projections by the County's management. A pre-65 rate of 8.5% and a post-65 rate of 7.0% were used for the first year reducing by .25% each year until leveling out at 4.50%.

Inflation rate—The expected long-term inflation assumption used was 2.50%.

Payroll growth rate—The expected long-term payroll growth was 3.00%.

COUNTY OF SAGINAW, MICHIGAN

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Investment rate or return—Based on the historical and expected returns of the County’s long-term investment portfolio, a discount rate of 6.03% was used.

Changes in assumptions—(1) discount rate was changed from 3.16% to 3.00% (2) healthcare trend rates were changed from (a) pre-65 of 8.00% graded down 0.5% per year to an ultimate rate of 5.00% was changed to 8.50% graded down to 4.50% by 0.25% per year (b) post-65 of 5.00% in all years was changed to 7.00% graded down to 4.50% by 0.25% per year (3) mortality table changed from 2015 IRS Funding to RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, MP-2018 no pre-retirement mortality.

The long-term expected rate of return on OPEB Plan investments was determined using a forward looking estimate of capital market returns model for each investment major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and investment expenses. The target allocation and best estimates of arithmetic real rates of return for each 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
Total market portfolio	50.0%	5.25%	2.63%
Domestic equity	<u>50.0%</u>	1.80%	0.90%
	<u>100.0%</u>		
Inflation			<u>2.50%</u>
Investment rate of return			<u>6.03%</u>

Discount Rate. The discount rate used to measure the total OPEB liability was 3.00%. The assets are not projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. For the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Commission, calculated using the discount rate of 3.00%, as well as what the Commission’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.00%) or 1% higher (4.00%) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Commission’s net OPEB liability	\$ 34,065,950	\$ 29,408,908	\$ 25,674,105

COUNTY OF SAGINAW, MICHIGAN

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Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Commission, calculated using the healthcare cost trend rate of 8.50% (post-65 7.00%), as well as what the Commission's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (pre-65 7.50% and post-65 6.00%)	Current Trend Rate (pre-65 8.50% post-65 7.00%)	1% Increase (pre-65 7.50% and post-65 6.00%)
Commission's net OPEB liability	\$ 25,538,942	\$ 29,408,908	\$ 34,248,993

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2018, the Commission recognized OPEB expense of \$2,929,604. The Road Commission reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences in assumptions	\$ 1,562,918
Differences in experience	370,189
	<u>\$ 1,933,107</u>

Amounts reported as OPEB-related deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount
2019	\$ 1,823,685
2020	109,422
Total	<u>\$ 1,933,107</u>

Payable to the OPEB Plan. At December 31, 2018, the Commission did not have any outstanding contributions payable to the OPEB plan for the year ended December 31, 2018.

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

COUNTY OF SAGINAW, MICHIGAN

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12. 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, 2019, 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, 2019 and 2018, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2018	\$ 97,144	\$ 172,855	\$ 140,595	\$ 129,404
2019	129,404	167,493	178,832	118,065

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 \$10,000,000, insurance is provided by Tokio Marine. The County has an excess carrier, Markel American Insurance Company, that provides an additional \$5,000,000 for a total of \$15,000,000. 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, modifiers, number of vehicles and other pertinent criteria.

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

The changes in the claims liability for the years ended September 30, 2019 and 2018, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2018	\$ 287,348	\$ 564,116	\$ 560,230	\$ 291,234
2019	291,234	611,308	596,759	305,783

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 \$300,000 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. Effective August 1, 2017, eligible retirees and their spouses that become Medicare eligible are transferred into a Medicare Plus Blue PPO (Medicare Advantage) fully insured plan. Retirees are required to enroll in both Part A and Part B of Medicare to continue under the County's group coverage. 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, 2019 and 2018, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2018	\$ 918,080	\$ 7,560,419	\$ 7,885,499	\$ 593,000
2019	593,000	6,499,508	6,497,508	595,000

13. 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 property at December 1, 2018 totaled \$5,017,988,039. The tax levy for 2018/2019 operations were based on the following rates:

General operating	4.8558	mills
Mosquito control	0.6400	mills
Senior citizens	0.4300	mills
Sheriff service	1.3394	mills
County parks	0.2942	mills
Castle Museum	0.1997	mills
Event center	0.2250	mills
Animal control	0.4250	mills

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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.

14. 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.

15. NET POSITION

Restricted Net Position

The composition of restricted net position as of year end, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Public improvement	\$ 4,163,925	\$ -	\$ -
Drain projects	-	-	15,357,249
Debt service	988,529	-	33,434,049
CMH renovations	1,275,953	-	-
Public safety	1,077,469	-	-
Health and welfare	1,127,539	-	-
Recreation	1,967,301	-	-
Other:			
Public works	230,758	-	-
Community and economic development	105,870	-	-
Register of Deeds	400,655	-	-
Endowment:			
Nonexpendable	36,390	-	-
Expendable	4,418	-	-
Total restricted net position	\$ 11,378,807	\$ -	\$ 48,791,298

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Net Investment in Capital Assets

The composition of net investment in capital assets as of year end, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 30,704,631	\$ 2,526,947	\$ 59,462,269
Capital assets being depreciated, net	<u>17,892,925</u>	<u>19,596,733</u>	<u>169,443,549</u>
	<u>48,597,556</u>	<u>22,123,680</u>	<u>228,905,818</u>
Related debt:			
Due within one year	6,062,084	170,000	3,307,710
Due in more than one year	84,778,366	16,313,345	41,264,076
Due to Saginaw Hockey Club, LLC	-	1,041,000	-
Less:			
Department of Public Works conduit debt	-	-	(9,584,000)
Compensated absences	(1,320,925)	(3,345)	(646,881)
Delinquent tax notes	-	(13,885,000)	-
Unexpended bond proceeds	(22,697,154)	-	-
Community Mental Health bonds	(4,255,000)	-	-
Pension bonds	<u>(34,275,000)</u>	<u>-</u>	<u>-</u>
	<u>28,292,371</u>	<u>3,636,000</u>	<u>34,340,905</u>
Net investment in capital assets	<u>\$ 20,305,185</u>	<u>\$ 18,487,680</u>	<u>\$ 194,564,913</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

16. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Michigan Works!	Planning Commission	Community Mental Health Bonds
Nonspendable:				
Long-term advances	\$ 420,000	\$ -	\$ -	\$ -
Prepays	13,391	55,025	-	-
Permanent fund corpus	-	-	-	-
Total nonspendable	433,391	55,025	-	-
Restricted for:				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	105,870	-
Recreation	-	-	-	-
Register of Deeds	-	-	-	-
Debt service	-	-	-	21
Public Improvement	-	-	-	-
Mainframe conversion	-	-	-	-
Sheriff's Adult Detention and Administration Facility	-	-	-	-
CMH Renovations	-	-	-	-
Permanent trusts	-	-	-	-
Total restricted	-	-	105,870	21
Committed for:				
Public safety	-	-	-	-
Recreation	-	-	-	-
Health and welfare	-	-	-	-
Total committed	-	-	-	-
Assigned for:				
Employee payroll reserve	12,305,092	-	-	-
G.I.S. System	-	-	-	-
Courts	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	103,215	-	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Subsequent year	2,003,582	-	-	-
Total assigned	14,308,674	103,215	-	-
Unassigned	7,452,489	-	-	-
Total fund balances, governmental funds	\$ 22,194,554	\$ 158,240	\$ 105,870	\$ 21



Mainframe Conversion Project	Sheriff's Adult Detention and Administration Facility	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 420,000
-	27,737	205,364	301,517
-	-	36,390	36,390
-	27,737	241,754	757,907
-	-	1,077,469	1,077,469
-	-	230,758	230,758
-	-	1,127,539	1,127,539
-	-	-	105,870
-	-	1,967,301	1,967,301
-	-	400,655	400,655
-	-	2,331,934	2,331,955
-	-	4,163,925	4,163,925
10,643,973	-	-	10,643,973
-	12,053,181	-	12,053,181
-	-	1,275,953	1,275,953
-	-	4,418	4,418
10,643,973	12,053,181	12,579,952	35,382,997
-	-	1,423,585	1,423,585
-	-	43,120	43,120
-	-	3,883,443	3,883,443
-	-	5,350,148	5,350,148
-	-	-	12,305,092
-	-	28,571	28,571
-	-	250,008	250,008
-	-	2,490,329	2,490,329
-	-	315,920	315,920
-	-	125,659	228,874
-	-	2,629,845	2,629,845
-	-	117,511	117,511
-	-	826,098	826,098
-	-	-	2,003,582
-	-	6,783,941	21,195,830
-	-	-	7,452,489
<u>\$ 10,643,973</u>	<u>\$ 12,080,918</u>	<u>\$ 24,955,795</u>	<u>\$ 70,139,371</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

17. TAX ABATEMENTS

The County received reduced property tax revenues during 2019 as a result of industrial facilities tax exemptions (IFT's), brownfield redevelopment agreements and personal property exemption (Act 328 of 1998) agreements entered into by the local municipalities.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements by local unit which reduced tax revenues to the County for 2019 were as follows:

Governmental Entity	Taxable Value	Abatement Amount
Townships:		
Blumfield	\$ 1,651,700	\$ 6,945
Bridgeport	2,631,400	11,064
Buena Vista	7,141,800	30,028
Carrollton	201,700	848
Chesaning	32,900	138
Frankenmuth	206,300	867
Jonesfield	2,894,751	12,171
Kochville	883,800	3,716
Saginaw	3,171,654	13,335
Spaulding	85,800	361
Swan Creek	198,500	835
Taymouth	266,021	1,118
Thomas	88,532,224	372,238
Tittabawassee	440,658	1,853
Cities:		
Frankenmuth	3,643,554	15,320
Saginaw	3,199,075	13,451
		<u>\$ 484,288</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

The New Personal Property Exemption, PA 328 of 1998, (MCL 211.9 f) as amended, affords a 100% property tax exemption for specific businesses located within eligible distressed communities. This exemption is for all new personal property placed in a district that has been established by the local unit of government. The local unit of government determines the number of years granted and may grant any number of years for the exemption. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division and the State Tax Commission. The abatements by local unit which reduced tax revenues to the County for 2019 were as follows:

Governmental Entity	Taxable Value	Abatement Amount
City of Saginaw	\$ 395,292,600	\$ 3,324,055
Buena Vista Township	152,583,900	1,283,093
Thomas Township	4,923,100	<u>41,399</u>
		<u>\$ 4,648,547</u>

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements were entered into by the City of Saginaw and reduced the County's tax revenue by approximately \$10,000 for 2019.

18. FEDERAL GRANTS - ROAD COMMISSION

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2018, the Federal aid received and expended by the Road Commission was \$3,270,009 for contracted projects and \$0 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (they are included in MDOT's single audit). Negotiated projects are projects where the Commission administers the grant and either performs the work or contracts it out. The Road Commission is subject to single audit requirements if they expended \$750,000 or more for negotiated projects.

19. RESTATEMENT - ROAD COMMISSION

For the year ended December 31, 2018, the Road Commission implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing this new standard, the Road Commission beginning net position was restated by \$137,325,811.

20. SUBSEQUENT EVENTS

The County switched active employees and pre-65 retirees health insurance from BCBC to Aetna effective 1/1/2020.

The County switched post-65 retirees health insurance from Medicare Advantage to Humana effective 1/1/2020.

COUNTY OF SAGINAW, MICHIGAN

■ Notes To Financial Statements

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the impact of COVID-19 on the government's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which are uncertain and cannot be predicted. In addition, it may place additional demands on the government for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the government's financial position, changes in financial position, and, where applicable, cash flows, the related financial consequences and duration cannot be estimated at this time.

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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,				
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 141,797	\$ 271,358	\$ 343,667	\$ 366,482	\$ 470,724
Interest	11,077,621	11,161,488	11,214,831	11,030,766	11,028,920
Difference between expected and actual experience	747,985	5,196	(125,333)	(116,667)	-
Changes in assumptions	-	-	-	6,937,875	-
Benefit payments, including refunds of employee contributions	(12,598,428)	(12,244,774)	(11,882,834)	(11,572,681)	(11,276,793)
Other changes	(3)	2	3	(159)	(415)
Net change in total pension liability	<u>(631,028)</u>	<u>(806,730)</u>	<u>(449,666)</u>	<u>6,645,616</u>	<u>222,436</u>
Total pension liability, beginning of year	<u>144,698,575</u>	<u>145,505,305</u>	<u>145,954,971</u>	<u>139,309,355</u>	<u>139,086,919</u>
Total pension liability, end of year	<u>144,067,547</u>	<u>144,698,575</u>	<u>145,505,305</u>	<u>145,954,971</u>	<u>139,309,355</u>
Plan fiduciary net position					
Employer contributions	2,457,345	1,141,350	401,184	384,689	52,025,528
Employee contributions	56,056	54,021	61,122	95,891	98,809
Net investment income (loss)	(4,496,238)	15,139,260	12,879,155	(1,845,639)	7,963,230
Benefit payments, including refunds of employee contributions	(12,598,428)	(12,244,774)	(11,882,834)	(11,572,681)	(11,276,793)
Administrative expense	(231,362)	(240,839)	(254,838)	(277,640)	(292,649)
Net change in plan fiduciary net position	<u>(14,812,627)</u>	<u>3,849,018</u>	<u>1,203,789</u>	<u>(13,215,380)</u>	<u>48,518,125</u>
Plan fiduciary net position, beginning of year	<u>123,041,994</u>	<u>119,192,976</u>	<u>117,989,187</u>	<u>131,204,567</u>	<u>82,686,442</u>
Plan fiduciary net position, end of year	<u>108,229,367</u>	<u>123,041,994</u>	<u>119,192,976</u>	<u>117,989,187</u>	<u>131,204,567</u>
County's net pension liability	<u>\$ 35,838,180</u>	<u>\$ 21,656,581</u>	<u>\$ 26,312,329</u>	<u>\$ 27,965,784</u>	<u>\$ 8,104,788</u>
Plan fiduciary net position as a percentage of total pension liability	75.1%	85.0%	81.9%	80.8%	94.2%
Covered payroll	\$ 1,081,792	\$ 2,079,913	\$ 2,579,083	\$ 2,767,719	\$ 3,525,912
County's net pension liability as a percentage of covered payroll	3312.9%	1041.2%	1020.2%	1010.4%	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 County's 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 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%
2016	145,954,971	117,989,187	27,965,784	80.8%	2,767,719	1010.43%
2017	145,505,305	119,192,976	26,312,329	81.9%	2,579,083	1020.22%
2018	144,698,575	123,041,994	21,656,581	85.0%	2,079,913	1041.23%
2019	144,067,547	108,229,367	35,838,180	75.1%	1,081,792	3312.85%

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.

Changes in assumptions. In 2016, amounts reported as changes in assumptions resulted in primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return and changes in asset smoothing.

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 Payroll	Contributions as Percentage of Covered Payroll
2015	\$ 338,547	\$ 338,547	\$ -	\$ 3,566,631	9.5%
2016	300,847	300,847	-	3,014,094	10.0%
2017	701,460	701,460	-	2,486,296	28.2%
2018	2,461,020	2,461,020	-	1,963,141	125.4%
2019	3,012,960	3,012,960	-	1,135,893	265.3%

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 22 years
Asset valuation method 5-year smooth market
Inflation 2.50%
Salary increases 3.75% in the long-term
Investment rate of return 7.75%, net of investment and administrative expense including inflation
Retirement age Age 60
Mortality 50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information

Single Employer Defined Benefit Other Postemployment Benefit Plan

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

	Year Ended September 30,		
	2019	2018	2017
Total OPEB liability			
Service cost	\$ 751,637	\$ 941,815	\$ 934,769
Interest	5,488,195	5,969,257	6,243,989
Differences between expected and actual experience	-	1,329,614	-
Changes in assumptions	-	(12,017,195)	-
Benefit payments, including refunds of employee contributions	(4,267,244)	(4,006,144)	(7,347,208)
Net change in total OPEB liability	1,972,588	(7,782,653)	(168,450)
Total OPEB liability, beginning of year	93,237,123	101,019,776	101,188,226
Total OPEB liability, end of year	95,209,711	93,237,123	101,019,776
Plan fiduciary net position			
Employer contributions	7,999,149	8,991,013	8,331,754
Net investment income	776,801	1,034,722	1,726,727
Benefit payments, including refunds of employee contributions	(4,267,244)	(4,006,144)	(7,347,208)
Administrative expense	(147,505)	(133,404)	(160,297)
Net change in plan fiduciary net position	4,361,201	5,886,187	2,550,976
Plan fiduciary net position, beginning of year	25,759,512	19,873,325	17,322,349
Plan fiduciary net position, end of year	30,120,713	25,759,512	19,873,325
County's net OPEB liability	\$ 65,088,998	\$ 67,477,611	\$ 81,146,451
Plan fiduciary net position as a percentage of total OPEB liability	31.6%	27.6%	19.7%
Covered payroll	\$ 8,418,944	\$ 8,073,230	\$ 9,793,458
County's net OPEB liability as a percentage of covered payroll	773.1%	835.8%	828.6%

Notes:

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions for the September 30, 2018 actuarial valuation were (1) per-capita claims and fixed cost rates were updated to reflect experience since the previous valuation; (2) healthcare trend rates were changed to (a) pre-65 first year was reduced to 8.50% reducing 0.25% each year until reaching 4.50% (b) post-65 first year was reduced to 7.00% reducing 0.25% each year until reaching 4.50%; and (3) pre-65 healthcare cost trend assumption was adjusted to account for potential excise taxes on "Cadillac" plan benefits. Adjustment included a 0.50% increase in the ultimate trend rate.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan

Schedule of the County's Net OPEB Liability

Fiscal Year Ended September 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
2017	\$ 101,019,776	\$ 19,873,325	\$ 81,146,451	19.7%	\$ 9,793,458	828.6%
2018	93,237,123	25,759,512	67,477,611	27.6%	8,073,230	835.8%
2019	95,209,711	30,120,713	65,088,998	31.6%	8,418,944	773.1%

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

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information
 Single Employer Defined Benefit Other Postemployment Benefit 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
2017	\$ 11,412,510	\$ 8,331,754	\$ 3,080,756	\$ 9,793,458	85.1%
2018	6,457,457	8,991,013	(2,533,556)	8,073,230	111.4%
2019	5,807,513	7,999,149	(2,191,636)	8,418,944	95.0%

Note: GASB 74 was implemented in fiscal year 2017. 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 September 30, which is 12 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 Individual entry-age normal
 Amortization method Level percent of payroll
 Remaining amortization period 28 years
 Asset valuation method Market value of assets
 8.50% (pre age 65) 7.00% (post age 65) reduced 0.25% each year until the rate reaches 4.50%
 Health care inflation rates Long-term salary increases consist of 3.75% increases.
 Salary increases 6.00%
 Investment rate of return Rates are based on the Retirement rates used in the most recent MERS pension valuation.
 Retirement age
 Mortality Mortality rates used were a blended rate of the RP-2014 Health Annuitant Mortality Tables, with rates multiplied by 105%, RP-2014 Employee Mortality Tables and the RP-2014 Juvenile Mortality Tables of a 50% Male and 50% Female blend. Disabled retirees mortality rates were based on the 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan

Schedule of Investment Returns

Fiscal Year Ended September 30,	Annual Rate of Return*
2017	9.74%
2018	4.73%
2019	2.82%

* Annual money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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.

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.

Health Department Fund - This fund is used to account for the grant revenues and the related operations of the Saginaw County Department of Public Health.

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.

Public Improvement Fund - This fund was established under Public Act 136 of 1956 and is used to account for the collection and distribution of monies specifically earmarked for statutory public improvements. Money for the operation of this fund is supplied from "Non-Tax" Revenue: charges for services, licenses and permits, sales of general capital 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.

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.

Indigent Care - This fund was established under Public Act 93 of 2013 and is used to account for the County's plan to comply with the provisions of the Public Act to provide indigent defendants with effective counsel. Money for the operation of this fund is supplied from a state grant, and a required local share from the general fund. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

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

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

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

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

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

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

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

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

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

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Concluded)

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.

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.

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.

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.

Animal Control Building Bonds Fund - This fund is used to account for the anticipated payment of interest and principal on long-term debt to be issued in FY 2020. This debt will be created when the County issues bonds for a new Animal Control Building upon approval of a site location. Money from this fund is received by transfers from the Animal Control Fund.

Sheriff's Adult Detention and Administration Facility Bonds 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 construction of the Sheriff's Adult Detention & Administration building. Funding will generally be transfers from the General Fund Sheriff's Jail activity.

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.

Community Mental Health Renovations Fund - This fund is used to account for acquiring, constructing, improving and equipping Saginaw County Community Mental Health Authority facilities. Money for the operation of this fund is supplied from bond proceeds.

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, 2019

	Special Revenue Funds						
	Law Enforcement	Parks & Recreation	Geographic Information System	Friend of the Court	Health Department	Solid Waste Management	Lodging Excise Tax
Assets							
Cash and investment pool	\$ 1,198,273	\$ 1,926,894	\$ 31,607	\$ 1,400	\$ 1,533,729	\$ 238,103	\$ -
Receivables:							
Taxes	77,750	16,517	-	-	-	-	-
Accounts	260,304	515	-	5,996	301,680	110,608	943,790
Loans	-	-	-	-	-	-	-
Accrued interest	16,320	11,585	-	-	-	912	-
Due from other funds	72,030	80,260	-	-	94,021	-	-
Due from other governmental units	-	-	-	807,613	46,310	-	-
Prepays	550	2,648	-	2,335	3,168	-	-
Total assets	\$ 1,625,227	\$ 2,038,419	\$ 31,607	\$ 817,344	\$ 1,978,908	\$ 349,623	\$ 943,790
Liabilities							
Accounts payable	\$ 24,532	\$ 42,399	\$ -	\$ 11,165	\$ 149,285	\$ 24,801	\$ 898,505
Accrued liabilities	83,157	9,554	3,036	48,359	73,743	43	-
Deposits payable	2,830	-	-	-	19,620	-	-
Due to other funds	12,823	-	-	505,477	2,000	94,021	45,285
Due to other governmental units	-	-	-	-	100,583	-	-
Unearned revenue	-	-	-	-	1,000	-	-
Total liabilities	123,342	51,953	3,036	565,001	346,231	118,865	943,790
Deferred inflows of resources							
Unavailable revenue:							
Property taxes	77,750	16,517	-	-	-	-	-
Long-term receivables	-	-	-	-	-	-	-
Total deferred inflows of resources	77,750	16,517	-	-	-	-	-
Fund balances							
Nonspendable	550	2,648	-	2,335	3,168	-	-
Restricted	-	1,967,301	-	-	-	230,758	-
Committed	1,423,585	-	-	-	-	-	-
Assigned	-	-	28,571	250,008	1,629,509	-	-
Total fund balances	1,424,135	1,969,949	28,571	252,343	1,632,677	230,758	-
Total liabilities, deferred inflows of resources and fund balances	\$ 1,625,227	\$ 2,038,419	\$ 31,607	\$ 817,344	\$ 1,978,908	\$ 349,623	\$ 943,790

Special Revenue Funds							
Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Dredged Materials Disposal	Principal Residence Exemption	Public Improvement	Courthouse Preservation Technology	Animal Control
\$ 117,304	\$ 1,068,643	\$ 3,912,981	\$ 65,584	\$ 45,457	\$ 4,166,520	\$ 94,372	\$ 365,637
13,309	32,913	39,029	-	15,732	-	-	10,753
-	9,702	389	1,710	-	63	11,049	2,076
-	-	-	-	-	-	-	-
716	7,611	22,703	435	147	22,260	389	-
-	-	-	-	-	290,019	-	41,449
-	167,978	8,400	-	-	-	-	-
-	37,685	570	198	-	-	-	-
<u>\$ 131,329</u>	<u>\$ 1,324,532</u>	<u>\$ 3,984,072</u>	<u>\$ 67,927</u>	<u>\$ 61,336</u>	<u>\$ 4,478,862</u>	<u>\$ 105,810</u>	<u>\$ 419,915</u>
\$ 74,900	\$ 87,821	\$ 39,355	\$ 60,852	\$ 14,687	\$ 314,937	\$ -	\$ 52,473
-	38,850	21,675	-	-	-	-	12,343
-	-	-	-	-	-	-	-
-	-	-	6,837	-	-	-	-
-	-	-	-	16,333	-	-	-
-	-	-	-	-	-	-	-
<u>74,900</u>	<u>126,671</u>	<u>61,030</u>	<u>67,689</u>	<u>31,020</u>	<u>314,937</u>	<u>-</u>	<u>64,816</u>
13,309	32,913	39,029	-	-	-	-	10,753
-	-	-	-	-	-	-	-
<u>13,309</u>	<u>32,913</u>	<u>39,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,753</u>
-	37,685	570	198	-	-	-	-
-	1,127,263	-	-	-	4,163,925	-	344,346
43,120	-	3,883,443	-	-	-	-	-
-	-	-	40	30,316	-	105,810	-
<u>43,120</u>	<u>1,164,948</u>	<u>3,884,013</u>	<u>238</u>	<u>30,316</u>	<u>4,163,925</u>	<u>105,810</u>	<u>344,346</u>
<u>\$ 131,329</u>	<u>\$ 1,324,532</u>	<u>\$ 3,984,072</u>	<u>\$ 67,927</u>	<u>\$ 61,336</u>	<u>\$ 4,478,862</u>	<u>\$ 105,810</u>	<u>\$ 419,915</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2019

	Special Revenue Funds					
	Small Cities Reuse	Register of Deeds Automation	Indigent Care	E-911 Telephone Surcharge	Mobile Data Maintenance & Repair	Concealed Pistol Licensing
Assets						
Cash and investment pool	\$ 157,696	\$ 394,144	\$ 1,519,106	\$ 253,185	\$ 2,312,348	\$ 116,286
Receivables:						
Taxes	-	-	-	2,016	-	-
Accounts	-	7,930	-	1,265,908	-	3,970
Loans	70,445	-	-	-	-	-
Accrued interest	916	2,008	-	3,613	12,002	-
Due from other funds	-	-	-	-	-	-
Due from other governmental units	-	-	-	47,372	-	-
Prepays	-	-	-	-	15,136	-
Total assets	\$ 229,057	\$ 404,082	\$ 1,519,106	\$ 1,572,094	\$ 2,339,486	\$ 120,256
Liabilities						
Accounts payable	\$ 32,953	\$ 3,427	\$ 608,691	\$ 1,313,071	\$ 19,847	\$ 4,777
Accrued liabilities	-	-	-	-	-	723
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Unearned revenue	-	-	910,415	-	-	-
Total liabilities	32,953	3,427	1,519,106	1,313,071	19,847	5,500
Deferred inflows of resources						
Unavailable revenue:						
Property taxes	-	-	-	2,016	-	-
Long-term receivables	70,445	-	-	-	-	-
Total deferred inflows of resources	70,445	-	-	2,016	-	-
Fund balances						
Nonspendable	-	-	-	-	15,136	-
Restricted	-	400,655	-	257,007	-	114,756
Committed	-	-	-	-	-	-
Assigned	125,659	-	-	-	2,304,503	-
Total fund balances	125,659	400,655	-	257,007	2,319,639	114,756
Total liabilities, deferred inflows of resources and fund balances	\$ 229,057	\$ 404,082	\$ 1,519,106	\$ 1,572,094	\$ 2,339,486	\$ 120,256

Special Revenue Funds							
County Library Board	Remuneration	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections	Local Correction Officer Training	MSU Extension
\$ -	\$ 36,423	\$ -	\$ 265,270	\$ -	\$ 165,433	\$ 182,359	\$ 220,538
-	-	-	-	-	-	-	-
-	-	71,270	1,520	-	-	740	-
-	-	-	-	-	-	-	-
-	-	-	200	-	-	893	98
-	610	-	13,213	-	-	-	-
-	51,419	213,113	102,684	80,517	60,691	-	-
-	-	385	-	-	-	150	-
<u>\$ -</u>	<u>\$ 88,452</u>	<u>\$ 284,768</u>	<u>\$ 382,887</u>	<u>\$ 80,517</u>	<u>\$ 226,124</u>	<u>\$ 184,142</u>	<u>\$ 220,636</u>
\$ -	\$ 80,824	\$ 40,748	\$ 45,838	\$ 837	\$ 4,886	\$ 150	\$ 201,896
-	-	8,046	5,704	6,965	4,064	-	-
-	-	-	360	-	-	-	-
-	-	88,714	290	71,743	39,656	-	4,000
-	-	-	-	-	-	-	-
-	-	5	14,775	-	-	-	14,740
-	80,824	137,513	66,967	79,545	48,606	150	220,636
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	385	-	-	-	150	-
-	-	-	-	-	177,518	183,842	-
-	-	-	-	-	-	-	-
-	7,628	146,870	315,920	972	-	-	-
-	7,628	147,255	315,920	972	177,518	183,992	-
<u>\$ -</u>	<u>\$ 88,452</u>	<u>\$ 284,768</u>	<u>\$ 382,887</u>	<u>\$ 80,517</u>	<u>\$ 226,124</u>	<u>\$ 184,142</u>	<u>\$ 220,636</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2019

	Special Revenue Funds		Debt Service Funds		
	Department of Human Services	Child Care	MERS (DB) Pension Obligation Bond	Qualified Energy Bond	Juvenile Center Renovation
Assets					
Cash and investment pool	\$ 274,278	\$ 255,801	\$ 2,288	\$ 185	\$ 32,343
Receivables:					
Taxes	-	-	-	-	528
Accounts	65	23,500	-	-	-
Loans	-	-	-	-	-
Accrued interest	-	-	17	1	166
Due from other funds	-	-	-	-	-
Due from other governmental units	-	807,700	-	-	-
Prepays	-	142,539	-	-	-
Total assets	<u>\$ 274,343</u>	<u>\$ 1,229,540</u>	<u>\$ 2,305</u>	<u>\$ 186</u>	<u>\$ 33,037</u>
Liabilities					
Accounts payable	\$ 3,295	\$ 19,737	\$ -	\$ -	\$ -
Accrued liabilities	265,626	51,653	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	5,422	-	-	-	-
Due to other governmental units	-	14,999	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>274,343</u>	<u>86,389</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue:					
Property taxes	-	-	-	-	528
Long-term receivables	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>528</u>
Fund balances					
Nonspendable	-	142,539	-	-	-
Restricted	-	276	2,305	186	32,509
Committed	-	-	-	-	-
Assigned	-	1,000,336	-	-	-
Total fund balances	<u>-</u>	<u>1,143,151</u>	<u>2,305</u>	<u>186</u>	<u>32,509</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 274,343</u>	<u>\$ 1,229,540</u>	<u>\$ 2,305</u>	<u>\$ 186</u>	<u>\$ 33,037</u>

Debt Service Funds		Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
Animal Control Building Bonds	Sheriff's Adult Detention and Administration Facility Bonds	Parks Building & Site	Community Mental Health Renovations	Rail Trail Endowment	
\$ 825,362	\$ 1,682,955	\$ 75,033	\$ 1,674,566	\$ 40,599	\$ 25,252,702
-	-	-	-	-	208,547
-	-	-	-	-	3,022,785
-	-	-	-	-	70,445
736	8,293	472	8,753	209	121,455
-	605,686	-	-	-	1,197,288
-	-	18,629	-	-	2,412,426
-	-	-	-	-	205,364
<u>\$ 826,098</u>	<u>\$ 2,296,934</u>	<u>\$ 94,134</u>	<u>\$ 1,683,319</u>	<u>\$ 40,808</u>	<u>\$ 32,491,012</u>
\$ -	\$ -	\$ 2,173	\$ 407,366	\$ -	\$ 4,586,228
-	-	-	-	-	633,541
-	-	-	-	-	22,810
-	-	80,260	-	-	956,528
-	-	-	-	-	131,915
-	-	-	-	-	940,935
-	-	<u>82,433</u>	<u>407,366</u>	-	<u>7,271,957</u>
-	-	-	-	-	192,815
-	-	-	-	-	70,445
-	-	-	-	-	263,260
-	-	-	-	36,390	241,754
-	2,296,934	-	1,275,953	4,418	12,579,952
-	-	-	-	-	5,350,148
<u>826,098</u>	<u>-</u>	<u>11,701</u>	<u>-</u>	<u>-</u>	<u>6,783,941</u>
<u>826,098</u>	<u>2,296,934</u>	<u>11,701</u>	<u>1,275,953</u>	<u>40,808</u>	<u>24,955,795</u>
<u>\$ 826,098</u>	<u>\$ 2,296,934</u>	<u>\$ 94,134</u>	<u>\$ 1,683,319</u>	<u>\$ 40,808</u>	<u>\$ 32,491,012</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, 2019

	Special Revenue Funds						
	Law Enforcement	Parks & Recreation	Geographic Information System	Friend of the Court	Health Department	Solid Waste Management	Lodging Excise Tax
Revenue							
Property taxes	\$ 6,500,722	\$ 1,427,712	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-	-	3,302,644
Licenses and permits	-	-	-	-	437,438	-	-
Federal grants	-	-	-	3,032,176	1,899,313	-	-
State grants	224,090	110,275	-	253,262	1,988,103	-	-
Local grants and contributions	1,200	-	-	-	-	-	-
Charges for services	49,490	37,062	-	276,184	917,601	386,439	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment income	58,175	42,270	-	-	-	3,706	2,005
Rental revenue	-	-	-	-	-	-	-
Donations	-	26,657	-	-	1,829	-	-
Reimbursements	1,099,106	4,500	215,920	75,401	1,573,206	-	-
Other revenue	-	6,696	-	-	509,416	-	-
Total revenue	7,932,783	1,655,172	215,920	3,637,023	7,326,906	390,145	3,304,649
Expenditures							
Current:							
Judicial	-	-	-	4,774,481	-	-	-
General government	-	-	216,177	-	-	-	-
Public safety	5,516,690	-	-	-	-	-	-
Public works	-	-	-	-	-	226,873	-
Health and welfare	-	-	-	-	9,027,193	-	-
Community and economic development	-	-	-	-	-	-	3,304,649
Recreation and culture	-	1,269,652	-	-	-	-	-
Capital outlay	145,762	78,924	-	-	21,720	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	5,662,452	1,348,576	216,177	4,774,481	9,048,913	226,873	3,304,649
Revenues over (under) expenditures	2,270,331	306,596	(257)	(1,137,458)	(1,722,007)	163,272	-
Other financing sources (uses)							
Transfers in	595,375	80,260	-	1,066,682	1,716,297	-	-
Transfers out	(2,750,946)	-	-	(158,937)	-	(72,175)	-
Total other financing sources (uses)	(2,155,571)	80,260	-	907,745	1,716,297	(72,175)	-
Net change in fund balances	114,760	386,856	(257)	(229,713)	(5,710)	91,097	-
Fund balances, beginning of year	1,309,375	1,583,093	28,828	482,056	1,638,387	139,661	-
Fund balances, end of year	\$ 1,424,135	\$ 1,969,949	\$ 28,571	\$ 252,343	\$ 1,632,677	\$ 230,758	\$ -

Special Revenue Funds							
Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Dredged Materials Disposal	Principal Residence Exemption	Public Improvement	Courthouse Preservation Technology	Animal Control
\$ 969,415	\$ 2,087,392	\$ 3,107,072	\$ -	\$ -	\$ -	\$ -	\$ 2,062,280
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	16,060
-	1,383,749	-	-	-	-	-	-
69,607	623,059	247,220	50,000	-	-	-	52,260
-	-	-	-	-	-	-	-
-	64,204	7,869	-	608	-	137,741	79,409
-	-	-	-	-	-	-	-
3,707	28,229	85,591	1,174	7,336	82,755	1,670	-
-	-	2,400	15,540	-	-	-	-
-	216,630	650	-	-	-	-	33,053
7,690	21,723	120,356	-	-	-	-	-
-	38,123	-	2,030	-	41,193	-	-
<u>1,050,419</u>	<u>4,463,109</u>	<u>3,571,158</u>	<u>68,744</u>	<u>7,944</u>	<u>123,948</u>	<u>139,411</u>	<u>2,243,062</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	210,462	-	-
-	-	-	-	-	-	-	1,227,892
-	-	-	-	-	-	-	-
-	4,366,396	2,869,652	68,507	-	-	-	-
-	-	-	-	-	-	-	-
1,048,479	-	-	-	-	-	-	-
-	391,460	265,926	-	-	1,072,264	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,048,479</u>	<u>4,757,856</u>	<u>3,135,578</u>	<u>68,507</u>	<u>-</u>	<u>1,282,726</u>	<u>-</u>	<u>1,227,892</u>
<u>1,940</u>	<u>(294,747)</u>	<u>435,580</u>	<u>237</u>	<u>7,944</u>	<u>(1,158,778)</u>	<u>139,411</u>	<u>1,015,170</u>
-	-	-	-	-	340,019	-	41,449
-	-	-	(6,837)	-	-	(130,000)	(886,405)
-	-	-	(6,837)	-	340,019	(130,000)	(844,956)
1,940	(294,747)	435,580	(6,600)	7,944	(818,759)	9,411	170,214
41,180	1,459,695	3,448,433	6,838	22,372	4,982,684	96,399	174,132
<u>\$ 43,120</u>	<u>\$ 1,164,948</u>	<u>\$ 3,884,013</u>	<u>\$ 238</u>	<u>\$ 30,316</u>	<u>\$ 4,163,925</u>	<u>\$ 105,810</u>	<u>\$ 344,346</u>

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COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue Funds					
	Small Cities Reuse	Register of Deeds Automation	Indigent Care	E-911 Telephone Surcharge	Mobile Data Maintenance & Repair	Concealed Pistol Licensing
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ 1,359,057	\$ -	\$ -
Accommodations tax	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	86,043
Federal grants	-	-	-	-	-	-
State grants	-	-	1,664,443	453,285	-	-
Local grants and contributions	-	-	897,917	-	94,500	-
Charges for services	-	156,085	-	5,112,870	180,000	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	3,335	7,573	3	13,035	46,023	-
Rental revenue	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Reimbursements	49,636	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	52,971	163,658	2,562,363	6,938,247	320,523	86,043
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	165,446	-	-	-	-
Public safety	-	-	2,562,363	6,874,386	350,981	84,576
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Community and economic development	32,964	-	-	-	-	-
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	32,964	165,446	2,562,363	6,874,386	350,981	84,576
Revenues over (under) expenditures	20,007	(1,788)	-	63,861	(30,458)	1,467
Other financing sources (uses)						
Transfers in	-	-	-	-	176,846	-
Transfers out	-	-	-	-	(6,346)	-
Total other financing sources (uses)	-	-	-	-	170,500	-
Net change in fund balances	20,007	(1,788)	-	63,861	140,042	1,467
Fund balances, beginning of year	105,652	402,443	-	193,146	2,179,597	113,289
Fund balances, end of year	\$ 125,659	\$ 400,655	\$ -	\$ 257,007	\$ 2,319,639	\$ 114,756

Special Revenue Funds							
County Library Board	Remonumentation	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections	Local Correction Officer Training	MSU Extension
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	250,510	83,921	-	13,153	-	-
-	88,024	441,882	207,722	295,521	224,592	-	34,715
-	-	-	-	-	-	-	-
-	-	1,949	28,501	206	210	59,840	-
44,973	-	5,616	24,803	11,261	-	-	-
-	-	-	734	-	-	3,376	487
-	-	-	-	-	-	-	-
-	-	600	-	400	-	-	-
-	-	257,007	453,289	11,467	-	-	-
-	-	-	-	-	-	-	-
<u>44,973</u>	<u>88,024</u>	<u>957,564</u>	<u>798,970</u>	<u>318,855</u>	<u>237,955</u>	<u>63,216</u>	<u>35,202</u>
-	-	632,396	-	-	-	-	-
-	88,025	-	-	540,989	-	-	235,202
-	-	158,134	811,918	-	382,520	47,258	-
-	-	257,356	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,500	-	-	-	-	-
44,973	-	-	-	-	-	-	-
-	-	-	17,342	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>44,973</u>	<u>88,025</u>	<u>1,049,386</u>	<u>829,260</u>	<u>540,989</u>	<u>382,520</u>	<u>47,258</u>	<u>235,202</u>
-	(1)	(91,822)	(30,290)	(222,134)	(144,565)	15,958	(200,000)
-	-	101,713	58,822	222,138	144,563	-	200,000
-	-	-	(6,000)	-	-	-	-
-	-	101,713	52,822	222,138	144,563	-	200,000
-	(1)	9,891	22,532	4	(2)	15,958	-
-	7,629	137,364	293,388	968	177,520	168,034	-
<u>\$ -</u>	<u>\$ 7,628</u>	<u>\$ 147,255</u>	<u>\$ 315,920</u>	<u>\$ 972</u>	<u>\$ 177,518</u>	<u>\$ 183,992</u>	<u>\$ -</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended September 30, 2019

	Special Revenue Funds		Debt Service Funds		
	Department of Human Services	Child Care	MERS (DB) Pension Obligation Bond	Qualified Energy Bond	Juvenile Center Renovation
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 246
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	65,563	-	-	-
State grants	5,288	2,489,933	-	-	-
Local grants and contributions	-	59,267	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	-	321	23	635
Rental revenue	-	-	-	160,796	-
Donations	-	11,247	-	-	-
Reimbursements	-	282,542	4,781,873	-	-
Other revenue	-	14,002	-	-	-
Total revenue	5,288	2,922,554	4,782,194	160,819	881
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	16,966	5,347,886	-	-	-
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	6,727	-	-	-
Debt service:					
Principal	-	-	3,115,000	139,934	-
Interest and fiscal charges	-	-	1,667,123	20,862	-
Total expenditures	16,966	5,354,613	4,782,123	160,796	-
Revenues over (under) expenditures	(11,678)	(2,432,059)	71	23	881
Other financing sources (uses)					
Transfers in	11,678	2,198,587	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	11,678	2,198,587	-	-	-
Net change in fund balances	-	(233,472)	71	23	881
Fund balances, beginning of year	-	1,376,623	2,234	163	31,628
Fund balances, end of year	\$ -	\$ 1,143,151	\$ 2,305	\$ 186	\$ 32,509

Debt Service Funds		Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
Animal Control Building Bonds	Sheriff's Adult Detention and Administration Facility Bonds	Parks Building & Site	Community Mental Health Renovations	Rail Trail Endowment	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,513,896
-	-	-	-	-	3,302,644
-	-	-	-	-	539,541
-	-	-	-	-	6,728,385
-	-	133,116	-	-	9,656,397
-	-	21,656	-	-	1,074,540
-	-	-	-	-	7,496,268
-	-	-	-	-	86,653
2,098	35,834	1,757	34,075	800	466,727
-	-	-	-	-	178,736
-	-	-	-	-	291,066
-	-	-	-	-	8,953,716
-	-	-	-	-	611,460
<u>2,098</u>	<u>35,834</u>	<u>156,529</u>	<u>34,075</u>	<u>800</u>	<u>56,900,029</u>
-	-	-	-	-	5,406,877
-	-	-	40,510	-	1,496,811
-	-	-	-	-	18,016,718
-	-	-	-	-	484,229
-	-	-	-	-	21,696,600
-	-	-	-	-	3,339,113
-	-	-	-	-	2,363,104
-	-	70,500	498,937	-	2,569,562
-	-	-	-	-	3,254,934
-	1,497,900	-	-	-	3,185,885
-	<u>1,497,900</u>	<u>70,500</u>	<u>539,447</u>	<u>-</u>	<u>61,813,833</u>
<u>2,098</u>	<u>(1,462,066)</u>	<u>86,029</u>	<u>(505,372)</u>	<u>800</u>	<u>(4,913,804)</u>
824,000	725,134	-	-	-	8,503,563
-	-	(80,260)	-	-	(4,097,906)
<u>824,000</u>	<u>725,134</u>	<u>(80,260)</u>	<u>-</u>	<u>-</u>	<u>4,405,657</u>
826,098	(736,932)	5,769	(505,372)	800	(508,147)
-	3,033,866	5,932	1,781,325	40,008	25,463,942
<u>\$ 826,098</u>	<u>\$ 2,296,934</u>	<u>\$ 11,701</u>	<u>\$ 1,275,953</u>	<u>\$ 40,808</u>	<u>\$ 24,955,795</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, 2019

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Assets						
Current assets:						
Cash and investment pool	\$ 1,080,093	\$ 278,021	\$ 95,721	\$ 138,793	\$ 134,540	\$ 1,727,168
Receivables:						
Accounts	-	-	892	15,866	52,136	68,894
Accrued interest	8,266	1,365	-	-	-	9,631
Inventory	-	-	-	40,879	-	40,879
Prepays	-	-	-	2,704	-	2,704
Total current assets	1,088,359	279,386	96,613	198,242	186,676	1,849,276
Noncurrent assets:						
Capital assets not being depreciated	-	-	41,273	1,262,060	-	1,303,333
Capital assets being depreciated, net	-	-	7,930	4,013,005	-	4,020,935
Total noncurrent assets	-	-	49,203	5,275,065	-	5,324,268
Total assets	1,088,359	279,386	145,816	5,473,307	186,676	7,173,544
Liabilities						
Current liabilities:						
Accounts payable	870,295	2,190	659	4,840	22,283	900,267
Accrued liabilities	2,936	186	952	-	-	4,074
Deposits payable	-	-	-	-	16,122	16,122
Due to other funds	-	-	-	-	103,271	103,271
Unearned revenue	-	-	-	3,302	-	3,302
Total current liabilities	873,231	2,376	1,611	8,142	141,676	1,027,036
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	20,000	20,000
Accrued compensated absences	2,771	-	574	-	-	3,345
Total noncurrent liabilities	2,771	-	574	-	20,000	23,345
Total liabilities	876,002	2,376	2,185	8,142	161,676	1,050,381
Net position						
Net investment in capital assets	-	-	49,203	5,275,065	-	5,324,268
Unrestricted	212,357	277,010	94,428	190,100	25,000	798,895
Total net position	\$ 212,357	\$ 277,010	\$ 143,631	\$ 5,465,165	\$ 25,000	\$ 6,123,163

COUNTY OF SAGINAW, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended September 30, 2019

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Operating revenues						
Charges for services	\$ 1,073,814	\$ 17,401	\$ 76,684	\$ 202,136	\$ 684,851	\$ 2,054,886
Interest on delinquent taxes	27,682	-	-	-	-	27,682
Fines and forfeitures	-	-	11,094	-	-	11,094
Rental revenue	-	-	-	106,997	-	106,997
Reimbursements	-	-	-	7,383	20,954	28,337
Other revenue	-	-	-	282	65,118	65,400
Total operating revenues	1,101,496	17,401	87,778	316,798	770,923	2,294,396
Operating expenses						
Personnel services	21,002	4,627	34,001	432	-	60,062
Fringe benefits	-	20	46,027	-	-	46,047
Supplies	-	-	611	310	359,956	360,877
Services and charges	1,447,320	18,361	17,952	311,863	30,939	1,826,435
Depreciation	-	-	2,373	269,424	-	271,797
Total operating expenses	1,468,322	23,008	100,964	582,029	390,895	2,565,218
Operating income (loss)	(366,826)	(5,607)	(13,186)	(265,231)	380,028	(270,822)
Nonoperating revenues (expenses)						
Loss on disposal of capital assets	-	-	-	(49,081)	-	(49,081)
Investment income	366,828	5,278	-	-	68	372,174
Total nonoperating revenues (expenses)	366,828	5,278	-	(49,081)	68	323,093
Income (loss) before capital contributions and transfers	2	(329)	(13,186)	(314,312)	380,096	52,271
Transfers in	-	4,500	-	-	-	4,500
Transfers out	-	-	-	-	(380,095)	(380,095)
Change in net position	2	4,171	(13,186)	(314,312)	1	(323,324)
Net position, beginning of year	212,355	272,839	156,817	5,779,477	24,999	6,446,487
Net position, end of year	\$ 212,357	\$ 277,010	\$ 143,631	\$ 5,465,165	\$ 25,000	\$ 6,123,163

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2019

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Cash flows from operating activities						
Receipts from customers	\$ 1,094,379	\$ 17,401	\$ 87,874	\$ 344,906	\$ 772,871	\$ 2,317,431
Payments to employees	(20,810)	(4,461)	(79,916)	(432)	-	(105,619)
Payments to suppliers	(1,000,097)	(7,831)	(20,331)	(420,310)	(417,887)	(1,866,456)
Net cash provided by (used in) operating activities	73,472	5,109	(12,373)	(75,836)	354,984	345,356
Cash flows from noncapital financing activities						
Transfers in	-	4,500	-	-	-	4,500
Transfers out	-	-	-	-	(380,095)	(380,095)
Net cash provided by (used in) noncapital financing activities	-	4,500	-	-	(380,095)	(375,595)
Cash flows from capital and related financing activities						
Payments for capital asset acquisition	-	-	-	(44,372)	-	(44,372)
Cash flows from investing activities						
Investment income	366,828	4,690	-	-	68	371,586
Net change in cash and investment pool	440,300	14,299	(12,373)	(120,208)	(25,043)	296,975
Cash and investment pool:						
Beginning of year	639,793	263,722	108,094	259,001	159,583	1,430,193
End of year	\$ 1,080,093	\$ 278,021	\$ 95,721	\$ 138,793	\$ 134,540	\$ 1,727,168

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2019

	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)	\$ (366,826)	\$ (5,607)	\$ (13,186)	\$ (265,231)	\$ 380,028	\$ (270,822)
Adjustments to reconcile operating						
income (loss) to net cash provided						
by (used in) operating activities:						
Depreciation	-	-	2,373	269,424	-	271,797
Changes in operating assets						
and liabilities that provided						
(used) cash:						
Receivables, net	(7,117)	-	96	3,562	(9,358)	(12,817)
Due from other						
governments	-	-	-	27,599	-	27,599
Due from other funds	-	8,700	-	-	-	8,700
Inventory	-	-	-	(2,722)	-	(2,722)
Prepays	-	-	-	(2,596)	-	(2,596)
Accounts payable	447,223	1,830	225	978	(4,049)	446,207
Accrued liabilities	66	186	256	-	-	508
Deposits payable	-	-	-	-	11,306	11,306
Due to other funds	-	-	(1,993)	-	(22,943)	(24,936)
Due to other						
governments	-	-	-	(103,797)	-	(103,797)
Accrued compensated						
absences	126	-	(144)	-	-	(18)
Unearned revenue	-	-	-	(3,053)	-	(3,053)
Net cash provided by (used in)						
operating activities	<u>\$ 73,472</u>	<u>\$ 5,109</u>	<u>\$ (12,373)</u>	<u>\$ (75,836)</u>	<u>\$ 354,984</u>	<u>\$ 345,356</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 Technology 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.

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, 2019

	MERS (DB) Retirement	MERS (DC) Retirement	Information Technology	Equipment Revolving
Assets				
Current assets:				
Cash and investment pool	\$ 417,640	\$ 946,484	\$ 777,496	\$ 21,124
Receivables:				
Accounts	-	45,406	15,266	-
Accrued interest	32	4,670	-	109
Due from other funds	-	-	-	-
Prepays	-	875	11,642	-
Total current assets	<u>417,672</u>	<u>997,435</u>	<u>804,404</u>	<u>21,233</u>
Noncurrent assets:				
Capital assets not being depreciated	-	-	17,037	-
Capital assets being depreciated, net	-	-	419,486	2,617
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>436,523</u>	<u>2,617</u>
Total assets	<u>417,672</u>	<u>997,435</u>	<u>1,240,927</u>	<u>23,850</u>
Liabilities				
Current liabilities:				
Accounts payable	252,319	49,575	58,316	-
Accrued liabilities	-	462	19,800	-
Due to other funds	-	-	-	-
Total current liabilities	<u>252,319</u>	<u>50,037</u>	<u>78,116</u>	<u>-</u>
Noncurrent liabilities:				
Accrued compensated absences	-	2,409	34,883	-
Total liabilities	<u>252,319</u>	<u>52,446</u>	<u>112,999</u>	<u>-</u>
Net position				
Net investment in capital assets	-	-	436,523	2,617
Unrestricted	<u>165,353</u>	<u>944,989</u>	<u>691,405</u>	<u>21,233</u>
Total net position	<u>\$ 165,353</u>	<u>\$ 944,989</u>	<u>\$ 1,127,928</u>	<u>\$ 23,850</u>

Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health	Total
\$ 319,695	\$ 2,928,371	\$ 9,044	\$ 2,669,121	\$ 120	\$ 8,089,095
-	27,924	-	635,738	4,446	728,780
-	15,155	-	14,180	9	34,155
160	-	-	-	-	160
-	-	-	102,069	-	114,586
<u>319,855</u>	<u>2,971,450</u>	<u>9,044</u>	<u>3,421,108</u>	<u>4,575</u>	<u>8,966,776</u>
-	-	-	-	-	17,037
-	-	-	-	-	422,103
-	-	-	-	-	439,140
<u>319,855</u>	<u>2,971,450</u>	<u>9,044</u>	<u>3,421,108</u>	<u>4,575</u>	<u>9,405,916</u>
12,591	10,405	1,579	51,995	4,446	441,226
-	1,133,144	408	528,733	-	1,682,547
160	-	5,316	-	-	5,476
<u>12,751</u>	<u>1,143,549</u>	<u>7,303</u>	<u>580,728</u>	<u>4,446</u>	<u>2,129,249</u>
-	3,833	1,741	4,145	-	47,011
<u>12,751</u>	<u>1,147,382</u>	<u>9,044</u>	<u>584,873</u>	<u>4,446</u>	<u>2,176,260</u>
-	-	-	-	-	439,140
<u>307,104</u>	<u>1,824,068</u>	<u>-</u>	<u>2,836,235</u>	<u>129</u>	<u>6,790,516</u>
<u>\$ 307,104</u>	<u>\$ 1,824,068</u>	<u>\$ -</u>	<u>\$ 2,836,235</u>	<u>\$ 129</u>	<u>\$ 7,229,656</u>

COUNTY OF SAGINAW, MICHIGAN

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

Internal Service Funds

For the Year Ended September 30, 2019

	MERS (DB) Retirement	MERS (DC) Retirement	Information Technology	Equipment Revolving
Operating revenues				
Charges for services	\$ -	\$ -	\$ 201,009	\$ -
Rental revenue	-	-	-	3,441
Reimbursements	3,156,196	3,093,005	2,460,031	-
Other revenue	-	275,000	-	-
Total operating revenues	<u>3,156,196</u>	<u>3,368,005</u>	<u>2,661,040</u>	<u>3,441</u>
Operating expenses				
Personnel services	-	18,215	709,025	-
Fringe benefits	3,035,352	3,107,774	581,248	-
Supplies	-	-	27,033	-
Services and charges	72,029	4,771	1,163,104	-
Other	-	-	-	-
Depreciation	-	-	100,809	3,197
Total operating expenses	<u>3,107,381</u>	<u>3,130,760</u>	<u>2,581,219</u>	<u>3,197</u>
Operating income (loss)	48,815	237,245	79,821	244
Nonoperating revenues				
Investment income	1,651	16,830	-	404
Income (loss) before transfers	50,466	254,075	79,821	648
Transfers out	-	-	-	-
Change in net position	50,466	254,075	79,821	648
Net position, beginning of year	<u>114,887</u>	<u>690,914</u>	<u>1,048,107</u>	<u>23,202</u>
Net position, end of year	<u>\$ 165,353</u>	<u>\$ 944,989</u>	<u>\$ 1,127,928</u>	<u>\$ 23,850</u>

Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 16,198	\$ 181	\$ -	\$ -	\$ -	\$ 217,388
316,009	-	-	-	-	319,450
-	1,926,107	53,708	6,537,731	357,541	17,584,319
-	-	-	3,651	-	278,651
<u>332,207</u>	<u>1,926,288</u>	<u>53,708</u>	<u>6,541,382</u>	<u>357,541</u>	<u>18,399,808</u>
-	50,086	15,557	56,423	-	849,306
-	24,565	9,147	6,920,147	-	13,678,233
125,863	21	-	14,259	-	167,176
174,457	1,788,733	29,004	54,215	357,539	3,643,852
-	-	-	2,858	-	2,858
11,008	-	-	-	-	115,014
<u>311,328</u>	<u>1,863,405</u>	<u>53,708</u>	<u>7,047,902</u>	<u>357,539</u>	<u>18,456,439</u>
20,879	62,883	-	(506,520)	2	(56,631)
-	57,781	-	438,826	32	515,524
20,879	120,664	-	(67,694)	34	458,893
-	(52,163)	-	-	-	(52,163)
20,879	68,501	-	(67,694)	34	406,730
286,225	1,755,567	-	2,903,929	95	6,822,926
<u>\$ 307,104</u>	<u>\$ 1,824,068</u>	<u>\$ -</u>	<u>\$ 2,836,235</u>	<u>\$ 129</u>	<u>\$ 7,229,656</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2019

	MERS (DB) Retirement	MERS (DC) Retirement	Information Technology	Equipment Revolving
Cash flows from operating activities				
Receipts from interfund services provided	\$ 3,156,196	\$ 3,356,719	\$ 2,838,395	\$ 3,441
Payments to employees	-	(18,046)	(1,282,468)	-
Payments to suppliers	(2,855,062)	(3,099,968)	(1,226,331)	-
Net cash provided by (used in) operating activities	301,134	238,705	329,596	3,441
Cash flows from noncapital financing activities				
Transfers out	-	-	-	-
Cash flows from capital and related financing activities				
Payments for capital asset acquisition	-	-	(98,600)	-
Cash flows from investing activities				
Investment income	947	14,547	-	377
Net change in cash and investment pool	302,081	253,252	230,996	3,818
Cash and investment pool:				
Beginning of year	115,559	693,232	546,500	17,306
End of year	\$ 417,640	\$ 946,484	\$ 777,496	\$ 21,124
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 48,815	\$ 237,245	\$ 79,821	\$ 244
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	100,809	3,197
Changes in operating assets and liabilities that provided (used) cash:				
Receivables, net	-	(11,286)	(15,166)	-
Due from other funds	-	-	-	-
Due from other governments	-	-	192,521	-
Prepays	-	(875)	(3,944)	-
Accounts payable	252,319	13,369	(32,250)	-
Accrued liabilities	-	83	3,322	-
Due to other funds	-	-	-	-
Accrued compensated absences	-	169	4,483	-
Net cash provided by (used in) operating activities	\$ 301,134	\$ 238,705	\$ 329,596	\$ 3,441

Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health	Total
\$ 328,665	\$ 1,934,638	\$ 53,708	\$ 6,196,200	\$ 356,353	\$ 18,224,315
(400)	(74,607)	(24,503)	(56,121)	-	(1,456,145)
<u>(303,313)</u>	<u>(1,530,161)</u>	<u>(28,199)</u>	<u>(7,143,864)</u>	<u>(356,351)</u>	<u>(16,543,249)</u>
24,952	329,870	1,006	(1,003,785)	2	224,921
-	(52,163)	-	-	-	(52,163)
-	-	-	-	-	(98,600)
-	50,361	-	430,019	25	496,276
24,952	328,068	1,006	(573,766)	27	570,434
294,743	2,600,303	8,038	3,242,887	93	7,518,661
<u>\$ 319,695</u>	<u>\$ 2,928,371</u>	<u>\$ 9,044</u>	<u>\$ 2,669,121</u>	<u>\$ 120</u>	<u>\$ 8,089,095</u>
\$ 20,879	\$ 62,883	\$ -	\$ (506,520)	\$ 2	\$ (56,631)
11,008	-	-	-	-	115,014
-	8,350	-	(345,182)	(1,188)	(364,472)
(160)	-	-	-	-	(160)
-	-	-	-	-	192,521
-	-	-	(102,069)	-	(106,888)
(2,993)	7,771	1,579	16,271	1,188	257,254
(400)	250,822	74	(66,587)	-	187,314
(3,382)	-	(774)	-	-	(4,156)
-	44	127	302	-	5,125
<u>\$ 24,952</u>	<u>\$ 329,870</u>	<u>\$ 1,006</u>	<u>\$ (1,003,785)</u>	<u>\$ 2</u>	<u>\$ 224,921</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.

Saginaw Children's Zoo Millage Fund - This fund is used to account for the collection and distribution of tax collections for the Children's Zoo.

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, 2019

	Trust & Agency	State Education Tax	Library Penal Fine	Hospital Millage
Assets				
Cash and investment pool	\$ 1,276,119	\$ 9,583,536	\$ 158,664	\$ 1,237,647
Receivables:				
Taxes	-	-	-	42,235
Accounts	1,097,074	-	44,646	-
Accrued interest	91	-	2,246	6,442
Due from other governmental units	102,120	-	-	-
Total assets	<u>\$ 2,475,404</u>	<u>\$ 9,583,536</u>	<u>\$ 205,556</u>	<u>\$ 1,286,324</u>
Liabilities				
Accounts payable	\$ 726,130	\$ -	\$ -	\$ -
Deposits payable	1,714,391	-	-	-
Due to other governmental units	34,883	9,583,536	205,556	1,286,324
Total liabilities	<u>\$ 2,475,404</u>	<u>\$ 9,583,536</u>	<u>\$ 205,556</u>	<u>\$ 1,286,324</u>

Saginaw Children's Zoo Millage	Dependent Care	Medical Spending Reimbursement	Total
\$ 99,877	\$ 972	\$ 5,451	\$ 12,362,266
5,662	-	-	47,897
-	-	-	1,141,720
519	-	-	9,298
-	-	-	102,120
<u>\$ 106,058</u>	<u>\$ 972</u>	<u>\$ 5,451</u>	<u>\$ 13,663,301</u>
\$ -	\$ 972	\$ 5,451	\$ 732,553
-	-	-	1,714,391
106,058	-	-	11,216,357
<u>\$ 106,058</u>	<u>\$ 972</u>	<u>\$ 5,451</u>	<u>\$ 13,663,301</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, 2019

	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Cash and investment pool	\$ 380,892	\$ -	\$ 380,892
Receivables:			
Loans	200,000	-	200,000
Accrued interest	17,819	-	17,819
Advances to other funds	750,000	-	750,000
Total assets	<u>\$ 1,348,711</u>	<u>-</u>	<u>1,348,711</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 230	-	230
Fund balance			
Nonspendable	950,000	(950,000)	-
Unassigned	398,481	(398,481)	-
Total fund balance	<u>1,348,481</u>	<u>(1,348,481)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,348,711</u>		
Net position			
Unrestricted		1,348,481	1,348,481
Total net position		<u>\$ 1,348,481</u>	<u>\$ 1,348,481</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, 2019

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 226	\$ -	\$ 226
Charges for services	4,977	-	4,977
Investment income	26,294	-	26,294
Total revenues	31,497	-	31,497
Expenditures / expenses			
Current:			
Community and economic development	617	-	617
Change in fund balance / net position	30,880	-	30,880
Fund balance / net position, beginning of year	1,317,601	-	1,317,601
Fund balance / net position, end of year	\$ 1,348,481	\$ -	\$ 1,348,481

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

Governmental Activities Statement of Net Position and Governmental Fund Balance Sheet
 Department of Public Works Component Unit
 September 30, 2019

	Debt Service	Adjustments	Governmental Activities Statement of Net Position
Assets			
Cash and investment pool	\$ 380,713	\$ -	\$ 380,713
Due from other governmental units	9,584,000	139,485	9,723,485
Total assets	<u>\$ 9,964,713</u>	<u>139,485</u>	<u>10,104,198</u>
Liabilities			
Accrued liabilities	\$ -	139,485	139,485
Long-term liabilities:			
Due within one year	-	516,000	516,000
Due in more than one year	-	9,068,000	9,068,000
Total liabilities	<u>-</u>	<u>9,723,485</u>	<u>9,723,485</u>
Deferred inflows of resources			
Unavailable revenue - long-term receivables	9,584,000	(9,584,000)	-
Fund balance/net position			
Restricted for:			
Debt service	380,713	(380,713)	-
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 9,964,713</u>		
Net position			
Restricted for:			
Debt service		<u>\$ 380,713</u>	<u>\$ 380,713</u>

COUNTY OF SAGINAW, MICHIGAN

Governmental Activities 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, 2019

	Debt Service	Adjustments	Governmental Activities Statement of Activities
Revenues			
Local grants and contributions	\$ 847,751	\$ (494,078)	\$ 353,673
Investment income	3,320	-	3,320
Total revenues	851,071	(494,078)	356,993
Expenditures / expenses			
Debt service:			
Principal	488,000	(488,000)	-
Interest and fiscal charges	346,637	(6,078)	340,559
Total expenditures / expenses	834,637	(494,078)	340,559
Change in fund balance / net position	16,434	-	16,434
Fund balance / net position, beginning of year	364,279	-	364,279
Fund balance / net position, end of year	<u>\$ 380,713</u>	<u>\$ -</u>	<u>\$ 380,713</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Department of Public Works Component Unit - Proprietary Fund
September 30, 2019

Administration

Assets	
Current assets:	
Cash and investment pool	\$ 169,741
Accounts receivable	250
Noncurrent assets:	
Capital assets being depreciated, net	<u>82,819</u>
Total assets	<u>252,810</u>
Liabilities	
Accrued liabilities	<u>3,400</u>
Net position	
Investment in capital assets	82,819
Unrestricted	<u>166,591</u>
Total net position	<u>\$ 249,410</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, 2019

	Administration
Operating revenues	
Licenses and permits	\$ 112,763
Other revenue	7,857
	<hr/>
Total operating revenue	120,620
	<hr/>
Operating expenses	
Personal services	39,812
Fringe benefits	39,655
Supplies	1,104
Services and charges	6,927
Depreciation	9,913
	<hr/>
Total operating expenses	97,411
	<hr/>
Change in net position	23,209
	<hr/>
Net position, beginning of year	226,201
	<hr/>
Net position, end of year	\$ 249,410
	<hr/> <hr/>

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Department of Public Works Component Unit - Proprietary Fund
 For the Year Ended September 30, 2019

Administration

Cash flows from operating activities	
Receipts from customers	\$ 120,370
Payments to employees	(78,069)
Payments to suppliers	<u>(8,031)</u>
Net cash provided by operating activities	34,270
Cash flows from capital and related financing activities	
Payments for capital asset acquisition	<u>(70,861)</u>
Net change in cash and investment pool	(36,591)
Cash and investment pool:	
Beginning of year	<u>206,332</u>
End of year	<u>\$ 169,741</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income	\$ 23,209
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	9,913
Changes in operating assets and liabilities that provided (used) cash:	
Accounts receivable	(250)
Accrued liabilities	<u>1,398</u>
Net cash provided by operating activities	<u>\$ 34,270</u>

COUNTY OF SAGINAW, MICHIGAN

■ Drain Commission

Component Unit of Saginaw County

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

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

Special Assessment Drain Capital Projects 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 Capital Projects 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 Capital Projects 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 Capital Projects 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, 2019

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Assets				
Cash and investment pool	\$ 2,166,436	\$ -	\$ 4,003,098	\$ 13,276,594
Receivables:				
Special assessments	27,683,774	-	-	-
Accounts	-	-	14,443	-
Due from other funds	-	-	23,233	95,153
Advance to other funds	-	-	603,459	-
Due from other governmental units	4,157,649	-	390,775	468,100
Capital assets:				
Assets not being depreciated	-	-	-	-
Assets being depreciated, net	-	-	-	-
Total assets	34,007,859	-	5,035,008	13,839,847
Liabilities				
Accounts payable	\$ 17,655	\$ -	\$ 384,925	\$ 2,954,155
Accrued liabilities	-	-	-	-
Due to other funds	95,080	-	431	23,232
Advance from other funds	603,459	-	-	-
Advances from primary government	-	-	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	716,194	-	385,356	2,977,387
Deferred inflows of resources				
Unavailable revenue - long-term receivables	31,841,423	-	-	-
Fund balances / net position				
Restricted for:				
Debt service	1,450,242	-	-	-
Capital projects	-	-	4,649,652	10,862,460
Total fund balances (deficit)	1,450,242	-	4,649,652	10,862,460
Total liabilities, deferred inflows of resources and fund balances	\$ 34,007,859	\$ -	\$ 5,035,008	\$ 13,839,847
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
\$ 115,000	\$ 118,442	\$ 19,679,570	\$ -	\$ 19,679,570
-	-	27,683,774	-	27,683,774
-	12,129	26,572	-	26,572
285,000	357	403,743	(403,743)	-
-	-	603,459	(603,459)	-
-	-	5,016,524	-	5,016,524
-	-	-	19,238,703	19,238,703
-	-	-	42,541,158	42,541,158
<u>400,000</u>	<u>130,928</u>	<u>53,413,642</u>	<u>60,772,659</u>	<u>114,186,301</u>
\$ -	\$ 791	\$ 3,357,526	-	3,357,526
-	-	-	238,329	238,329
-	285,000	403,743	(403,743)	-
-	-	603,459	(603,459)	-
400,000	-	400,000	-	400,000
-	-	-	2,267,079	2,267,079
-	-	-	30,730,663	30,730,663
<u>400,000</u>	<u>285,791</u>	<u>4,764,728</u>	<u>32,228,869</u>	<u>36,993,597</u>
-	-	31,841,423	(31,841,423)	-
-	-	1,450,242	(1,450,242)	-
-	(154,863)	15,357,249	(15,357,249)	-
-	(154,863)	16,807,491	(16,807,491)	-
<u>\$ 400,000</u>	<u>\$ 130,928</u>	<u>\$ 53,413,642</u>		
			28,782,119	28,782,119
			33,053,336	33,053,336
			<u>15,357,249</u>	<u>15,357,249</u>
			<u>\$ 77,192,704</u>	<u>\$ 77,192,704</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, 2019

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Revenues				
Special assessments	\$ 2,186,570	\$ -	\$ 505,820	\$ 1,849,378
Federal grants and contributions	-	-	103,444	-
State grants and contributions	-	-	690,291	2,540,521
Local grants and contributions	406,098	-	966,630	358,447
Investment income	381,377	-	16,643	50,382
Reimbursements	34,647	-	11,279	-
Total revenues	3,008,692	-	2,294,107	4,798,728
Expenditures / expenses				
Current:				
Public works	546,478	154,939	1,418,002	12,390,639
Depreciation	-	-	-	-
Debt service:				
Principal	1,978,229	-	-	-
Interest and fiscal charges	589,298	-	-	-
Total expenditures	3,114,005	154,939	1,418,002	12,390,639
Revenues over (under) expenditures/expenses	(105,313)	(154,939)	876,105	(7,591,911)
Other financing sources (uses)				
Transfers in	801,426	-	-	281,246
Transfers out	(281,246)	-	-	(801,426)
Proceeds from issuance of long-term debt	-	-	-	17,566,000
Total other financing sources (uses)	520,180	-	-	17,045,820
Change in fund balance / net position	414,867	(154,939)	876,105	9,453,909
Fund balances (deficit) / net position, beginning of year	1,035,375	154,939	3,773,547	1,408,551
Fund balances (deficit) / net position, end of year	\$ 1,450,242	\$ -	\$ 4,649,652	\$ 10,862,460

Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Net Position
\$ -	\$ -	\$ 4,541,768	\$ 17,731,217	\$ 22,272,985
-	-	103,444	-	103,444
-	-	3,230,812	-	3,230,812
-	-	1,731,175	4,157,649	5,888,824
-	193	448,595	-	448,595
-	62,973	108,899	-	108,899
-	63,166	10,164,693	21,888,866	32,053,559
-	36,253	14,546,311	(11,054,516)	3,491,795
-	-	-	1,543,633	1,543,633
-	-	1,978,229	(1,978,229)	-
-	-	589,298	100,454	689,752
-	36,253	17,113,838	(11,388,658)	5,725,180
-	26,913	(6,949,145)	33,277,524	26,328,379
-	-	1,082,672	-	1,082,672
-	-	(1,082,672)	-	(1,082,672)
-	-	17,566,000	(17,566,000)	-
-	-	17,566,000	(17,566,000)	-
-	26,913	10,616,855	15,711,524	26,328,379
-	(181,776)	6,190,636	44,673,689	50,864,325
\$ -	\$ (154,863)	\$ 16,807,491	\$ 60,385,213	\$ 77,192,704

SINGLE AUDIT ACT COMPLIANCE

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

March 27, 2020

Board of Commissioners
County of Saginaw
Saginaw, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Saginaw, Michigan* (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 27, 2020, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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, 2019

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	\$ -	\$ 6,626
Cash assistance:					
National School Lunch Program:					
Children's Facility	10.555	MDE	730008002	-	65,563
				-	72,189
Women and Infant Care	10.557	MDHHS	N/A	-	657,998
Women and Infant Care - Breastfeeding	10.557	MDHHS	N/A	-	57,747
				-	715,745
SNAP Cluster:					
Food Assistance & Employment Training Type A	10.561	LEO	N/A	106,542	138,409
Food Assistance & Employment Training / SS Type B	10.561	LEO	N/A	14,403	14,403
				120,945	152,812
Cooperative Agreement - LIDAR	10.902	USGS	68-5021-17-001		102,690
Total U.S. Department of Agriculture				120,945	1,043,436
U.S. Department of Justice					
State Criminal Alien Assistance Program	16.606	Direct	2019-AP-BX-0586	-	4,442
State Criminal Alien Assistance Program	16.606	Direct	2019-AP-BX-1003	-	8,711
				-	13,153
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:					
Edward Byrne Memorial JAG Program	16.738	Direct	2016-DJ-BX-0669	-	15,094
Edward Byrne Memorial JAG Program	16.738	Direct	2017-DJ-BX-0972	-	33,590
Edward Byrne Memorial JAG Program	16.738	SCAO	19-13678	-	99,384
				-	148,068
Total U.S. Department of Justice				-	161,221
U.S. Department of Labor					
Employment Services Cluster:					
Employment Service	17.207	LEO	N/A	192,004	368,227
Reemployment Services and Eligibility Assessment Program:					
UIA Admin. RESEA	17.225	LEO	N/A	99,041	99,041
Trade Adjustment Assistance:					
Trade Case Management	17.245	LEO	N/A	920,476	1,006,887

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Labor (continued)					
Workforce Investment Act (WIA) Cluster:					
Workforce Innovation and Opportunity Act - Adult	17.258	LEO	N/A	\$ 905,250	\$ 991,159
Workforce Innovation and Opportunity Act - One Stop Operations	17.258	LEO	N/A	-	48,381
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.258	LEO	N/A	2,776	2,776
Workforce Innovation and Opportunity Act - Administration	17.258	LEO	N/A	-	144,445
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.258	LEO	N/A	-	11,812
Workforce Innovation and Opportunity Act - SWA-GLB Fast Start	17.258	LEO	N/A	7,725	7,725
Workforce Innovation and Opportunity Act - SWA-Career Events	17.258	LEO	N/A	-	8,375
Workforce Innovation and Opportunity Act - SWA-Employer Engagement	17.258	LEO	N/A	-	6,700
				<u>915,751</u>	<u>1,221,373</u>
Workforce Innovation and Opportunity Act - Youth	17.259	LEO	N/A	1,099,273	1,323,019
Workforce Innovation and Opportunity Act - One Stop Operations	17.259	LEO	N/A	-	52,570
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.259	LEO	N/A	3,016	3,016
Workforce Innovation and Opportunity Act - Administration	17.259	LEO	N/A	-	156,949
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.259	LEO	N/A	-	12,835
Workforce Innovation and Opportunity Act - SWA-GLB Fast Start	17.259	LEO	N/A	8,394	8,394
Workforce Innovation and Opportunity Act - SWA-Career Events	17.259	LEO	N/A	-	9,100
Workforce Innovation and Opportunity Act - SWA-Employer Engagement	17.259	LEO	N/A	-	7,280
				<u>1,110,683</u>	<u>1,573,163</u>
Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	LEO	N/A	653,748	776,344
Workforce Innovation and Opportunity Act - One Stop Operations	17.278	LEO	N/A	-	43,471
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.278	LEO	N/A	2,494	2,494
Workforce Innovation and Opportunity Act - Administration	17.278	LEO	N/A	-	129,785
WIA RR CRM	17.278	LEO	N/A	-	6,610
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.278	LEO	N/A	-	10,613
Workforce Innovation and Opportunity Act - SWA-GLB Fast Start	17.278	LEO	N/A	6,940	6,940
WIOA SWA Career Events	17.278	LEO	N/A	-	7,525
WIOA SWA Employer Engagement	17.278	LEO	N/A	-	6,020
				<u>663,182</u>	<u>989,802</u>
				<u>2,689,616</u>	<u>3,784,338</u>
					continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Labor (concluded)					
WIOA RR GLB Fast Start	17.277	LEO	N/A	\$ 363,555	\$ 363,555
Total U.S. Department of Labor				4,264,692	5,622,048
U.S. Department of Transportation					
Highway Planning and Construction Cluster:					
Urban Planning - FHWA (PL)	20.205	MDOT	PL-1684-148	-	307,634
Rural Transit Assistance Program (RTAP)	20.509	MPTA	N/A	-	244,037
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant - DWI Sobriety Court	20.601	SCAO	19-14230	-	81,825
Highway Safety Cluster:					
Saginaw County Traffic Enforcement Program	20.616	MSP	PT-19-24	-	35,237
Total U.S. Department of Transportation				-	668,733
U.S. Environmental Protection Agency					
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	MDEQ	FS975487-17	-	1,127
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	-	13,196
Aging Cluster:					
Case Coordination and Support	93.044	MOAS	N/A	-	82,016
Case Coordination and Support - In-Home Support Services	93.044	MOAS	N/A	-	46,807
Outreach	93.044	MOAS	N/A	-	19,156
Transportation	93.044	MOAS	N/A	-	10,466
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	-	9,000
				-	190,957
Nutrition - Title III C-1 Meal Event	93.045	MOAS	N/A	-	9,941
Nutrition - Title III C-1 Congregate	93.045	MOAS	N/A	-	123,415
Nutrition - Title III C-2 HDM	93.045	MOAS	N/A	-	232,320
Nutrition - Title III C-2 Equipment	93.045	MOAS	N/A	-	10,000
				-	375,676
Nutrition Services Incentive Program - Congregate	93.053	MOAS	N/A	-	38,213
Nutrition Services Incentive Program - HDM	93.053	MOAS	N/A	-	114,584
				-	152,797
				-	719,430
National Family Caregiver Support, Title III, Part E:					
Title III E Kinship Care	93.052	MOAS	N/A	-	4,138
National Family Caregiver Support Program	93.052	MOAS	N/A	-	39,493
Supplemental funds - Title III E	93.052	MOAS	N/A	-	11,250
				-	54,881

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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)					
Public Health Emergency Preparedness:					
PHEP - Bioterrorism Nine	93.069	MDHHS	20190037	\$ -	\$ 106,464
PHEP - Laboratory Services Bio	93.069	MDHHS	20190037	-	20,000
Hospital Preparedness Program:					
Capacity Bldg Assist - Bioterrorism Three	93.069	MDHHS	20190037	-	34,146
				-	160,610
Tuberculosis Control	93.116	MDHHS	20190037	-	100
Enhanced Medical Examiner Toxicology	93.136	MDHHS	20190037	-	2,000
Family Planning Services	93.217	MDHHS	20190037	-	122,105
Region V Public Health Training Center	93.249	RUM	18-3724056	10,000	10,000
Immunization Cooperation Agreements:					
Immunizations - IAP	93.268	MDHHS	20190037	-	86,255
Federally Funded Vaccines	93.268	MDHHS	20190037	-	217,441
Immunization Fixed Fees	93.268	MDHHS	20190037	-	5,450
				-	309,146
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)					
Epidemiology and Laboratory Capacity	93.323	MDHHS	20190037	-	5,342
ACA - Maternal, Infant & Early Childhood Home Visiting Cluster:					
NFP (Nurse Family Partnership)	93.505	MDHHS	20190037	-	255,750
TANF Cluster:					
TANF - JET Supportive Services Type E	93.558	LEO	N/A	53,742	53,742
TANF - JET Type T	93.558	LEO	N/A	2,533,352	3,923,239
				2,587,094	3,976,981
Child Enforcement Support:					
Title IV-D Maintenance Assistance (Federal Incentive) (FOC)	93.563	MDHHS	CSFOC-17-73001	-	279,756
Title IV-D Cooperative Reimbursement Program (FOC)	93.563	MDHHS	CSFOC-17-73001	-	2,746,420
Title IV-D Cooperative Reimbursement Program (PA)	93.563	MDHHS	CSPA-17-73002	-	466,904
				-	3,493,080
Federal Access and Visitation	93.597	SCAO	SCAO-2019-024	-	6,000
Medicaid Cluster:					
CSHCS Care Coordination	93.778	MDHHS	20190037	-	5,740
CSHCS Case Management	93.778	MDHHS	20190037	-	101
CSHCS Medicaid Outreach	93.778	MDHHS	20190037	-	19,381
CSHCS Outreach & Advocacy	93.778	MDHHS	20190037	-	58,365
CSHCS Elevated Blood Level	93.778	MDHHS	20190037	-	1,411
POS Waiver	93.778	MOAS	N/A	-	95,038
				-	180,036

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

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)					
Maternal and Child Health Services Block Grant:					
Enabling Services Children-MCH	93.994	MDHHS	20190037	\$ -	\$ 157,859
CSHCS Care Coordination	93.994	MDHHS	20190037	-	6,210
Fetal Infant Mortality Review	93.994	MDHHS	20190037	-	5,130
Family Planning Services	93.994	MDHHS	20190037	-	25,726
Public Health Functions & Infrastructure	93.994	MDHHS	20190037	-	39,465
				<u>-</u>	<u>234,390</u>
Total U.S. Department of Health and Human Services				<u>2,597,094</u>	<u>9,543,047</u>
Corporation for National and Community Service					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparent Program	94.011	Direct	13SFNMI006	-	256,121
U.S. Department of Homeland Security					
Marine Safety Program	97.012	MDNR	MS19-068	-	2,542
Emergency Food and Shelter: National Board Program	97.024	UWSC	481400-005	-	1,047
Emergency Management Performance Grant	97.042	MSP	EMC-2019-EO-00004	-	42,963
3rd District Regional Homeland Security Grant	97.067	losco	EMW-2016-SS-00010-S01	-	20,396
3rd District Regional Homeland Security Grant	97.067	losco	EMW-2017-SS-00013	-	5,942
				<u>-</u>	<u>26,338</u>
Total U.S. Department of Homeland Security				<u>-</u>	<u>72,890</u>
Total Expenditures of Federal Awards				<u>\$ 6,982,731</u>	<u>\$ 17,368,623</u>

See notes to schedule of expenditures of federal awards.

COUNTY OF SAGINAW, MICHIGAN

Notes to the Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the County has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

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
losco	losco County, Michigan
LEO	Labor and Economic Opportunity
MDE	Michigan Department of Education
MDEQ	Michigan Department of Environmental Quality
MDHHS	Michigan Department of Health and Human Services
MDNR	Michigan Department of Natural Resources
MDOT	Michigan Department of Transportation
MOAS	Michigan Office of Aging Services and Region VII Area Agency on Aging
MPTA	Michigan Public Transit Association
MSP	Michigan State Police
RUM	Regents of U of M
SCAO	State Court Administrative Office
USGS	United States Geological Survey
UWSC	United Way of Saginaw County

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	\$ 17,120,796
Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balances - Drain Commission component unit	103,444
Plus:	
Program income not reported as federal revenue	<u>144,383</u>
	<u>\$ 17,368,623</u>

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Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

March 27, 2020

Board of Commissioners
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, 2019, 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 27, 2020. Our report includes a reference to other auditors who audited the financial statements of the Saginaw County 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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*.

County of Saginaw's Response to Finding

The County's response to the 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Lehmann Lobarr LLC".

**Independent Auditors' Report on Compliance for Each Major Federal Program
and Internal Control over Compliance Required by the Uniform Guidance**

March 27, 2020

Board of Commissioners
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 the County's major federal program for the year ended September 30, 2019. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the 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 its major federal program for the year ended September 30, 2019.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Purpose of this Report

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

Rehmann Johnson LLC

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2019

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? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
93.563	Child Enforcement Support	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

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, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 - Bank Reconciliations (Repeat)

Finding Type. Significant Deficiency in Internal Control over Financial Reporting.

Criteria. The State of Michigan requires that all bank reconciliations be completed within six weeks of each month end and also at year end. The bank reconciliation process is also an important part of ensuring effective control over the County's assets.

Condition. The payroll bank account reconciliation for the month of September 2019 did not have documentation of the preparation and review date, therefore, we were unable to determine if this bank reconciliation was completed timely. The payroll bank account reconciliation also included outstanding checks that have already cleared the bank as of year-end but were still being included as reconciling items. Management has determined this amount to be insignificant. Further, the County has not been able to fully reconcile the general pooled cash bank account. The general pooled cash account had an unreconciled difference of approximately \$98,000 at September 30, 2019.

Cause. Management did not perform timely bank reconciliations for all bank and investment accounts maintained by the County and there were unreconciled balances in the completed reconciliations.

Effect. As a result of this condition, the County has not complied with the State of Michigan requirements related to timely completion of bank reconciliations for all bank and investment accounts. The general pooled cash is shared by significantly all funds and opinion units. Management has determined that this error is not considered material to any of the affected opinion units.

Recommendation. We recommend that the County develop a process for complying with the State of Michigan's bank reconciliation requirement and communicate this process to all County employees that are responsible for performing bank and investment reconciliations. We also recommend that the County implement a procedure for the completion of daily bank reconciliations for the pooled cash accounts in order to identify errors on a daily basis, which will make the month end reconciliation much easier.

View of Responsible Officials. The County will continue to refine a process for timelier bank reconciliations. The process will be communicated to County departments and employees that help perform banking reconciliations. In addition, the Treasurer's office will hire a Deputy Treasurer. The position is currently posted and applications are being reviewed. This position has been vacant for some time and the addition of personnel will help facilitate this process.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

COUNTY OF SAGINAW, MICHIGAN

■ Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2019

2018-001 - Significant Audit Adjustment

Adjustments were necessary in order to present the County's pooled investments at fair market value in accordance with GAAP. The County's financial information was initially misstated by amounts that were deemed to be quantitatively significant to most opinion units. Correcting entries were subsequently posted by management to the County's records. This matter was not repeated for 2019.

2018-002 - Bank Reconciliations

Management did not perform timely bank reconciliations for all bank and investment accounts maintained by the County and there were unreconciled balances in the completed reconciliations. This matter was repeated for 2019 as finding 2019-001.

■ ■ ■ ■ ■



COUNTY OF SAGINAW

111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

ROBERT V. BELLEMAN
Controller/Chief Administrative Officer
rbelleman@saginawcounty.com

County of Saginaw Corrective Action Plan for Fiscal Year Ended September 30, 2019

Finding #1 – 2019-001 – Bank Reconciliations (Repeat)

Finding Type. Significant Deficiency in Internal Control over Financial Reporting.

Criteria. The State of Michigan requires that all bank reconciliations be completed within six weeks of each month end and also at year end. The bank reconciliation process is also an important part of ensuring effective control over the County's assets.

Condition. The payroll bank account reconciliation for the month of September 2019 did not have documentation of the preparation and review date, therefore, we were unable to determine if this bank reconciliation was completed timely. The payroll bank account reconciliation also included outstanding checks that have already cleared the bank as of year-end but were still being included as reconciling items. Management has determined this amount to be insignificant. Further, the County has not been able to fully reconcile the general pooled cash bank account. The general pooled cash account had an unreconciled difference of approximately \$98,000 at September 30, 2019.

Cause. Management did not perform timely bank reconciliations for all bank and investment accounts maintained by the County and there were unreconciled balances in the completed reconciliations.

Effect. As a result of this condition, the County has not complied with the State of Michigan requirements related to timely completion of bank reconciliations for all bank and investment accounts. The general pooled cash is shared by significantly all funds and opinion units. Management has determined that this error is not considered material to any of the affected opinion units.

Recommendation. We recommend that the County develop a process for complying with the State of Michigan's bank reconciliation requirement and communicate this process to all County employees that are responsible for performing bank and investment reconciliations. We also recommend that the County implement a procedure for the completion of daily bank reconciliations for the pooled cash accounts in order to identify errors on a daily basis, which will make the month end reconciliation much easier.

Agency Corrective Action Plan. The County will continue to refine a process for timelier bank reconciliations. The process will be communicated to County departments and employees that help perform banking reconciliations. A Deputy Treasurer was hired in July 2019 to fill a vacancy of almost two years. With this position filled, the Payroll Bank account can be reconciled of the prior year items. Bank reconciliations are current as of March 2020. Specifically, we will remove any outstanding checks that have already cleared the bank and escheat remaining outstanding checks. The County will also review the dates on all reconciliations to be assured they are reconciled and reviewed in a timely manner. The County will continue to reconcile the general pooled cash bank account focusing on writing off outstanding items we can be assured are truly outstanding. The County will also look into deposits and how they are hitting the bank account as we believe this to be a part of the unreconciled difference.

Responsible Individual(s)

Timothy Novak, County Treasurer
Janice Zuhlke, Chief Deputy Treasurer

Completion Date

Year End September 30, 2020