

COUNTY OF SAGINAW, MICHIGAN

Year Ended
September 30,
2017

Financial
Statements and
Single Audit Act
Compliance

COUNTY OF SAGINAW, MICHIGAN

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Independent Auditors' Report

March 28, 2018

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, 2017, 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 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	69%	74%	72%

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, 2017, 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.

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 28, 2017, 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 Robson 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, 2017. 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)	\$ (1,285,063)
· Change in total primary government net position	59,672
· Fund balances, governmental funds	39,684,369
· Change in fund balances, governmental funds	1,559,019
· Unassigned fund balance, general fund	7,214,469
· Change in fund balance, general fund	1,612,894
· Installment debt outstanding	61,947,829
· Change in installment debt	(6,484,303)

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, Health Department Fund, Michigan Works! Fund, Planning Commission Fund, and Public Improvement Fund, each of which is considered to be a major fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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, delinquent property tax foreclosure, building authority event center, building authority administration, parking system, Harry W. Browne Airport, and inmate services operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its MERS (DB) retirement system, MERS (DC) retirement system, information technology operations, equipment revolving (computer equipment maintenance and replacement) activities, mailing services, motor pool operations, risk management program, investment pool, employee benefits, and retiree health savings plan 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 exceeded assets and deferred outflows of resources by \$1,285,063 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 63,934,976	\$ 61,045,848	\$ 33,555,327	\$ 34,918,764	\$ 97,490,303	\$ 95,964,612
Capital assets, net	21,932,475	21,897,753	22,277,173	21,330,210	44,209,648	43,227,963
Total assets	85,867,451	82,943,601	55,832,500	56,248,974	141,699,951	139,192,575
Deferred outflows of resources	4,933,591	10,305,404	-	-	4,933,591	10,305,404
Liabilities						
Long-term liabilities	43,026,655	46,505,525	20,277,683	23,641,074	63,304,338	70,146,599
Other liabilities	80,041,291	77,898,719	4,572,976	2,797,396	84,614,267	80,696,115
Total liabilities	123,067,946	124,404,244	24,850,659	26,438,470	147,918,605	150,842,714
Net position						
Net investment in capital assets	20,685,646	20,515,621	18,346,173	17,701,768	39,031,819	38,217,389
Restricted	5,994,477	6,548,541	-	-	5,994,477	6,548,541
Unrestricted (deficit)	(58,947,027)	(58,219,401)	12,635,668	12,108,736	(46,311,359)	(46,110,665)
Total net position	\$ (32,266,904)	\$ (31,155,239)	\$ 30,981,841	\$ 29,810,504	\$ (1,285,063)	\$ (1,344,735)

One of the largest portions of the County's net position, \$39,031,819 (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, \$5,994,477 represents resources that are subject to external restrictions on how they may be used. This leaves a negative net position of \$46,311,359 as an unrestricted deficit.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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 to the requirements of GASB Statement No. 68 to record the net pension liability. During 2017, the County had a significant decrease in deferred outflows of resources and other liabilities, which was the result of the adjustments required by GASB 68 related to the County's MERS pension plan.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 27,159,662	\$ 27,108,570	\$ 9,631,592	\$ 9,029,215	\$ 36,791,254	\$ 36,137,785
Operating grants and contributions	34,381,042	33,830,743	-	-	34,381,042	33,830,743
Capital grants and contributions	347,970	18,220	1,060,194	524,292	1,408,164	542,512
General revenues:						
Property taxes	39,477,013	37,186,388	1,107,414	1,069,342	40,584,427	38,255,730
Accommodations tax	3,087,883	2,974,587	-	-	3,087,883	2,974,587
Grants and contributions not restricted to specific program	446,895	462,969	-	-	446,895	462,969
Other revenue, net	305,631	333,193	304,923	91,542	610,554	424,735
Total revenues	105,206,096	101,914,670	12,104,123	10,714,391	117,310,219	112,629,061
Expenses						
Legislative	560,887	618,741	-	-	560,887	618,741
Judicial	18,515,988	20,013,400	-	-	18,515,988	20,013,400
General government	14,636,723	15,407,329	-	-	14,636,723	15,407,329
Public safety	25,808,068	29,363,146	-	-	25,808,068	29,363,146
Public works	840,825	1,127,368	-	-	840,825	1,127,368
Health and welfare	39,791,025	39,164,214	-	-	39,791,025	39,164,214
Community and economic development	3,877,030	4,171,465	-	-	3,877,030	4,171,465
Recreation and culture	2,425,338	2,881,410	-	-	2,425,338	2,881,410
Interest on long-term debt	1,798,226	1,848,186	-	-	1,798,226	1,848,186
Delinquent tax revolving	-	-	1,102,284	940,787	1,102,284	940,787
Delinquent tax foreclosure	-	-	1,974,385	1,501,978	1,974,385	1,501,978
Building Authority Event Center	-	-	4,953,976	5,356,935	4,953,976	5,356,935
Building Authority administration	-	-	15,439	43,080	15,439	43,080
Parking system	-	-	92,072	83,826	92,072	83,826
Harry W. Browne Airport	-	-	452,514	463,844	452,514	463,844
Inmate services	-	-	405,767	412,654	405,767	412,654
Total expenses	108,254,110	114,595,259	8,996,437	8,803,104	117,250,547	123,398,363
Change in net position before transfers	(3,048,014)	(12,680,589)	3,107,686	1,911,287	59,672	(10,769,302)
Transfers	1,936,349	1,793,325	(1,936,349)	(1,793,325)	-	-
Change in net position	(1,111,665)	(10,887,264)	1,171,337	117,962	59,672	(10,769,302)
Net position:						
Beginning of year	(31,155,239)	(20,267,975)	29,810,504	29,692,542	(1,344,735)	9,424,567
Net position, end of year	\$ (32,266,904)	\$ (31,155,239)	\$ 30,981,841	\$ 29,810,504	\$ (1,285,063)	\$ (1,344,735)

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities decreased the County's net position by \$1,111,665. Key elements of this decrease are as follows:

- Revenues from FY 2016 to FY 2017 showed an increase of \$3,291,426 (3.2 percent). This increase was the result of increases in the areas of property taxes as a result of personal property tax reimbursements from the Local Community Stabilization Authority and increased accommodations tax.
- Expenses decreased during the year as compared to the prior year by \$6,341,149 (5.5 percent). This was mainly a result of the number of employee position vacancies during the year and the length of time positions were held vacant prior to filling.

Business-type activities. Business-type activities increased the County's net position by \$1,171,337. Key elements of this increase are as follows:

- Revenues increased 13.0 percent, or \$1,389,732 mainly in the area of charges for services due to increased property taxes and the foreclosure processes.
- Expenses increased 2.2 percent, or \$193,333, mainly as a result of increased activity relating to delinquent property taxes and foreclosure processes.
- Transfers netted to a decrease of \$143,024 or 8.0 percent. This is mainly the result of \$100,000 transferred from the business-type activities (delinquent tax revolving fund) into governmental activities (general fund) and also an increase of \$38,224 in the amount transferred out from business-type activities (inmate services fund) into governmental activities (public improvement fund).

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$39,684,369, an increase of \$1,559,019 in comparison with the prior year. Approximately 83 percent of this total amount (\$33,037,367) constitutes unrestricted fund balance. However, the unrestricted fund balance amount is further separated into committed fund balance (\$6,833,223), assigned fund balance (\$18,989,675) and unassigned fund balance (\$7,214,469). The underlying distinction between committed and assigned is that committed fund balance has been designated based upon either the County's Fund Balance Policy or for a specific purpose and can only be uncommitted by a formal Board motion. Approximately 2 percent of the total fund balance amount (\$655,383) is categorized as nonspendable for advances to the Mailing Department fund (\$25,000), the Inmate Services fund (\$20,000), the Drain Commission component unit (\$400,000) as well as a permanent trust (\$36,390) and prepaids (\$173,993). The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been set aside for specific purposes (\$5,954,571), to pay debt service (\$33,532), or for permanent trusts (\$3,516).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the assigned fund balance of the General Fund was \$12,173,689 and the unassigned portion was \$7,214,469, while total fund balance amounted to \$19,841,730. 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 51 percent of total General Fund expenditures, while total fund balance represents 53 percent of that same amount.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

The fund balance of the County's General Fund increased by \$1,612,894 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue increased \$1,618,849 (7.14%) due to the receipt of \$1,356,389 in personal property tax reimbursements from the Local Community Stabilization Authority.
- State grants increased by \$334,961 (4.93%) mainly due to an increase in revenue generated from the housing of Genesee County inmates of \$297,275.
- Charges for services increased by \$428,758 (9.10%) mainly due to an increase in monies collected by the Register of Deeds office for real estate transfer tax and recording fees of \$80,426 and \$360,677, respectively.
- Fines and forfeitures decreased \$49,414 (7.23%) mainly due to a decrease in monies collected by the 70th District Court for bond forfeitures of \$26,517 as well as local ordinance fines and costs of \$19,757.
- Reimbursements decreased \$55,995 (1.43%) mainly due to an increase of \$123,810 in reimbursements received through the Michigan Department of Corrections for diverted felon payments offset with a decrease of \$175,551 in the reimbursement from the Road Commission for their portion of drain expenditures due to a change in accounting procedures.
- Other revenue increased \$71,752 (619.14%) mainly due to the charge back to Saginaw County 911 Authority for their prorated portion of electricity bills for the current fiscal year as this has not been done in prior years.
- Expenditures remained relatively flat overall with the largest increase occurring in the contribution to postemployment health benefits trust fund of \$797,874 (167.32%). This was due to budgeting a contribution of \$202,141 in 2017 along with the budget surplus distribution policy of the Board of Commissioners allocating one-third of the general fund surplus to the postemployment health benefits trust fund. The amount of this surplus distribution for 2016 was \$476,864 and for 2017 was \$1,072,597.
- Transfers in decreased by \$389,967 (8.01%) mainly due to a one-time transfer in 2016 of \$437,206 from the special projects fund of a surplus to properly account for the 70th District alcohol caseflow funds within the general fund. The remaining unused balance at September 30, 2017 of \$373,734 is included within the assigned fund balance category.
- Transfers out increased by \$142,409 (2.08%) mainly due to the budget surplus distribution policy allocating one-third of the general fund surplus to the public improvement fund. The amount of this transfer was an increase of \$595,733 from the prior fiscal year amount of \$476,864. This was offset by a decrease to the child care fund of \$522,200 forcing that fund to rely on use of fund balance for fiscal year 2017 as well as an increase to the prosecutor special project fund of \$127,320 to offset a reduction in grant funding for their Major Crimes Prosecution grant.

The Health Department fund had an increase in fund balance for the current year of \$342,057, for an ending total of \$1,486,777. This increase was the result of a decrease in total expenditures of \$399,859.

The debt service funds have a total fund balance of \$33,532 which is entirely restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service funds was \$1,077.

The capital project funds have a total fund balance of \$4,808,765, of which \$4,647,207 is restricted for public improvement, \$161,100 is assigned for mainframe conversion project and \$458 is assigned for parks building and site.

The permanent fund has a fund balance of \$39,906, of which \$36,390 is nonspendable and the remaining \$3,516 is restricted for maintenance of the Saginaw Valley Rail Trail.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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

Unrestricted net position of the Delinquent Tax Revolving Fund at the end of the year amounted to \$11,856,535, while unrestricted net position for the Building Authority Event Center amounted to a \$113,773. The combined unrestricted net position of the nonmajor enterprise funds and the internal service funds were \$600,959 and \$9,348,617, respectively, at the end of the year. The Delinquent Tax Revolving Fund had an increase in net position for the year of \$790,010, whereas the Building Authority Event Center had a decrease of \$149,041. The combined increase in net position of the nonmajor enterprise funds was \$528,018 and the combined increase in net position of the internal service funds was \$614,621 for the year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities for enterprise funds and governmental activities for internal service funds.

General Fund budgetary highlights. The differences between the original budget and final amended budget for expenditures resulted in a 0.47 percent increase (\$179,147 increase in appropriations); whereas the difference between the original budget and final amended budget for revenues resulted in a 0.17 percent increase (\$68,147 increase in revenues). All of these budgetary adjustments were offset by either an adjustment to other expenditures and transfers out or to revenues and transfers in and use of fund balance.

The budgetary differences are summarized as follows:

- In the beginning of the year, the Board of Commissioners approved an increase of \$50,000 in the Family Division activity offset with a decrease in transfers out to the child care fund of the same amount to cover the cost of benefit payouts due to a retirement of a senior staff person.
- During the year, the Board of Commissioners approved an increase to the Controller-Personnel activity of \$20,000 offset with the use of fund balance for the purposes of covering costs associated with county-wide training opportunities for all department heads.
- Also during the year, the Board of Commissioners approved an increase to the Controller activity of \$41,000 offset with the use of fund balance for the purposes of engaging a consultant to assist with the development of a three year budget and related processes.
- An increase in the marine law enforcement activity of \$2,445 with an offsetting increase in federal grant revenue was approved to amend the budgeted grant award for additional funding received.
- The Board of Commissioners approved an increase to the public works-drains activity of \$31,805 that was offset with a reduction in Corporate Counsel activity to allow the County to prepay their portion of special assessments associated with the Bear Creek drain project.
- The Board of Commissioners also approved an increase of \$65,702 to the medical examiner's activity offset with an increase in charges for services revenue of \$48,527 and an increase of \$17,175 in state revenue sharing.

Overall during the year, actual General Fund revenues were higher than the amended budgetary estimates and expenditures were less than the amended budget, resulting in an actual increase in fund balance of \$1,612,894 that was more than the final amended budget amount which expected a decrease of \$306,391 in fund balance.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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

- The favorable variance in property taxes of \$1,884,222 occurred due to the receipt of \$1,356,389 in personal property tax reimbursement from the Local Community Stabilization Authority that was not budgeted for due to the difficulty in estimating the amount to be received.
- The unfavorable variance in state grants of \$452,899 is a result of receiving less than anticipated in revenue from the housing of Genesee County inmates and in State jury reimbursements.
- The favorable variance in charges for services of \$391,091 is mainly due to receiving higher than anticipated real estate transfer tax and recording fees in the Register of Deeds office offset with lower than anticipated court costs in 70th District Court.
- The majority of the favorable variances in expenditures occurred as a result of lapsed salaries and benefits because of delays in the filling of vacancies as well as the continuation of a hiring freeze which further increased the delay in filling vacancies.
- The unfavorable variance in contributions to postemployment health benefits trust fund and in transfers out occurred mainly as a result of the transfer of one-third of the 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 Fund Balance. The following schedule presents a comparative summary of changes in the fund balance of the General Fund for the fiscal years ended September 30, 2017, and September 30, 2016, along with the amount and percentage of increases and decreases in relation to the 2016 amounts:

	2017	2016	Variance from 2016	Percent Increase/ (Decrease)
Revenues	\$ 41,831,254	\$ 39,470,059	\$ 2,361,195	5.98%
Expenditures	(37,715,619)	(36,585,561)	(1,130,058)	3.09%
Revenues over expenditures	4,115,635	2,884,498	1,231,137	
Other financing sources (uses)				
Transfers in	4,479,862	4,869,829	(389,967)	-8.01%
Transfers out	(6,982,603)	(6,840,194)	(142,409)	2.08%
Net change in fund balances	1,612,894	914,133	698,761	
Fund balance, beginning of year	18,228,836	17,314,703	914,133	
Fund balance, end of year	\$ 19,841,730	\$ 18,228,836	\$ 1,612,894	8.85%

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

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

	General Fund Fund Balance Analysis		
	Nonspendable	Assigned and Unassigned	Total Fund Balance
Fund balance, beginning of year	\$ 457,986	\$ 17,770,850	\$ 18,228,836
Fiscal year transactions:			
Excess revenue over expenditures	(4,414)	4,120,049	4,115,635
Total other financing sources (uses)	-	(2,502,741)	(2,502,741)
Fiscal year net increase (decrease)	(4,414)	1,617,308	1,612,894
Fund balance, end of year	\$ 453,572	\$ 19,388,158	\$ 19,841,730

The Board of Commissioners approved the Fund Balance Policy within the Saginaw County Policy Book which establishes an Employee Payroll Reserve and a Budget Stabilization Reserve in the General Fund. The policy authorizes earmarking a minimum of fifty percent of the most current Board approved General Fund budget for property tax collections for the Employee Payroll Reserve and a minimum of five percent of the most current Board approved General Fund budget for the Budget Stabilization Reserve.

The current balance for Employee Payroll Reserve is \$11,418,261 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 \$7,214,469 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 19.1 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, 2017 amounted to \$44,209,648 (net of accumulated depreciation). This investment in capital assets includes land, air rights, construction in progress, land improvements, buildings, leasehold improvements, machinery and equipment, office furniture and fixtures, and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was 1.8 percent (a 0.2 percent increase for governmental activities and a 3.4 percent increase for business-type activities).

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

- The County purchased two lots, 219 S. Michigan and 306 S. Fayette, for a total of \$104,900 per Board of Commissioners approval.
- Progress began on replacing the County's phone system with a VoIP phone system at a cost of \$186,417 with an anticipated completion date of fiscal year end 2018.
- Continued security upgrades at the courthouse during fiscal 2017 totaling \$114,965.
- Renovations of the two elevators at the courthouse were completed with a cost of \$256,297.
- A boiler upgrade project at the Courthouse began totaling \$106,170.
- Saginaw County Animal Control & Care Center saw the addition of a new LED sign totaling \$19,560.
- Preliminary work began for the construction of a new adult detention facility and sheriff administration building with cost incurred prior to year end of \$194,850.
- Several copiers were purchased for various departments at a total cost of \$18,239.
- Several vehicles were replaced in various county departments at a total cost of \$358,871.
- Additional work for a deck/ramp at the Huntington Park across from THEDOW was completed at a cost of \$62,850. Also, THEDOW saw a lighting upgrade of \$283,546 and renovations to the Saginaw Spirit locker room of \$841,801.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- Construction and design on the rehabilitation of runway 9/27 at Harry W. Browne Airport began at a cost of \$618,098. Additionally, a conversion of an 80 octane above ground tank to jet A fuel was completed at a cost of \$40,000.
- Construction on the Rail Trail Phase IV was completed and placed into service at a cost of \$418,353.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 3,654,707	\$ 3,549,807	\$ 2,258,248	\$ 2,258,248	\$ 5,912,955	\$ 5,808,055
Air rights	-	-	117,761	117,761	117,761	117,761
Construction in progress	487,437	418,343	838,328	191,179	1,325,765	609,522
Land improvements	5,282,333	5,109,809	3,094,742	3,346,369	8,377,075	8,456,178
Buildings and improvements	10,042,254	10,381,220	14,116,277	13,406,089	24,158,531	23,787,309
Machinery and equipment	1,485,894	1,368,621	326,826	387,345	1,812,720	1,755,966
Office furniture & fixtures	395,574	466,993	25,783	26,483	421,357	493,476
Planning and development	-	-	1,487,898	1,583,284	1,487,898	1,583,284
Vehicles	584,276	602,960	11,310	13,452	595,586	616,412
Total	\$ 21,932,475	\$ 21,897,753	\$ 22,277,173	\$ 21,330,210	\$ 44,209,648	\$ 43,227,963

Additional information on the County's capital assets can be found in the Note 6 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 \$85,570,003. Of this amount, \$74,281,393 comprises debt backed by the full faith and credit of the government and \$11,000,200 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	
	2017	2016	2017	2016	2017	2016
Primary Government						
General obligation bonds	\$ 41,676,829	\$ 44,797,132	\$ 2,890,000	\$ 3,005,000	\$ 44,566,829	\$ 47,802,132
Delinquent tax notes	-	-	17,381,000	20,630,000	17,381,000	20,630,000
Component Units						
Capital Lease	288,410	400,599	-	-	288,410	400,599
General obligation bonds and notes	23,333,764	24,037,851	-	-	23,333,764	24,037,851
Total	\$ 65,299,003	\$ 69,235,582	\$ 20,271,000	\$ 23,635,000	\$ 85,570,003	\$ 92,870,582

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
2017 Series GOL Delinquent Tax Notes	\$ 11,645,000	5/27/2017	LIBOR + 0.65%
King Street Tile Drain Bonds	975,000	3/28/2017	1.15% - 2.95%
No. 9 Drain Note	160,000	3/30/2017	2.49%
Stanton Intercounty Drain Bonds (Saginaw County's portion)	211,200	6/27/2017	2.44%

The County's total debt decreased by \$7,300,579 (7.9 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 \$566,120,812, 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 9 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 2018 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 1.22% for fiscal 2018.
- Wages and fringe benefits - The County's authorized staff count saw a decrease from 2017 to 2018 with the reduction of 5.38 F.T.E.'s for 614.92 F.T.E.'s included in the budget. The wage rates for these positions were frozen without increase for fiscal 2018; however the budget did include a potential 1.5% base wage increase. 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 to the cost of providing health insurance and contributions to the retiree health reserve went up from \$10,005 per covered employee to \$12,150 per full time position. Contributions to the MERS DB unfunded liability increased from \$8,800 per F.T.E. to \$11,900 for 2018. 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.
- Use of reserves - structural deficit - The structural budget deficit situation was an issue for fiscal 2018 as anticipated due to the Board of Commissioners using \$100,000 to continue to fund the Prosecutor's Major Crime Task Force due to the elimination of the federal grant dollars. The Board of Commissioners also approved the use of fund balance in an amount of \$191,814 from alcohol caseflow funds to support district court operations due to the continued decline in its revenue. 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.

COUNTY OF SAGINAW, MICHIGAN

Management's Discussion and Analysis

- The Board of Commissioners authorized a hiring freeze in FY 2013 that has been carried over into FY 2018 to allow departments the ability to analyze their operations and justify the need for filling positions that become vacant in an effort to reduce the amount of budgeted reserves.
- During FY 2015, the Board of Commissioners engaged a process of developing a strategic plan for the County. The Board created a mission and vision statement and also discussed various goals and priorities that were submitted by departments. There were six major priorities identified by the Board during this process: addressing legacy costs, jail renovation, budgeting for capital improvements, investing in animal control, undergoing a county compensation study, and developing a countywide technology plan. These priorities were reviewed for FY 2018 and will impact future budget cycles in various ways including where the Board prioritizes departmental budget requests. Additionally, the Board of Commissioners will engage in another Strategic Planning session during 2018 to update these priorities.
- 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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investment pool	\$ 46,174,661	\$ 15,574,570	\$ 61,749,231	\$ 14,679,819
Receivables, net	17,277,582	17,756,151	35,033,733	26,111,794
Internal balances	(122,989)	122,989	-	-
Inventory	-	82,774	82,774	1,626,050
Prepays	205,722	18,843	224,565	610,282
Advances to component unit	400,000	-	400,000	-
Capital assets:				
Assets not being depreciated	4,142,144	3,214,337	7,356,481	43,367,123
Assets being depreciated, net	17,790,331	19,062,836	36,853,167	165,897,851
Total assets	85,867,451	55,832,500	141,699,951	252,292,919
Deferred outflows of resources				
Deferred pension amounts	4,933,591	-	4,933,591	1,789,781
Liabilities				
Accounts payable and accrued liabilities	10,956,922	3,107,540	14,064,462	1,479,229
Unearned revenue	95,526	93,704	189,230	7,317
Advances from primary government	-	-	-	400,000
Due to Saginaw Hockey Club, LLC	-	1,041,000	1,041,000	-
Long-term liabilities:				
Due within one year	4,482,230	130,000	4,612,230	3,085,437
Due in more than one year	38,544,425	20,147,683	58,692,108	21,161,652
Net pension liability	26,312,329	-	26,312,329	10,446,719
Net other postemployment benefit obligation	42,676,514	330,732	43,007,246	8,148,748
Total liabilities	123,067,946	24,850,659	147,918,605	44,729,102
Deferred inflows of resources				
Deferred pension amounts	-	-	-	124,155
Net position				
Net investment in capital assets	20,685,646	18,346,173	39,031,819	196,376,364
Restricted for:				
Debt service	-	-	-	10,955,920
Public safety	666,741	-	666,741	-
Public works	56,757	-	56,757	-
Health and welfare	47,280	-	47,280	-
Community and economic development	15,084	-	15,084	3,833,002
Recreation	122,978	-	122,978	-
Register of Deeds	398,524	-	398,524	-
Public improvement	4,647,207	-	4,647,207	-
Endowment:				
Nonexpendable	36,390	-	36,390	-
Expendable	3,516	-	3,516	-
Unrestricted (deficit)	(58,947,027)	12,635,668	(46,311,359)	(1,935,843)
Total net position (deficit)	\$ (32,266,904)	\$ 30,981,841	\$ (1,285,063)	\$ 209,229,443

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities

For the Year Ended September 30, 2017

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	\$ 559,698	\$ 1,189	\$ -	\$ -	\$ -	\$ (560,887)
Judicial	17,953,844	562,144	3,167,096	4,992,803	-	(10,356,089)
General government	16,855,503	(2,218,780)	8,436,614	5,956,603	-	(243,506)
Public safety	25,506,359	301,709	8,816,186	1,490,067	347,970	(15,153,845)
Public works	829,544	11,281	575,049	-	-	(265,776)
Health and welfare	38,573,381	1,217,644	6,023,735	21,683,185	-	(12,084,105)
Community and economic development	3,861,700	15,330	7,950	230,703	-	(3,638,377)
Recreation and culture	2,325,690	99,648	133,032	27,681	-	(2,264,625)
Interest on long-term debt	1,798,226	-	-	-	-	(1,798,226)
Total governmental activities	108,263,945	(9,835)	27,159,662	34,381,042	347,970	(46,365,436)
Business-type activities:						
Delinquent tax revolving	1,102,284	-	3,356,061	-	-	2,253,777
Delinquent tax foreclosure	1,974,385	-	1,809,847	-	-	(164,538)
Building Authority Event Center	4,953,976	-	3,264,754	-	445,403	(1,243,819)
Building Authority administration	15,439	-	17,401	-	-	1,962
Parking system	92,134	(62)	96,319	-	-	4,247
Harry W. Browne Airport	452,310	204	345,101	-	614,791	507,378
Inmate services	396,074	9,693	742,109	-	-	336,342
Total business-type activities	8,986,602	9,835	9,631,592	-	1,060,194	1,695,349
Total primary government	\$ 117,250,547	\$ -	\$ 36,791,254	\$ 34,381,042	\$ 1,408,164	\$ (44,670,087)
Component units						
Road Commission	\$ 24,874,946	\$ -	\$ 78,648	\$ 22,398,140	\$ -	\$ (2,398,158)
Brownfield Redevelopment Authority	5,353	-	-	15,914	-	10,561
Department of Public Works	457,799	-	101,664	-	466,433	110,298
Drain Commission	3,640,887	-	-	357,042	4,015,122	731,277
Economic Development Corporation	6,610	-	28,630	-	-	22,020
Land Bank Authority	2,600,181	-	-	2,982,347	842,888	1,225,054
Total component units	\$ 31,585,776	\$ -	\$ 208,942	\$ 25,753,443	\$ 5,324,443	\$ (298,948)

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, 2017

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Change in net position				
Net (expense) revenue	\$ (46,365,436)	\$ 1,695,349	\$ (44,670,087)	\$ (298,948)
General revenues:				
Property taxes	39,477,013	1,107,414	40,584,427	402
Accommodations tax	3,087,883	-	3,087,883	-
Grants and contributions not restricted to specific programs	446,895	-	446,895	-
Investment income - interest earned	305,631	304,923	610,554	140,592
Transfers - internal activities	1,936,349	(1,936,349)	-	-
Total general revenues and transfers	<u>45,253,771</u>	<u>(524,012)</u>	<u>44,729,759</u>	<u>140,994</u>
Change in net position	(1,111,665)	1,171,337	59,672	(157,954)
Net position (deficit), beginning of year	<u>(31,155,239)</u>	<u>29,810,504</u>	<u>(1,344,735)</u>	<u>209,387,397</u>
Net position (deficit), end of year	<u>\$ (32,266,904)</u>	<u>\$ 30,981,841</u>	<u>\$ (1,285,063)</u>	<u>\$ 209,229,443</u>

Concluded

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

COUNTY OF SAGINAW, MICHIGAN

Balance Sheet

Governmental Funds
September 30, 2017

	Special Revenue Funds				Capital Projects Fund
	General	Health Department	Michigan Works!	Planning Commission	Public Improvement
Assets					
Cash and investment pool	\$ 16,370,146	\$ 1,406,933	\$ 1,726,957	\$ 4	\$ 3,934,609
Receivables:					
Taxes	5,760,414	-	-	-	-
Accounts	431,362	151,830	719	-	-
Loans	-	-	-	2,192,678	-
Interest	58,453	-	2,341	137	16,957
Due from other funds	1,233,972	134,292	-	47,277	1,132,122
Due from other governmental units	884,162	52,207	763,379	153,109	-
Advances to other funds	45,000	-	-	-	-
Advances to component units	400,000	-	-	-	-
Prepays	8,572	1,682	56,258	-	-
Total assets	\$ 25,192,081	\$ 1,746,944	\$ 2,549,654	\$ 2,393,205	\$ 5,083,688
Liabilities					
Accounts payable	\$ 1,536,166	\$ 90,166	\$ 2,376,616	\$ 44,901	\$ 240,509
Accrued liabilities	301,674	51,528	12,940	2,162	-
Deposits payable	-	18,714	-	-	-
Due to other funds	1,184,864	-	-	138,379	195,972
Due to other governmental units	-	99,759	-	234,032	-
Unearned revenue	-	-	-	-	-
Total liabilities	3,022,704	260,167	2,389,556	419,474	436,481
Deferred inflows of resources					
Unavailable revenue - property taxes	2,327,647	-	-	-	-
Unavailable revenue - long-term receivables	-	-	-	1,958,647	-
Total deferred inflows of resources	2,327,647	-	-	1,958,647	-
Fund balances					
Nonspendable	453,572	1,682	56,258	-	-
Restricted	-	-	-	15,084	4,647,207
Committed	-	-	-	-	-
Assigned	12,173,689	1,485,095	103,840	-	-
Unassigned	7,214,469	-	-	-	-
Total fund balances	19,841,730	1,486,777	160,098	15,084	4,647,207
Total liabilities, deferred inflows of resources and fund balances	\$ 25,192,081	\$ 1,746,944	\$ 2,549,654	\$ 2,393,205	\$ 5,083,688

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 11,714,020	\$ 35,152,669
182,052	5,942,466
2,684,626	3,268,537
181,911	2,374,589
46,822	124,710
139,109	2,686,772
3,388,328	5,241,185
-	45,000
-	400,000
107,481	173,993
<u>\$ 18,444,349</u>	<u>\$ 55,409,921</u>
\$ 2,691,727	\$ 6,980,085
484,924	853,228
20,142	38,856
1,236,901	2,756,116
49,868	383,659
95,526	95,526
<u>4,579,088</u>	<u>11,107,470</u>
149,878	2,477,525
181,910	2,140,557
<u>331,788</u>	<u>4,618,082</u>
143,871	655,383
1,329,328	5,991,619
6,833,223	6,833,223
5,227,051	18,989,675
-	7,214,469
<u>13,533,473</u>	<u>39,684,369</u>
<u>\$ 18,444,349</u>	<u>\$ 55,409,921</u>

COUNTY OF SAGINAW, MICHIGAN

Reconciliation

Fund Balances for Governmental Funds
To Net Position of Governmental Activities
September 30, 2017

Fund balances - total governmental funds	\$ 39,684,369
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets, not being depreciated	4,142,144
Capital assets, being depreciated	17,790,331
Less: Internal service fund capital assets, net	(348,299)
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	4,618,082
Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(26,312,329)
Deferred outflows related to the net pension liability	4,933,591
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.	
	9,632,515
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Other postemployment benefit obligation	(42,676,514)
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	(41,676,829)
Accrued interest on bonds payable	(749,334)
Accrued compensated absences	(1,304,631)
Net position of governmental activities	<u>\$ (32,266,904)</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, 2017

	Special Revenue Funds				Capital Projects Fund
	General	Health Department	Michigan Works!	Planning Commission	Public Improvement
Revenues					
Property taxes	\$ 24,276,498	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	153,616	379,479	-	-	-
Federal grants	440,369	1,643,336	10,690,757	223,386	-
State grants	7,126,857	2,522,701	2,171,446	8,955	-
Local grants and contributions	6,500	-	-	-	-
Charges for services	5,138,084	886,835	-	-	-
Fines and forfeitures	633,936	-	-	-	-
Investment income	118,752	-	2,268	295	30,323
Rental revenue	-	-	-	-	-
Donations	-	3,192	-	-	-
Reimbursements	3,853,301	1,677,513	1,677,144	-	-
Other revenue	83,341	526,744	-	19,389	-
Total revenues	41,831,254	7,639,800	14,541,615	252,025	30,323
Expenditures					
Current:					
Legislative	526,179	-	-	-	-
Judicial	11,806,573	-	-	-	-
General government	11,940,414	-	-	-	378,008
Public safety	9,977,371	-	-	-	-
Public works	229,304	-	-	-	-
Health and welfare	1,615,754	8,809,009	14,541,332	-	-
Community and economic development	310,836	-	-	394,460	-
Recreation and culture	-	-	-	-	-
Contributions to postemployment health benefits trust fund	1,274,738	-	-	-	-
Capital outlay	34,450	7,780	-	-	1,398,892
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	37,715,619	8,816,789	14,541,332	394,460	1,776,900
Revenues over (under) expenditures	4,115,635	(1,176,989)	283	(142,435)	(1,746,577)
Other financing sources (uses)					
Transfers in	4,479,862	1,519,046	-	116,824	1,182,122
Transfers out	(6,982,603)	-	-	-	(19,604)
Total other financing sources (uses)	(2,502,741)	1,519,046	-	116,824	1,162,518
Net change in fund balances	1,612,894	342,057	283	(25,611)	(584,059)
Fund balances, beginning of year	18,228,836	1,144,720	159,815	40,695	5,231,266
Fund balances, end of year	\$ 19,841,730	\$ 1,486,777	\$ 160,098	\$ 15,084	\$ 4,647,207

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 15,090,785	\$ 39,367,283
3,087,883	3,087,883
88,784	621,879
4,257,590	17,255,438
5,589,540	17,419,499
164,564	171,064
6,649,506	12,674,425
139,087	773,023
90,691	242,329
179,410	179,410
335,582	338,774
7,477,974	14,685,932
55,682	685,156
<u>43,207,078</u>	<u>107,502,095</u>
-	526,179
4,979,508	16,786,081
1,611,999	13,930,421
14,085,505	24,062,876
483,772	713,076
12,802,701	37,768,796
3,149,855	3,855,151
2,188,777	2,188,777
-	1,274,738
439,617	1,880,739
3,120,303	3,120,303
1,824,451	1,824,451
<u>44,686,488</u>	<u>107,931,588</u>
<u>(1,479,410)</u>	<u>(429,493)</u>
4,562,949	11,860,803
<u>(2,870,084)</u>	<u>(9,872,291)</u>
<u>1,692,865</u>	<u>1,988,512</u>
213,455	1,559,019
<u>13,320,018</u>	<u>38,125,350</u>
<u>\$ 13,533,473</u>	<u>\$ 39,684,369</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, 2017

Net change in fund balances - total governmental funds	\$ 1,559,019
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	1,452,727
Loss on disposal of capital assets	(49,709)
Depreciation expense	(1,425,411)
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 long-term receivables and unavailable property tax revenue	22,209
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	3,120,303
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.	
Change in accrued interest payable	26,224
Change in net pension liability and related deferred amounts	(3,718,358)
Change in net other postemployment benefit obligation	(3,064,381)
Change in accrued compensated absences	353,441
Internal service funds are used by management to charge the costs of certain activities to individual funds. Some of the net revenue (expense) attributable to those funds is reported with governmental activities.	
Operating income from governmental activities in internal service funds	605,828
Operating income from governmental activities in internal service funds charged to business-type activities	(2,350)
Investment income from governmental internal service funds	63,302
Loss on sale of capital assets in governmental internal service funds	(2,346)
Net interfund transfers - governmental internal service funds	<u>(52,163)</u>
Change in net position of governmental activities	<u>\$ (1,111,665)</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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 22,392,276	\$ 22,392,276	\$ 24,276,498	\$ 1,884,222
Licenses and permits	178,525	178,525	153,616	(24,909)
Federal grants	459,027	461,472	440,369	(21,103)
State grants	7,562,581	7,579,756	7,126,857	(452,899)
Local grants and contributions	6,500	6,500	6,500	-
Charges for services	4,698,466	4,746,993	5,138,084	391,091
Fines and forfeitures	715,400	715,400	633,936	(81,464)
Investment income	60,050	60,050	118,752	58,702
Reimbursements	3,784,846	3,784,846	3,853,301	68,455
Other revenue	11,501	11,501	83,341	71,840
Total revenues	39,869,172	39,937,319	41,831,254	1,893,935
Expenditures				
Current:				
Legislative - Board of Commissioners	542,259	542,259	526,179	(16,080)
Judicial:				
Circuit Court	3,559,606	3,559,106	3,294,873	(264,233)
District Court	3,959,741	3,959,741	3,808,236	(151,505)
Probate Court	973,082	973,082	957,894	(15,188)
Law Library	63,000	63,000	63,000	-
Family Division	2,740,441	2,788,441	2,657,264	(131,177)
Probation - Circuit Court	92,598	92,598	83,434	(9,164)
Probation - District Court	850,334	850,334	837,344	(12,990)
Assigned Counsel	104,738	104,738	104,228	(510)
Jury Commission	300	300	300	-
Total judicial	12,343,840	12,391,340	11,806,573	(584,767)
General government:				
Elections	99,400	99,900	62,976	(36,924)
Auditing	118,800	118,800	112,978	(5,822)
Corporate Counsel	181,600	149,795	117,475	(32,320)
County Clerk	1,393,790	1,393,776	1,370,150	(23,626)
Controller	1,448,061	1,509,061	1,396,282	(112,779)
Equalization	581,146	581,146	424,629	(156,517)
Prosecuting Attorney	3,082,685	3,082,685	2,970,778	(111,907)
Prosecuting Attorney - Welfare	681,928	681,928	662,010	(19,918)
Register of Deeds	532,018	532,002	523,796	(8,206)
County Treasurer	808,271	808,253	786,321	(21,932)
Maintenance	3,182,058	3,184,058	3,034,095	(149,963)
Maintenance - Telephone	88,000	88,000	78,810	(9,190)
Public Works Commissioner	424,638	424,638	400,114	(24,524)
Total general government	12,622,395	12,654,042	11,940,414	(713,628)

continued...

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
Sheriff	\$ 658,095	\$ 658,095	\$ 656,906	\$ (1,189)
Marine Law Enforcement	3,555	6,000	2,661	(3,339)
Sheriff - Jail Division	9,603,007	9,603,007	9,204,187	(398,820)
Corrections Reimbursement	114,425	114,425	113,617	(808)
Total public safety	10,379,082	10,381,527	9,977,371	(404,156)
Public works - Drains	197,500	229,305	229,304	(1)
Health and welfare:				
Medical Examiner	457,372	523,074	512,838	(10,236)
Veterans Burial	32,400	32,400	18,707	(13,693)
Contributions to other agencies	1,084,803	1,084,803	1,084,209	(594)
Total health and welfare	1,574,575	1,640,277	1,615,754	(24,523)
Community and economic development:				
Plat Board	300	348	348	-
Contributions to other agencies	310,777	310,777	310,488	(289)
Total community and economic development	311,077	311,125	310,836	(289)
Contributions to postemployment health benefits trust fund	202,141	202,141	1,274,738	1,072,597
Capital outlay	34,500	34,500	34,450	(50)
Total expenditures	38,207,369	38,386,516	37,715,619	(670,897)
Revenues over expenditures	1,661,803	1,550,803	4,115,635	2,564,832
Other financing sources (uses)				
Transfers in	4,479,862	4,479,862	4,479,862	-
Transfers out	(6,387,056)	(6,337,056)	(6,982,603)	645,547
Total other financing sources (uses)	(1,907,194)	(1,857,194)	(2,502,741)	645,547
Net change in fund balance	(245,391)	(306,391)	1,612,894	1,919,285
Fund balance, beginning of year	18,228,836	18,228,836	18,228,836	-
Fund balance, end of year	\$ 17,983,445	\$ 17,922,445	\$ 19,841,730	\$ 1,919,285

Concluded

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Health Department Special Revenue Fund
 For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 418,810	\$ 418,810	\$ 379,479	\$ (39,331)
Federal grants	300,000	300,000	1,643,336	1,343,336
State grants	3,828,469	3,877,148	2,522,701	(1,354,447)
Charges for services	1,130,211	1,130,211	886,835	(243,376)
Donations	11,650	11,650	3,192	(8,458)
Reimbursements	1,629,838	1,643,338	1,677,513	34,175
Other revenue	548,447	548,447	526,744	(21,703)
Total revenues	<u>7,867,425</u>	<u>7,929,604</u>	<u>7,639,800</u>	<u>(289,804)</u>
Expenditures				
Health and welfare	10,157,427	10,213,471	8,809,009	(1,404,462)
Capital outlay	-	8,000	7,780	(220)
Total expenditures	<u>10,157,427</u>	<u>10,221,471</u>	<u>8,816,789</u>	<u>(1,404,682)</u>
Revenues under expenditures	(2,290,002)	(2,291,867)	(1,176,989)	1,114,878
Other financing sources				
Transfers in	1,519,046	1,441,841	1,519,046	77,205
Net change in fund balance	<u>(770,956)</u>	<u>(850,026)</u>	<u>342,057</u>	<u>1,192,083</u>
Fund balance, beginning of year	1,144,720	1,144,720	1,144,720	-
Fund balance, end of year	<u>\$ 373,764</u>	<u>\$ 294,694</u>	<u>\$ 1,486,777</u>	<u>\$ 1,192,083</u>

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Michigan Works! Special Revenue Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 13,150,551	\$ 15,380,535	\$ 10,690,757	\$ (4,689,778)
State grants	1,717,873	3,212,267	2,171,446	(1,040,821)
Investment income	1,737	1,737	2,268	531
Donations	667,104	667,104	-	(667,104)
Reimbursements	1,704,328	1,909,828	1,677,144	(232,684)
Total revenues	17,241,593	21,171,471	14,541,615	(6,629,856)
Expenditures				
Health and welfare	17,241,593	21,171,471	14,541,332	(6,630,139)
Net change in fund balance	-	-	283	283
Fund balance, beginning of year	159,815	159,815	159,815	-
Fund balance, end of year	\$ 159,815	\$ 159,815	\$ 160,098	\$ 283

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, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Federal grants	\$ 654,307	\$ 654,307	\$ 223,386	\$ (430,921)
State grants	20,000	20,000	8,955	(11,045)
Investment income	600	600	295	(305)
Reimbursements	23,478	23,478	-	(23,478)
Other revenue	33,000	33,000	19,389	(13,611)
Total revenues	731,385	731,385	252,025	(479,360)
Expenditures				
Community and economic development	814,179	825,278	394,460	(430,818)
Revenues over (under) expenditures	(82,794)	(93,893)	(142,435)	(48,542)
Other financing sources				
Transfers in	69,547	67,747	116,824	49,077
Net change in fund balances	(13,247)	(26,146)	(25,611)	535
Fund balance, beginning of year	40,695	40,695	40,695	-
Fund balance, end of year	\$ 27,448	\$ 14,549	\$ 15,084	\$ 535

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Delinquent Tax Revolving	Building Authority Event Center	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and investment pool	\$ 11,341,802	\$ 2,012,982	\$ 2,219,786	\$ 15,574,570	\$ 11,021,992
Receivables, net:					
Taxes	13,407,112	39,850	-	13,446,962	-
Accounts	1,222,302	-	38,437	1,260,739	275,146
Interest and fees	2,992,894	1,213	6,279	3,000,386	35,155
Due from other funds	-	195,972	-	195,972	-
Due from other governmental units	20,465	-	27,599	48,064	15,794
Inventory	-	52,949	29,825	82,774	-
Prepays	-	14,753	4,090	18,843	31,729
Advances to other funds	315,000	-	-	315,000	-
Total current assets	<u>29,299,575</u>	<u>2,317,719</u>	<u>2,326,016</u>	<u>33,943,310</u>	<u>11,379,816</u>
Noncurrent assets:					
Capital assets not being depreciated	-	1,223,614	1,990,723	3,214,337	-
Capital assets being depreciated, net	5,987	16,956,246	2,100,603	19,062,836	348,299
Total noncurrent assets	<u>5,987</u>	<u>18,179,860</u>	<u>4,091,326</u>	<u>22,277,173</u>	<u>348,299</u>
Total assets	<u>29,305,562</u>	<u>20,497,579</u>	<u>6,417,342</u>	<u>56,220,483</u>	<u>11,728,115</u>
Liabilities					
Current liabilities:					
Accounts payable	54,869	571,673	1,262,955	1,889,497	272,723
Accrued liabilities	7,171	134,969	3,602	145,742	1,679,037
Deposits payable	-	1,036,844	7,747	1,044,591	-
Due to other funds	-	56,354	61,030	117,384	9,244
Due to other governmental units	-	-	27,710	27,710	-
Unearned revenue	-	89,106	4,598	93,704	-
Current portion of bonds payable	-	130,000	-	130,000	-
Total current liabilities	<u>62,040</u>	<u>2,018,946</u>	<u>1,367,642</u>	<u>3,448,628</u>	<u>1,961,004</u>
Noncurrent liabilities:					
Advances from other funds	-	315,000	20,000	335,000	25,000
Due to Saginaw Hockey Club, LLC	-	1,041,000	-	1,041,000	-
Accrued compensated absences	-	-	6,683	6,683	45,195
Notes payable	17,381,000	-	-	17,381,000	-
Bonds payable, net of current portion	-	2,760,000	-	2,760,000	-
Net other postemployment benefit obligation	-	-	330,732	330,732	-
Total noncurrent liabilities	<u>17,381,000</u>	<u>4,116,000</u>	<u>357,415</u>	<u>21,854,415</u>	<u>70,195</u>
Total liabilities	<u>17,443,040</u>	<u>6,134,946</u>	<u>1,725,057</u>	<u>25,303,043</u>	<u>2,031,199</u>
Net position					
Net investment in capital assets	5,987	14,248,860	4,091,326	18,346,173	348,299
Unrestricted	11,856,535	113,773	600,959	12,571,267	9,348,617
Total net position	<u>\$ 11,862,522</u>	<u>\$ 14,362,633</u>	<u>\$ 4,692,285</u>	<u>30,917,440</u>	<u>\$ 9,696,916</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				64,401	
Net position of business-type activities				<u>\$ 30,981,841</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, 2017

	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	\$ 647,810	\$ 2,809,800	\$ 2,126,969	\$ 5,584,579	\$ 236,523
Interest income	1,424,949	-	674,926	2,099,875	-
Fines and forfeitures	-	-	18,350	18,350	-
Rental revenue	-	-	104,172	104,172	382,965
Reimbursements	-	-	22,454	22,454	15,168,159
Other revenue	1,283,302	454,954	63,906	1,802,162	145,077
Total operating revenues	3,356,061	3,264,754	3,010,777	9,631,592	15,932,724
Operating expenses					
Personal services	-	1,431,086	158,973	1,590,059	822,068
Fringe benefits	-	-	139,148	139,148	11,288,574
Supplies	49,461	370,175	379,303	798,939	228,265
Services and charges	646,155	2,296,329	2,100,476	5,042,960	2,876,126
Other	-	-	-	-	33,351
Depreciation	2,874	795,192	154,316	952,382	78,512
Total operating expenses	698,490	4,892,782	2,932,216	8,523,488	15,326,896
Operating income (loss)	2,657,571	(1,628,028)	78,561	1,108,104	605,828
Nonoperating revenues (expenses)					
Property taxes	-	1,107,414	-	1,107,414	-
Investment income	136,233	2,175	166,515	304,923	63,302
Interest expense and fiscal charges	(403,794)	(71,505)	-	(475,299)	-
Loss on disposal of capital assets	-	-	-	-	(2,346)
Total nonoperating revenues (expenses)	(267,561)	1,038,084	166,515	937,038	60,956
Income before capital contributions and transfers	2,390,010	(589,944)	245,076	2,045,142	666,784
Capital contributions:					
Federal grants	-	-	582,434	582,434	-
State grants	-	21,160	32,357	53,517	-
Local grants	-	424,243	-	424,243	-
Transfers in	-	-	4,500	4,500	-
Transfers out	(1,600,000)	(4,500)	(336,349)	(1,940,849)	(52,163)
Change in net position	790,010	(149,041)	528,018	1,168,987	614,621
Net position, beginning of year	11,072,512	14,511,674	4,164,267		9,082,295
Net position, end of year	<u>\$ 11,862,522</u>	<u>\$ 14,362,633</u>	<u>\$ 4,692,285</u>		<u>\$ 9,696,916</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,350	
Change in net position of business-type activities				<u>\$ 1,171,337</u>	

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended September 30, 2017

	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	\$ 2,133,675	\$ 3,587,684	\$ 3,016,440	\$ 8,737,799	\$ -
Receipts from interfund services provided	-	-	-	-	16,253,614
Payments to employees	-	(1,410,406)	(280,081)	(1,690,487)	(1,378,920)
Payments to suppliers	(962,341)	(2,217,173)	(1,992,960)	(5,172,474)	(13,603,698)
Net cash provided by (used in) operating activities	1,171,334	(39,895)	743,399	1,874,838	1,270,996
Cash flows from noncapital financing activities					
Property tax collections	-	1,105,744	-	1,105,744	-
Transfers in	-	-	4,500	4,500	-
Transfers out	(1,600,000)	(4,500)	(336,349)	(1,940,849)	(52,163)
Proceeds from issuance of long-term debt	11,645,000	-	-	11,645,000	-
Principal paid on long-term debt	(14,894,000)	-	-	(14,894,000)	-
Interest paid on long-term debt	(403,794)	-	-	(403,794)	-
Net cash provided by (used in) noncapital financing activities	(5,252,794)	1,101,244	(331,849)	(4,483,399)	(52,163)
Cash flows from capital and related financing activities					
Receipts from capital contributions	-	445,403	614,791	1,060,194	-
Advance from other funds	-	315,000	-	315,000	-
Principal paid on long-term debt	-	(115,000)	-	(115,000)	-
Interest paid on long-term debt	-	(72,463)	-	(72,463)	-
Payments for capital asset acquisition	-	(794,638)	(687,149)	(1,481,787)	(137,973)
Net cash provided by (used in) capital and related financing activities	-	(221,698)	(72,358)	(294,056)	(137,973)
Cash flows from investing activities					
Investment income received	136,233	3,066	166,523	305,822	61,662
Net change in cash and investment pool	(3,945,227)	842,717	505,715	(2,596,795)	1,142,522
Cash and investment pool:					
Beginning of year	15,287,029	1,170,265	1,714,071	18,171,365	9,879,470
End of year	\$ 11,341,802	\$ 2,012,982	\$ 2,219,786	\$ 15,574,570	\$ 11,021,992

continued...

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended September 30, 2017

	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)	\$ 2,657,571	\$ (1,628,028)	\$ 78,561	\$ 1,108,104	\$ 605,828
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,874	795,192	154,316	952,382	78,512
Changes in operating assets and liabilities that provided (used) cash:					
Receivables, net	(1,236,213)	70,884	55,086	(1,110,243)	328,490
Due from other funds	-	(195,972)	6,075	(189,897)	8,058
Due from other governmental units	13,827	-	(27,599)	(13,772)	(15,794)
Inventory	(315,000)	11,306	2,695	(300,999)	-
Prepays	-	(14,753)	3,196	(11,557)	(11,680)
Accounts payable	43,409	392,551	400,312	836,272	136,801
Accrued liabilities	4,866	24,553	174	29,593	149,014
Deposits payable	-	460,710	(27,143)	433,567	-
Due to other funds	-	56,354	52,906	109,260	(3,107)
Due to other governmental units	-	-	27,710	27,710	-
Unearned revenue	-	(12,692)	(756)	(13,448)	-
Accrued compensated absences	-	-	609	609	(5,126)
Net OPEB obligation	-	-	17,257	17,257	-
Net cash provided by (used in) operating activities	\$ 1,171,334	\$ (39,895)	\$ 743,399	\$ 1,874,838	\$ 1,270,996
					Concluded
Noncash transaction:					
Building improvements purchased with a long-term obligation	\$ -	\$ 417,558	\$ -	\$ 417,558	\$ -

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

COUNTY OF SAGINAW, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2017

	Post- employment Health Benefits Trust Fund	Agency Funds
Assets		
Current assets:		
Cash and investment pool	\$ 943,268	\$ 11,687,306
Investments, at fair value - mutual funds	17,851,465	-
Receivables (net):		
Taxes	-	39,152
Accounts	1,335,303	964,828
Accrued interest	5,973	6,503
Due from other governmental units	-	139,974
Prepays	175,863	-
Total assets (all current)	<u>20,311,872</u>	<u>\$ 12,837,763</u>
Liabilities		
Current liabilities:		
Accounts payable	5,875	\$ 558,630
Accrued liabilities	432,672	-
Deposits payable	-	1,426,027
Due to other governmental units	-	10,853,106
Total liabilities (all current)	<u>438,547</u>	<u>\$ 12,837,763</u>
Net position restricted for:		
Other postemployment benefits	<u>\$ 19,873,325</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, 2017

Additions	
Contributions:	
Employer	<u>\$ 8,331,754</u>
Investment earnings:	
Net appreciation in fair value of investments	779,415
Interest and dividends	<u>947,312</u>
Net investment earnings	<u>1,726,727</u>
Total additions	<u>10,058,481</u>
Deductions	
Participant benefits	7,347,208
Administrative expenses	<u>160,297</u>
Total deductions	<u>7,507,505</u>
Change in net position	2,550,976
Net position, beginning of year	<u>17,322,349</u>
Net position, end of year	<u>\$ 19,873,325</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, 2017

	Road Commission	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Assets				
Cash and investment pool	\$ 231,093	\$ 1,326,982	\$ 401,269	\$ 5,734,076
Investments	5,597,225	-	-	-
Receivables, net	3,333,772	4,989	10,869,584	9,727,527
Inventory	396,950	-	-	-
Prepays	610,282	-	-	-
Capital assets:				
Assets not being depreciated	39,708,858	-	-	3,658,265
Assets being depreciated, net	124,646,563	-	26,731	41,224,557
Total assets	174,524,743	1,331,971	11,297,584	60,344,425
Deferred outflows of resources				
Deferred pension amounts	1,789,781	-	-	-
Liabilities				
Accounts payable and accrued liabilities	596,985	430	153,647	555,350
Unearned revenue	-	-	-	-
Advances from primary government	-	-	-	400,000
Long-term liabilities:				
Due within one year	517,644	15,564	487,000	2,065,229
Due in more than one year	1,995,681	-	10,231,000	8,934,971
Net pension liability	10,446,719	-	-	-
Net other postemployment benefit obligation	8,148,748	-	-	-
Total liabilities	21,705,777	15,994	10,871,647	11,955,550
Deferred inflows of resources				
Deferred pension amounts	124,155	-	-	-
Net position				
Net investment in capital assets	162,467,011	-	26,731	33,882,622
Restricted for:				
Debt service	-	-	282,669	10,673,251
Acquisition/construction of capital assets	-	-	-	3,833,002
Unrestricted (deficit)	(7,982,419)	1,315,977	116,537	-
Total net position	\$ 154,484,592	\$ 1,315,977	\$ 425,937	\$ 48,388,875

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

Economic Development Corporation	Land Bank Authority	Total
\$ 97,455	\$ 1,291,719	\$ 9,082,594
-	-	5,597,225
-	2,175,922	26,111,794
-	1,229,100	1,626,050
-	-	610,282
-	-	43,367,123
-	-	165,897,851
<u>97,455</u>	<u>4,696,741</u>	<u>252,292,919</u>
-	-	1,789,781
2,286	170,531	1,479,229
-	7,317	7,317
-	-	400,000
-	-	3,085,437
-	-	21,161,652
-	-	10,446,719
-	-	8,148,748
<u>2,286</u>	<u>177,848</u>	<u>44,729,102</u>
-	-	124,155
-	-	196,376,364
-	-	10,955,920
-	-	3,833,002
95,169	4,518,893	(1,935,843)
<u>\$ 95,169</u>	<u>\$ 4,518,893</u>	<u>\$ 209,229,443</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2017

	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Road Commission					
Governmental activities:					
Highways and streets	\$ 24,874,946	\$ 78,648	\$ 22,398,140	\$ -	\$ (2,398,158)
Brownfield Redevelopment Authority					
Governmental Activities:					
Community and economic development	5,353	-	15,914	-	10,561
Department of Public Works					
Governmental Activities:					
Public works	72,577	101,664	-	466,433	495,520
Interest on long-term debt	385,222	-	-	-	(385,222)
Total Department of Public Works	457,799	101,664	-	466,433	110,298
Drain Commission					
Governmental Activities:					
Public works	3,338,990	-	357,042	4,015,122	1,033,174
Interest on long-term debt	301,897	-	-	-	(301,897)
Total Drain Commission	3,640,887	-	357,042	4,015,122	731,277
Economic Development Corporation					
Business-type Activities:					
Community and economic development	6,610	28,630	-	-	22,020
Land Bank Authority					
Business-type Activities:					
Community and economic development	2,600,181	-	2,982,347	842,888	1,225,054
Total component units	\$ 31,585,776	\$ 208,942	\$ 25,753,443	\$ 5,324,443	\$ (298,948)

continued...

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

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Activities

Component Units

For the Year Ended September 30, 2017

	Road Commission	Brownfield Redevelopment Authority	Department of Public Works	Drain Commission
Change in net position				
Net (expense) revenue	\$ (2,398,158)	\$ 10,561	\$ 110,298	\$ 731,277
General revenues:				
Property taxes	-	402	-	-
Investment income - interest earned	86,313	8,929	448	33,645
Total general revenues	86,313	9,331	448	33,645
Change in net position	(2,311,845)	19,892	110,746	764,922
Net position, beginning of year	156,796,437	1,296,085	315,191	47,623,953
Net position, end of year	<u>\$ 154,484,592</u>	<u>\$ 1,315,977</u>	<u>\$ 425,937</u>	<u>\$ 48,388,875</u>

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

Economic Development Corporation	Land Bank Authority	Total
\$ 22,020	\$ 1,225,054	\$ (298,948)
-	-	402
<u>1</u>	<u>11,256</u>	<u>140,592</u>
1	11,256	140,994
22,021	1,236,310	(157,954)
<u>73,148</u>	<u>3,282,583</u>	<u>209,387,397</u>
<u>\$ 95,169</u>	<u>\$ 4,518,893</u>	<u>\$ 209,229,443</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, 2016 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 *Health Department Fund* (special revenue) accounts for the grant revenues and the related operations of the Saginaw County Department of Public Health.

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 *Public Improvement Fund* (capital project) 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.

The government reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and, as such, will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources in the proprietary fund and government-wide statements for deferred losses on advance bond refundings. The County reports deferred outflows of resources related to the net pension liability.

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, 2017, 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 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 loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the County sometimes reports deferred inflows of resources in its full-accrual statements related to the net pension liability.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Fund balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The County Controller has been given the authority to assign fund balances. Unassigned fund balance is the residual classification for the General Fund.

The Board of Commissioners has established a Fund Balance Policy within the Saginaw County Policy Book which establishes an Employee Payroll Reserve and a Budget Stabilization Reserve in the General Fund. The policy authorizes earmarking a minimum of fifty percent of the most current Board approved General Fund budget for property tax collections for the Employee Payroll Reserve and a minimum of five percent of the most current Board approved General Fund budget for the Budget Stabilization Reserve. At year end, the County had \$11,418,261 assigned for the Employee Payroll Reserve and an additional amount of \$7,214,469 set aside within unassigned fund balance for the Budget Stabilization Reserve.

Interfund transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services and to service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Internal service funds record charges for services to all County departments and funds as operating revenue. All affected County funds record these payments to the internal service funds as operating expenditures or expenses.

Pensions

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Use of Estimates

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

2. BUDGETARY INFORMATION

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

- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Annual Informational Budget Summaries are prepared for enterprise funds and internal service funds.
- The County Controller is authorized to transfer budgeted amounts from one category to another within an activity and between activities within the same fund in an amount up to \$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’s adopted a policy to establish the manner in which a surplus fund balance in the General Fund is distributed among the County funds. This policy requires that General Fund budgeted surplus be transferred as follows: one-third (1/3) of any such surplus to the Public Improvement Special Revenue Fund; one-third (1/3) distributed to the OPEB fund (reported as contributions to postemployment health benefits trust fund, in the General Fund), and; the remaining one-third (1/3) to be distributed to the General Fund 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, 2017, 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:			
Contributions to postemployment health benefits trust fund	\$ 202,141	\$ 1,274,738	\$ 1,072,597
Transfers out	6,337,056	6,982,603	645,547

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

3. DEFICIT EQUITY

Governmental activities reported a deficit in unrestricted net position in the amount of \$58,947,028 at September 30, 2017, which was mainly the result of the net pension liability and other postemployment obligation. Total net position amounted to a deficit of \$32,266,905.

The Parking System enterprise fund reported a deficit unrestricted net position in the amount of \$8,032 at September 30, 2017. Total net position (which includes net investment in capital assets of \$53,949) was \$45,917.

4. DEPOSITS AND INVESTMENTS

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

Statutes authorize the County to invest in the following:

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

- Mutual Funds registered under Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-3 and 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. The Mutual Fund must be limited to securities whose intention is to maintain a net asset value of \$1 per share. Only the interest rate will differ from day to day.

A reconciliation of cash, pooled investments and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and investment pool	\$ 61,749,231	\$ 14,679,819	\$ 76,429,050
Statement of Net Position - Fiduciary Funds			
Postemployment Health Benefits Trust Fund:			
Cash and investment pool	943,268	-	943,268
Investments	17,851,465	-	17,851,465
Agency Funds:			
Cash and investment pool	11,687,306	-	11,687,306
Total	\$ 92,231,270	\$ 14,679,819	\$ 106,911,089

Deposits and Investments

Bank deposits:			
Checking and savings accounts			\$ 47,879,035
Certificates of deposit:			
Due within one year			10,081,553
Due in one to five years			4,852,108
Investments:			
Primary government			26,969,718
Fiduciary funds			17,851,465
Cash on hand			38,159
Timing difference for funds with different fiscal year ends			(760,949)
Total			\$ 106,911,089

	Carrying Amount (Fair Value)	No Maturity	Maturity Less than 1 Year	Maturity 1-5 Years	Maturity 5-10 Years
Investments - primary government					
Michigan Class					
investment pool	\$ 1,348,008	\$ -	\$ 1,348,008	\$ -	\$ -
Municipal bonds	17,460,366	-	3,000,978	11,611,103	2,848,285
U.S. government bonds	6,074,339	-	1,996,860	3,184,296	-
Fixed income	2,045,095	-	2,045,095	-	-
Mutual funds	17,851,465	17,851,465	-	-	-
Money market	41,910	41,910	-	-	-
Total	\$ 44,821,183	\$ 17,893,375	\$ 8,390,941	\$ 14,795,399	\$ 2,848,285

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COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

	Maturity 10-15 Years	Maturity 15-20 Years
Investments - primary government		
Michigan Class		
investment pool	\$ -	\$ -
Municipal bonds	-	-
U.S. government		
bonds	192,108	701,075
Fixed income	-	-
Mutual funds	-	-
Money market	-	-
	<hr/>	<hr/>
Total	<u>\$ 192,108</u>	<u>\$ 701,075</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 - primary government	
AA+	\$ 10,400,757
AA	5,233,811
AA-	5,587,909
A+	2,147,198
Not rated	<u>21,451,508</u>
Total	<u>\$ 44,821,183</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, \$58,993,114 of the County's bank balance of \$68,748,355 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, 2017, 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	\$ -	\$ 17,460,365	\$ -	\$ 17,460,365
U.S. government	-	6,074,339	-	6,074,339
Fixed income	-	2,045,096	-	2,045,096
Michigan Class investment pool	-	1,348,008	-	1,348,008
Mutual funds	17,851,465	-	-	17,851,465
	<u>\$ 17,851,465</u>	<u>\$ 26,927,808</u>	<u>\$ -</u>	<u>\$ 44,779,273</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, government bonds, Michigan Class investment pool and fixed income 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

5. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Property taxes	\$ 5,942,466	\$ 13,446,962	\$ -
Special assessments:			
Due within one year	-	-	993,026
Due in more than one year	-	-	9,000,336
Accounts receivable	3,543,683	1,260,739	1,942,254
Loans:			
Due within one year	64,535	-	-
Due in more than one year	2,310,054	-	-
Interest, net	159,865	3,000,386	11,509
Due from other governmental units:			
Due within one year	5,256,979	48,064	499,460
Due in more than one year	-	-	13,665,209
Total receivables, net	<u>\$ 17,277,582</u>	<u>\$ 17,756,151</u>	<u>\$ 26,111,794</u>

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

6. CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 3,549,807	\$ 104,900	\$ -	\$ -	\$ 3,654,707
Construction in progress	418,343	487,437	-	(418,343)	487,437
	<u>3,968,150</u>	<u>592,337</u>	<u>-</u>	<u>(418,343)</u>	<u>4,142,144</u>
Capital assets being depreciated:					
Land improvements	8,684,351	5,199	-	418,343	9,107,893
Building and improvements	28,383,809	256,297	(15,096)	-	28,625,010
Machinery and equipment	6,902,018	438,243	(58,822)	-	7,281,439
Office furniture & fixtures	651,103	-	-	-	651,103
Vehicles	2,955,030	298,624	(319,032)	-	2,934,622
	<u>47,576,311</u>	<u>998,363</u>	<u>(392,950)</u>	<u>418,343</u>	<u>48,600,067</u>
Less accumulated depreciation:					
Land improvements	(3,574,542)	(251,018)	-	-	(3,825,560)
Buildings and improvements	(18,002,589)	(586,105)	5,938	-	(18,582,756)
Machinery and equipment	(5,533,397)	(316,989)	54,841	-	(5,795,545)
Office furniture & fixtures	(184,110)	(71,419)	-	-	(255,529)
Vehicles	(2,352,070)	(278,392)	280,116	-	(2,350,346)
	<u>(29,646,708)</u>	<u>(1,503,923)</u>	<u>340,895</u>	<u>-</u>	<u>(30,809,736)</u>
Total capital assets being depreciated, net	<u>17,929,603</u>	<u>(505,560)</u>	<u>(52,055)</u>	<u>418,343</u>	<u>17,790,331</u>
Governmental activities capital assets, net	<u>\$ 21,897,753</u>	<u>\$ 86,777</u>	<u>\$ (52,055)</u>	<u>\$ -</u>	<u>\$ 21,932,475</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 2,258,248	\$ -	\$ -	\$ -	\$ 2,258,248
Air rights	117,761	-	-	-	117,761
Construction in progress	191,179	647,149	-	-	838,328
	<u>2,567,188</u>	<u>647,149</u>	<u>-</u>	<u>-</u>	<u>3,214,337</u>
Capital assets being depreciated:					
Land improvements	4,183,745	-	-	-	4,183,745
Buildings and improvements	18,408,935	1,212,196	-	-	19,621,131
Machinery and equipment	1,160,038	-	-	-	1,160,038
Office furniture & fixtures	61,201	-	-	-	61,201
Planning and development	9,146,036	40,000	-	-	9,186,036
Vehicles	125,318	-	-	-	125,318
	<u>33,085,273</u>	<u>1,252,196</u>	<u>-</u>	<u>-</u>	<u>34,337,469</u>
Less accumulated depreciation:					
Land improvements	(837,376)	(251,627)	-	-	(1,089,003)
Buildings and improvements	(5,002,846)	(502,008)	-	-	(5,504,854)
Machinery and equipment	(772,693)	(60,519)	-	-	(833,212)
Office furniture & fixtures	(34,718)	(700)	-	-	(35,418)
Planning and development	(7,562,752)	(135,386)	-	-	(7,698,138)
Vehicles	(111,866)	(2,142)	-	-	(114,008)
	<u>(14,322,251)</u>	<u>(952,382)</u>	<u>-</u>	<u>-</u>	<u>(15,274,633)</u>
Total capital assets being depreciated, net	<u>18,763,022</u>	<u>299,814</u>	<u>-</u>	<u>-</u>	<u>19,062,836</u>
Business-type activities capital assets, net	<u>\$ 21,330,210</u>	<u>\$ 946,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,277,173</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	\$ 80,990
General government	464,420
Public safety	283,763
Public works	84,938
Health and welfare	329,153
Recreation and culture	182,147
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	78,512
	\$ 1,503,923
 Business-type activities	
Building Authority Event Center	\$ 795,192
Harry W. Browne Airport	151,944
Parking system	2,372
Delinquent tax revolving fund	2,874
	\$ 952,382

Discretely presented component units

Department of Public Works capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets being depreciated:					
Vehicles	\$ 34,021	\$ -	\$ -	\$ -	\$ 34,021
Less accumulated depreciation:					
Vehicles	(2,439)	(4,851)	-	-	(7,290)
	\$ 31,582	\$ (4,851)	\$ -	\$ -	\$ 26,731

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Road Commission capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and improvements, infrastructure	\$ 39,150,223	\$ -	\$ -	\$ -	\$ 39,150,223
Land	558,635	-	-	-	558,635
	<u>39,708,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,708,858</u>
Capital assets being depreciated:					
Land improvements	460,211	-	-	-	460,211
Depletable assets	35,013	-	-	-	35,013
Buildings and improvements	2,544,090	544,034	-	-	3,088,124
Office furniture & fixtures	479,934	29,435	(871)	-	508,498
Infrastructure	285,060,085	10,507,513	-	-	295,567,598
Equipment	16,801,113	1,236,188	(450,881)	-	17,586,420
	<u>305,380,446</u>	<u>12,317,170</u>	<u>(451,752)</u>	<u>-</u>	<u>317,245,864</u>
Less accumulated depreciation:					
Land improvements	(434,047)	(4,981)	-	-	(439,028)
Depletable assets	(3,914)	-	-	-	(3,914)
Buildings and improvements	(2,040,421)	(62,793)	-	-	(2,103,214)
Office furniture & fixtures	(454,182)	(31,163)	871	-	(484,474)
Infrastructure	(165,151,376)	(8,809,228)	-	-	(173,960,604)
Equipment	(15,251,851)	(806,173)	449,957	-	(15,608,067)
	<u>(183,335,791)</u>	<u>(9,714,338)</u>	<u>450,828</u>	<u>-</u>	<u>(192,599,301)</u>
Total capital assets being depreciated, net	<u>122,044,655</u>	<u>2,602,832</u>	<u>(924)</u>	<u>-</u>	<u>124,646,563</u>
Road Commission capital assets, net	<u>\$ 161,753,513</u>	<u>\$ 2,602,832</u>	<u>\$ (924)</u>	<u>\$ -</u>	<u>\$ 164,355,421</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Drain Commission capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Construction in progress	\$ 9,928,464	\$ 2,321,225	\$ -	\$ (8,591,424)	\$ 3,658,265
Capital assets being depreciated:					
Infrastructure	62,358,699	991,259	-	8,591,424	71,941,382
Equipment	424,171	-	-	-	424,171
Vehicles	45,460	37,347	-	-	82,807
	<u>62,828,330</u>	<u>1,028,606</u>	<u>-</u>	<u>8,591,424</u>	<u>72,448,360</u>
Less accumulated depreciation:					
Infrastructure	(29,723,154)	(1,378,232)	-	-	(31,101,386)
Equipment	(60,845)	(38,972)	-	-	(99,817)
Vehicles	(14,239)	(8,361)	-	-	(22,600)
	<u>(29,798,238)</u>	<u>(1,425,565)</u>	<u>-</u>	<u>-</u>	<u>(31,223,803)</u>
Total capital assets being depreciated, net	<u>33,030,092</u>	<u>(396,959)</u>	<u>-</u>	<u>8,591,424</u>	<u>41,224,557</u>
Drain Commission capital assets, net	<u>\$ 42,958,556</u>	<u>\$ 1,924,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,882,822</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 7,252,808	\$ 1,889,497	\$ 1,218,861
Accrued liabilities	3,281,599	145,742	260,368
Due to other government units	383,659	27,710	-
Deposits payable	38,856	1,044,591	-
Total accounts payable and accrued liabilities	<u>\$ 10,956,922</u>	<u>\$ 3,107,540</u>	<u>\$ 1,479,229</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

8. 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	\$ 1,233,972	\$ 1,184,864
Health Department	134,292	-
Planning Commission	47,277	138,379
Public Improvement	1,132,122	195,972
Nonmajor governmental funds	139,109	1,236,901
Building Authority Event Center	195,972	56,354
Nonmajor enterprise funds	-	61,030
Internal service funds	-	9,244
	<u>\$ 2,882,744</u>	<u>\$ 2,882,744</u>

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

Advances to/from other funds:

	Advance From	Advance To
General	\$ 45,000	\$ -
Delinquent Tax Revolving	315,000	-
Building Authority Event Center	-	315,000
Nonmajor enterprise funds	-	20,000
Internal service funds	-	25,000
	<u>\$ 360,000</u>	<u>\$ 360,000</u>
Total	<u>\$ 360,000</u>	<u>\$ 360,000</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.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

For the year ended September 30, 2017, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General	\$ 4,479,862	\$ 6,982,603
Health Department	1,519,046	-
Planning Commission	116,824	-
Public Improvement	1,182,122	19,604
Nonmajor governmental funds	4,562,949	2,870,084
Delinquent Tax Revolving	-	1,600,000
Building Authority Event Center	-	4,500
Nonmajor enterprise funds	4,500	336,349
Internal service funds	-	52,163
	<u>\$ 11,865,303</u>	<u>\$ 11,865,303</u>

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

9. LONG-TERM DEBT

Changes in Long-term Debt

Long-term debt activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Primary Government					
Governmental activities:					
General obligation bonds:					
2013 pension bonds	\$ 43,415,000	\$ -	\$ (2,985,000)	\$ 40,430,000	\$ 3,040,000
2010 Capital Improvement bonds	1,382,132	-	(135,303)	1,246,829	137,599
	<u>44,797,132</u>	<u>-</u>	<u>(3,120,303)</u>	<u>41,676,829</u>	<u>3,177,599</u>
Compensated absences	1,708,393	1,193,859	(1,552,426)	1,349,826	1,304,631
	<u>\$ 46,505,525</u>	<u>\$ 1,193,859</u>	<u>\$ (4,672,729)</u>	<u>\$ 43,026,655</u>	<u>\$ 4,482,230</u>
Business-type activities:					
Delinquent tax notes	\$ 20,630,000	\$ 11,645,000	\$ (14,894,000)	\$ 17,381,000	\$ -
General obligation bonds	3,005,000	-	(115,000)	2,890,000	130,000
	<u>23,635,000</u>	<u>11,645,000</u>	<u>(15,009,000)</u>	<u>20,271,000</u>	<u>130,000</u>
Compensated absences	6,074	6,894	(6,285)	6,683	-
	<u>\$ 23,641,074</u>	<u>\$ 11,651,894</u>	<u>\$ (15,015,285)</u>	<u>\$ 20,277,683</u>	<u>\$ 130,000</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Component Units					
Road Commission:					
Michigan Transportation Note	\$ 2,000,000	\$ -	\$ (400,000)	\$ 1,600,000	\$ 400,000
Equipment lease	400,599	-	(112,189)	288,410	117,644
	<u>2,400,599</u>	<u>-</u>	<u>(512,189)</u>	<u>1,888,410</u>	<u>517,644</u>
Compensated absences	580,492	63,214	(18,791)	624,915	-
	<u>\$ 2,981,091</u>	<u>\$ 63,214</u>	<u>\$ (530,980)</u>	<u>\$ 2,513,325</u>	<u>\$ 517,644</u>
Brownfield Redevelopment Authority:					
Loans from State of Michigan	\$ 30,785	\$ -	\$ (15,221)	\$ 15,564	\$ 15,564
	<u>\$ 30,785</u>	<u>\$ -</u>	<u>\$ (15,221)</u>	<u>\$ 15,564</u>	<u>\$ 15,564</u>
Department of Public Works:					
General obligation bonds	\$ 11,498,000	\$ -	\$ (780,000)	\$ 10,718,000	\$ 487,000
	<u>\$ 11,498,000</u>	<u>\$ -</u>	<u>\$ (780,000)</u>	<u>\$ 10,718,000</u>	<u>\$ 487,000</u>
Drain Commission:					
General obligation bonds and notes	\$ 10,509,066	\$ 1,346,199	\$ (855,065)	\$ 11,000,200	\$ 2,065,229
	<u>\$ 10,509,066</u>	<u>\$ 1,346,199</u>	<u>\$ (855,065)</u>	<u>\$ 11,000,200</u>	<u>\$ 2,065,229</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end, \$45,195 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

Primary Government

General obligation bonds and notes payable are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 20-year serial bonds with varying amounts of principal maturing each year. Delinquent tax notes payable are 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%	\$ 41,676,829
Business-type activities	1.88 - 2.00%	<u>20,271,000</u>
Total primary government		<u>\$ 61,947,829</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 3,177,599	1,810,772	\$ 130,000	\$ 265,147
2019	3,254,934	1,728,650	8,390,000	262,547
2020	3,352,309	1,625,874	9,326,000	165,165
2021	3,469,724	1,502,739	175,000	48,500
2022	3,602,180	1,363,709	175,000	47,813
2023-2027	20,270,083	4,231,703	955,000	197,929
2028-2032	4,550,000	230,685	1,120,000	91,095
Total	\$ 41,676,829	\$ 12,494,132	\$ 20,271,000	\$ 1,078,196

The County is party to an agreement with HealthSource Saginaw ("HealthSource"), a non-profit organization 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 \$24,355,000. Because the County only provides a guarantee related to these bonds, there is no related liability recorded in these financial statements.

Component Units

Road Commission

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

Year Ending December 31,	Principal	Interest
2017	\$ 517,644	\$ 42,084
2018	521,305	29,438
2019	449,461	19,143
2020	400,000	8,800
Total	\$ 1,888,410	\$ 99,465

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority has outstanding balances from the State of Michigan, Department of Environmental Quality Revitalization. The monies were used for the renovations and construction expenditures related to the KBC (Sahasa) Realty project. The loan will be repaid in annual installments beginning in December 2007 and ending in December 2017 with an interest rate of 2.25%. Final payment of \$15,564 will be due in December 2017.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Department of Public Works

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

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and authorities. The bonds are issued as 8 to 40-year serial bonds with varying amounts of principal maturing each year through November 2050 and bear interest at varying rates from 2.50% to 5.90%.

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

Year Ending September 30,	Principal	Interest
2018	\$ 487,000	\$ 380,167
2019	644,000	364,316
2020	516,000	345,750
2021	358,000	328,620
2022	365,000	314,745
2023-2027	1,858,000	1,348,916
2028-2032	1,841,000	1,009,625
2033-2037	1,959,000	682,904
2038-2042	1,607,000	336,682
2043-2047	761,000	126,791
2048-2051	322,000	18,420
Total	\$ 10,718,000	\$ 5,256,936

Drain Commission

General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year and bear interest rates varying from 1.00% to 5.00%.

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

Year Ending September 30,	Principal	Interest
2018	\$ 2,065,229	\$ 282,383
2019	866,229	248,219
2020	872,879	226,946
2021	747,878	204,964
2022	747,878	187,358
2023-2027	3,295,107	660,256
2028-2032	1,540,000	301,240
2033-2037	865,000	63,994
Total	\$ 11,000,200	\$ 2,175,360

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

10. DEFINED BENEFIT PENSION PLANS

Primary Government

General Information About the Plan

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

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

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

Inactive employees or beneficiaries currently receiving benefits	569
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>47</u>
 Total membership	 <u><u>665</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 2017, the actuarially determined monthly employer contributions ranged from \$0 to \$19,519 for all divisions.

Net Pension Liability. The County's net pension liability was measured as of December 31, 2016, 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, 2016 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, 2016 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	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.51%
Diversifying strategies	10.00%	6.56%	0.66%
	<u>100.00%</u>		
Inflation			3.25%
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, 2016 was 8.00% (down from 8.25% in 2015). 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, 2015	\$ 145,954,971	\$ 117,989,187	\$ 27,965,784
Changes for the year:			
Service cost	343,667	-	343,667
Interest	11,214,831	-	11,214,831
Difference between expected and actual experience	(125,333)	-	(125,333)
Changes in assumptions	-	-	-
Employer contributions	-	401,184	(401,184)
Employee contributions	-	61,122	(61,122)
Net investment income (loss)	-	12,879,155	(12,879,155)
Benefit payments, including refunds of employee contributions	(11,882,834)	(11,882,834)	-
Administrative expense	-	(254,838)	254,838
Other changes	3	-	3
Net changes	<u>(449,666)</u>	<u>1,203,789</u>	<u>(1,653,455)</u>
Balances at December 31, 2016	<u>\$ 145,505,305</u>	<u>\$ 119,192,976</u>	<u>\$ 26,312,329</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	\$ 39,776,875	\$ 26,312,329	\$ 14,759,944

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, 2017, the County recognized pension expense of \$4,419,818. 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	\$ 4,407,496
Contributions subsequent to the measurement date	<u>526,095</u>
Total	<u>\$ 4,933,591</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, 2018. Other amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2018	\$ 1,765,054
2019	1,765,056
2020	1,658,793
2021	<u>(781,407)</u>
Total	<u>\$ 4,407,496</u>

Payable to the Pension Plan. At September 30, 2016, the County had \$58,455 in outstanding required contributions to report as payable to the pension plan for the year ended September 30, 2017.

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, 2015, the date of the most recent actuarial valuation, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>62</u>
 Total membership	 <u><u>177</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, 2016, employer contributions ranged from 1.54% to 3.11% of annual payroll for open divisions. Closed divisions have a monthly employer contribution ranging from \$5,460 to \$24,776.

Net Pension Liability. The Commission's net pension liability was measured as of December 31, 2016, 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, 2016 using the December 31, 2015 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%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	57.50%	5.02%	2.89%
Global fixed income	20.00%	2.18%	0.44%
Real assets	12.50%	4.23%	0.51%
Diversifying strategies	<u>10.00%</u>	6.56%	0.66%
	<u>100.00%</u>		
Inflation			3.25%
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 2016 (down from 8.25% in 2015). 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, 2015	\$ 30,548,949	\$ 21,056,885	\$ 9,492,064
Changes for the year:			
Service cost	359,123	-	359,123
Interest	2,448,649	-	2,448,649
Employer contributions	-	698,887	(698,887)
Employee contributions	-	179,168	(179,168)
Net investment income	-	2,340,797	(2,340,797)
Benefit payments, including refunds of employee contributions	(2,095,826)	(2,095,826)	-
Benefit changes	(186,232)	-	(186,232)
Experience changes	1,584,059	-	1,584,059
Administrative expense	-	(46,263)	46,263
Other changes	(78,355)	-	(78,355)
Net changes	<u>2,031,418</u>	<u>1,076,763</u>	<u>954,655</u>
Balances at December 31, 2016	<u>\$ 32,580,367</u>	<u>\$ 22,133,648</u>	<u>\$ 10,446,719</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	\$ 13,905,543	\$ 10,446,719	\$ 7,506,734

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 December 31, 2016, the Commission recognized pension expense of \$1,665,700. 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	\$ 733,743	\$ -	\$ 733,743
Differences in assumptions	1,056,038	-	1,056,038
Differences in experience	-	124,155	(124,155)
	<u>\$ 1,789,781</u>	<u>\$ 124,155</u>	<u>\$ 1,665,626</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
2017	\$ 754,239
2018	754,239
2019	288,297
2020	<u>(131,149)</u>
Total	<u>\$ 1,665,626</u>

Payable to the Pension Plan. At December 31, 2016, the Commission reported \$65,942 in outstanding contributions to the pension plan required for the year ended December 31, 2016.

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

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

11. 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 have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County’s contributions in accordance with the following scale:

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

Currently, the County has a two-tiered system regarding employee and employer contributions to the defined contribution pension plan based upon the employee’s date of hire. Current plan provisions do not allow for any employee to change 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 ended September 30, 2017, amounted to \$1,787,826 and employee contributions were \$1,050,738.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

12. POSTEMPLOYMENT HEALTH BENEFITS

Primary Government

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

Basis of Accounting. The postemployment health benefits fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Funding Policy. The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Commissioners, in accordance with County policies, union contracts, and Plan provisions. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the annual actuarial valuation. For the year ended September 30, 2017, the County contributed \$8,331,754 to the Plan.

Funding Progress. For the year ended September 30, 2017, the County estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2016. Such valuation computes the annual required contribution ("ARC") that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

At December 31, 2016, the date of the latest actuarial valuation, participants in the plan consisted of:

Retirees and beneficiaries currently receiving benefits	687
Active employees	<u>198</u>
Total	<u><u>885</u></u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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. 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, 2018, retiree contributions amounted to \$434,260.

Net OPEB Liability of the County Under GASB 74

The components of the net OPEB liability of the County at September 30, 2017, were as follows:

Total OPEB liability	\$ 101,019,776
Plan fiduciary net position	<u>19,873,325</u>
County's net OPEB liability	<u><u>\$ 81,146,451</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.67%

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

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, 2016	\$ 101,188,226	\$ 17,322,349	\$ 83,865,877
Changes for the year:			
Service cost	934,769	-	934,769
Interest	6,243,989	-	6,243,989
Employer contributions	-	8,331,754	(8,331,754)
Net investment income	-	1,726,727	(1,726,727)
Benefit payments, including refunds of employee contributions	(7,347,208)	(7,347,208)	-
Administrative expenses	-	(160,297)	160,297
Net changes	(168,450)	2,550,976	(2,719,426)
Balances at September 30, 2017	\$ 101,019,776	\$ 19,873,325	\$ 81,146,451

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, 2017 by roll forward procedures from an actuarial valuation as of December 31, 2016, 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 December 31, 2015 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—Life expectancies were based on a blend of 50% Male - 50% Female from the RP-2014 Health Annuitant, Employee and Juvenile Mortality Tables.

Turnover—Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Healthcare cost trend rate—The expected rate of increase in healthcare insurance premiums was based on projections by the County’s management. A rate of 9.00 percent was used for the first year reducing by .50% each for ten years and then leveling out at 4.50%.

Health insurance premiums—2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

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

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

Based on the historical and expected returns of the County’s long-term investment portfolio, a discount rate of 6.00 percent 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, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.74 percent. 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%	3.50%	1.41%
Domestic equity	50.0%	8.00%	4.00%
International equity	5.0%	9.00%	0.48%
Other	5.0%	2.00%	0.11%
	100.0%		
Investment rate of return			6.00%

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 through fiscal year 2104. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments through 2104 and the 20-year municipal bond rate was used in all future years 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 Authority, calculated using the discount rate of 6.00%, as well as what the Authority’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%)
\$ 95,614,280	\$ 81,146,451	\$ 69,272,898

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Authority, calculated using the healthcare cost trend rate of 9.0%, as well as what the Authority’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.0%) or 1% higher (10.0%) than the current rate:

1% Decrease (8.0%)	Current Trend Rate (9.0%)	1% Increase (10.0%)
\$ 69,284,646	\$ 81,146,451	\$ 95,502,475

Annual OPEB Cost and Net OPEB Obligation Under GASB 45

The County’s annual OPEB cost and net OPEB obligation for the current year were as follows:

Annual required contribution	\$ 12,051,002
Interest on net OPEB obligation	2,395,536
Adjustment to annual required contribution	<u>(3,033,146)</u>
Annual OPEB cost	11,413,392
Contributions made	<u>(8,331,754)</u>
Increase in net OPEB obligation	3,081,638
Net OPEB obligation, beginning of year	<u>39,925,608</u>
Net OPEB obligation, end of year	<u>\$ 43,007,246</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
9/30/2015	\$ 11,820,988	62%	\$ 35,347,837
9/30/2016	10,967,556	58%	39,925,608
9/30/2017	11,413,392	73%	43,007,246

Funded Status and Funding Progress. As of December 31, 2016, the most recent actuarial valuation date under GASB 45 (which was the same method used for GASB 74) which was rolled forward to September 30, 2017, the Plan was 20 percent funded. The actuarial accrued liability for benefits was \$101,019,776, and the actuarial value of assets was \$19,873,325, resulting in an unfunded actuarial accrued liability (UAAL) of \$81,146,451. The covered payroll (annual payroll of active employees covered by the Plan) was \$9,793,458, and the ratio of the UAAL to the covered payroll was 829 percent.

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

Component Unit - Road Commission

Plan Description. The Road Commission administers a single employer defined benefit postemployment benefit plan (the "Plan"). The Plan provides healthcare, dental and life insurance benefits in accordance with the Saginaw County Road Commission's union contract Article 28, to all employees who retire from the Road Commission and qualify for benefits under MERS. Coverage for non-union employees is provided upon the discretion of management. As the time of the last actuarial report, as of December 31, 2015, the Plan provided up to 100% of health insurance benefits depending on coverage elected by the employee.

Annual OPEB Cost and Net OPEB Obligation. The Plan's annual other postemployment benefit ("OPEB") cost (expenses) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
12/31/2014	\$ 1,534,215	35%	\$ 4,131,523
12/31/2015	3,019,091	22%	6,141,676
12/31/2016	3,332,383	23%	8,148,748

COUNTY OF SAGINAW, MICHIGAN

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Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the Plan was zero percent funded. The actuarial accrued liability for benefits was \$22,518,466, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,518,466.

Actuarial Methods and Assumptions. The Plan’s unfunded accrued liability was determined as part of an actuarial valuation of the Plan as of December 31, 2015. Significant actuarial assumptions used in determining the Plan’s unfunded accrued liability included (a) a rate of return on the investment of present and future assets of 4.0% per year compounded annually, (b) projected salary increases of 2.0% per year, and (c) health care cost increases of 4.5% to 9%.

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

13. RISK MANAGEMENT

The County is self-funded for worker’s compensation, general liability, health, dental and vision insurance.

Worker’s Compensation

The self-insurance program for worker’s compensation is accounted for in the Employee Benefits Fund (an internal service fund). An independent administrator is hired to process the daily claims and to perform auditing and management duties. The County is insured for \$500,000 in liability for each occurrence and Eagles Claims Management, the County’s administrator for worker’s compensation, insures the remainder, through Midwest Employers Casualty Company, up to \$1,000,000 for each occurrence. The revenue for this activity’s operation is derived through reimbursements from various funds having employees. Losses, damages and administrative expenses are all paid from this fund.

The claims liability as reported at September 30, 2017, 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, 2017 and 2016, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2016	\$ 73,622	\$ 140,420	\$ 132,138	\$ 81,904
2017	81,904	120,016	104,776	97,144

COUNTY OF SAGINAW, MICHIGAN

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General Liability

The self-insurance program for general liability is accounted for in the Risk Management Fund (an internal service fund). Presently, the County insures the first \$250,000 for each claim. After the first \$250,000 and up to \$15,000,000, insurance is provided by Travelers. There were no reductions of insurance coverage from the prior year. The revenues for this fund's operation are reimbursements from various funds. The funds are charged for general liability insurance based on number of employees, previous claims, number of vehicles and other pertinent criteria.

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

The changes in the claims liability for the years ended September 30, 2017 and 2016, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2016	\$ 282,593	\$ 264,137	\$ 269,039	\$ 277,691
2017	277,691	301,965	292,308	287,348

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 \$170,000 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, 2017 and 2016, are as follows:

	Beginning of Period Liability	Claims and Changes in Estimates	Claim Payments	End of Period Liability
2016	\$ 558,770	\$ 10,283,885	\$ 9,772,458	\$ 1,070,197
2017	1,070,197	11,812,001	11,964,118	918,080

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

14. PROPERTY TAXES

The County property tax is levied each July 1st and December 1st on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

The taxable value of real and personal property at December 1, 2015, totaled \$4,826,503,874. The tax levy for 2016/2017 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
Hospital Debt	0.4770	mills
County Parks	0.2942	mills
Castle Museum	0.1997	mills
Event Center	0.2250	mills
Animal Control	0.1500	mills
Children's Zoo	0.2000	mills

By agreement with various taxing authorities, the County purchases at face value the real property taxes receivable returned delinquent each March 1. These receivables are pledged for payment of general obligation limited tax notes, proceeds of which were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to service the tax notes. This activity is accounted for in the Delinquent Tax Revolving enterprise fund.

15. CONTINGENCIES AND PENDING LITIGATION

The County is a defendant in various lawsuits. It is the opinion of County management and its counsel that the outcome of these lawsuits now pending will not materially affect the operations or the financial position of the County.

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not representing appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. County management believes disallowances, if any, would be minimal.

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of September 30, 2017, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 4,142,144	\$ 3,214,337	\$ 43,367,123
Capital assets being depreciated, net	17,790,331	19,062,836	165,897,851
	<u>21,932,475</u>	<u>22,277,173</u>	<u>209,264,974</u>
Related debt:			
Due within one year	4,482,230	130,000	3,085,437
Due in more than one year	38,544,425	20,147,683	21,161,652
Due to Saginaw Hockey Club, LLC	-	1,041,000	-
Less:			
Department of Public Works conduit debt	-	-	(10,718,000)
Brownfield Redevelopment Authority debt	-	-	(15,564)
Compensated absences	(1,349,826)	(6,683)	(624,915)
Delinquent tax notes	-	(17,381,000)	-
Pension bonds	(40,430,000)	-	-
	<u>1,246,829</u>	<u>3,931,000</u>	<u>12,888,610</u>
Net investment in capital assets	<u>\$ 20,685,646</u>	<u>\$ 18,346,173</u>	<u>\$ 196,376,364</u>

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

17. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Health Department	Michigan Works!	Planning Commission	Public Improvement	Nonmajor Funds	Total
Nonspendable:							
Long-term advances	\$ 445,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 445,000
Prepays	8,572	1,682	56,258	-	-	107,481	173,993
Permanent fund corpus	-	-	-	-	-	36,390	36,390
Total nonspendable	453,572	1,682	56,258	-	-	143,871	655,383
Restricted for:							
Public safety	-	-	-	-	-	666,741	666,741
Public works	-	-	-	-	-	56,757	56,757
Health and welfare	-	-	-	-	-	47,280	47,280
Community and economic development	-	-	-	15,084	-	-	15,084
Recreation	-	-	-	-	-	122,978	122,978
Register of Deeds	-	-	-	-	-	398,524	398,524
Debt service	-	-	-	-	-	33,532	33,532
Public Improvement	-	-	-	-	4,647,207	-	4,647,207
Permanent trusts	-	-	-	-	-	3,516	3,516
Total restricted	-	-	-	15,084	4,647,207	1,329,328	5,991,619
Committed for:							
Public safety	-	-	-	-	-	1,376,764	1,376,764
Recreation	-	-	-	-	-	1,232,217	1,232,217
Health and welfare	-	-	-	-	-	4,224,242	4,224,242
Total committed	-	-	-	-	-	6,833,223	6,833,223
Assigned for:							
Employee payroll reserve	11,418,261	-	-	-	-	-	11,418,261
G.I.S. System	-	-	-	-	-	28,323	28,323
Courts	-	-	-	-	-	506,459	506,459
General government	-	-	-	-	-	2,212,735	2,212,735
Public safety	-	-	-	-	-	225,905	225,905
Community and economic development	-	-	103,840	-	-	88,642	192,482
Health and welfare	-	1,485,095	-	-	-	1,879,441	3,364,536
Capital projects	-	-	-	-	-	285,546	285,546
Debt service	381,694	-	-	-	-	-	381,694
Subsequent year	373,734	-	-	-	-	-	373,734
Total assigned	12,173,689	1,485,095	103,840	-	-	5,227,051	18,989,675
Unassigned	7,214,469	-	-	-	-	-	7,214,469
Total fund balances, governmental funds	\$ 19,841,730	\$ 1,486,777	\$ 160,098	\$ 15,084	\$ 4,647,207	\$ 13,533,473	\$39,684,369

COUNTY OF SAGINAW, MICHIGAN

Notes To Financial Statements

18. COMMUNITY MENTAL HEALTH AUTHORITY

In prior years, the Saginaw Community Mental Health Authority was presented as a discretely presented component unit of Saginaw County. After further consideration by the County during 2017, it was determined that the Saginaw Community Mental Health Authority no longer met the criteria to be presented as a component unit of the County. Therefore, this entity is not included in these financial statements for the fiscal year ended September 30, 2017 and is not expected to be presented in the future.

19. TAX ABATEMENTS

The County received reduced property tax revenues during 2017 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 2017 were as follows:

Governmental Entity	Taxable Value	Abatement Amount
Townships:		
Blumfield	\$ 2,918,500	\$ 7,086
Bridgeport	3,841,700	9,327
Buena Vista	9,993,571	24,263
Carrollton	219,350	533
Chesaning	124,400	302
Frankenmuth	706,200	1,715
Jonesfield	5,035,338	12,225
Kochville	1,321,100	3,207
Richland	540,200	1,312
Saginaw	3,818,721	9,271
Spaulding	85,908	209
Swan Creek	256,600	623
Taymouth	286,447	695
Thomas	114,905,556	278,979
Tittabawassee	1,152,916	2,799
Cities:		
Frankenmuth	3,160,800	7,674
Zilwaukee	751,000	1,823
Saginaw	2,448,575	5,945
		<u>\$ 367,988</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 2017 were as follows:

Governmental Entity	Taxable Value	Abatement Amount
City of Saginaw	\$ 401,498,352	\$ 1,949,596
Buena Vista Township	146,818,000	712,919
Thomas Township	6,189,402	<u>30,054</u>
		<u>\$ 3,358,472</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 \$6,000 for 2017.

20. SUBSEQUENT EVENTS

In November 2017, the County issued Limited Tax General Obligation Bonds, Series 2017 in the amount of \$36,675,000, which will be used to fund the construction of a new County jail. These bonds will be repaid annually beginning November 1, 2020 in amounts ranging from \$680,000 to \$2,145,000 plus interest ranging from 3.50% to 5.00%.

In October 2017, the County issued the Bear Creek Drain Bonds, Series 2017 in the amount of \$1,150,000, which will be used to fund the related Bear Creek Drainage District projects. These bonds will be repaid annually beginning June 1, 2018 in amounts ranging from \$55,000 to \$80,000 plus interest of 2.69%.

In January 2018, the County issued the Seidel Drain Bonds, Series 2018 in the amount of \$455,000, which will be used to fund the Seidel Drainage District project. These bonds will be repaid beginning June 1, 2019 in annual installments of \$45,500 plus interest charged at 2.49%.

In September 2018, the County approved a loan through the United States Department of Agriculture in the amounts of \$11,700,000, which will be used to fund the Hemlock Tile Drainage District Storm Sewer Improvements. The County will make draws on this loan as the project progresses. As of yearend, the County had not started this project and therefore, has not drawn down any of the funds.



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,		
	2017	2016	2015
Total pension liability			
Service cost	\$ 343,667	\$ 366,482	\$ 470,724
Interest	11,214,831	11,030,766	11,028,920
Difference between expected and actual experience	(125,333)	(116,667)	-
Changes in assumptions	-	6,937,875	-
Benefit payments, including refunds of employee contributions	(11,882,834)	(11,572,681)	(11,276,793)
Other changes	3	(159)	(415)
Net change in total pension liability	(449,666)	6,645,616	222,436
Total pension liability, beginning of year	145,954,971	139,309,355	139,086,919
Total pension liability, end of year	145,505,305	145,954,971	139,309,355
Plan fiduciary net position			
Employer contributions	401,184	384,689	52,025,528
Employee contributions	61,122	95,891	98,809
Net investment income (loss)	12,879,155	(1,845,639)	7,963,230
Benefit payments, including refunds of employee contributions	(11,882,834)	(11,572,681)	(11,276,793)
Administrative expense	(254,838)	(277,640)	(292,649)
Net change in plan fiduciary net position	1,203,789	(13,215,380)	48,518,125
Plan fiduciary net position, beginning of year	117,989,187	131,204,567	82,686,442
Plan fiduciary net position, end of year	119,192,976	117,989,187	131,204,567
County's net pension liability	\$ 26,312,329	\$ 27,965,784	\$ 8,104,788
Plan fiduciary net position as a percentage of total pension liability	81.9%	80.8%	94.2%
Covered payroll	\$ 2,579,083	\$ 2,767,719	\$ 3,525,912
County's net pension liability as a percentage of covered payroll	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%

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%

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 23 years
Asset valuation method Closed; 10-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-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2015 actuarial valuations. The Early Retirement rates were first used for the December 31, 2015 actuarial valuations.

Mortality Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information

Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 74)

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

	Year Ended September 30, 2017
Total OPEB liability	
Service cost	\$ 934,769
Interest	6,243,989
Benefit payments, including refunds of employee contributions	(7,347,208)
Net change in total OPEB liability	<u>(168,450)</u>
Total OPEB liability, beginning of year	<u>101,188,226</u>
Total OPEB liability, end of year	<u>101,019,776</u>
Plan fiduciary net position	
Employer contributions	8,331,754
Net investment income	1,726,727
Benefit payments, including refunds of employee contributions	(7,347,208)
Administrative expense	(160,297)
Net change in plan fiduciary net position	<u>2,550,976</u>
Plan fiduciary net position, beginning of year	<u>17,322,349</u>
Plan fiduciary net position, end of year	<u>19,873,325</u>
County's net OPEB liability	<u>\$ 81,146,451</u>
Plan fiduciary net position as a percentage of total OPEB liability	19.7%
Covered payroll	\$ 9,793,458
County's net OPEB liability as a percentage of covered-employee payroll	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.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information
 Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 74)

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	828.58%

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 (under GASB 74)

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%

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 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	Individual Entry-Age Normal Actuarial Cost Method - Level Percent of Pay
Amortization method	Level percent of payroll
Remaining amortization period	25 years
Asset valuation method	Market value of assets
Health care inflation rates	9.00% (reduced 0.50% each year until the rate reaches 4.50%)
Salary increases	4.50% in the long-term
Investment rate of return	6.00%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition, which are based on retirement income replacement.

Mortality Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. Disabled retirees sets this table forward ten years.

COUNTY OF SAGINAW, MICHIGAN

Required Supplementary Information Single Employer Defined Benefit Other Postemployment Benefit Plan (under GASB 74)

Schedule of Investment Returns

Fiscal Year Ended September 30,	Annual Rate of Return*
2017	9.74%

* Annual money-weighted rate of return, net of investment expenses.

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 (under GASB 45)

Schedule of Funding Progress						
Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$ 12,794,484	\$ 148,984,488	\$ 136,190,004	9%	\$ 15,639,762	871%
2014	14,898,591	143,075,530	128,176,939	10%	11,565,492	1108%
* 2016	19,873,325	101,019,776	81,146,451	20%	9,793,458	829%

Schedule of Employer Contributions		
Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2015	\$ 12,314,498	41%
2016	11,532,059	55%
2017	12,051,002	69%

* The December 31, 2016 actuarial valuation was based on GASB 74; however, the calculations and assumptions used by the actuary for the Plan did not change from GASB 45 and GASB 74. Therefore, the amounts presented here are in accordance with both GASB 45 and GASB 74.

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.

Solid Waste Management Fund - This fund is used to account for funds earmarked for solid waste planning, regulation and ordinance administration. Money for these activities comes from application fees and surcharges paid by landfills. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Lodging Excise Tax Fund - This fund is used to account for the collection and distribution of the hotel and motel tax used to promote tourism and convention activities under the provisions of Act 263 of the Public Acts of 1974, as amended. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

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

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

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

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Dredged Materials Disposal Fund - This fund is used to account for the operations and maintenance of an over 500 acre containment site to accept river dredging spoils from the Upper Saginaw River. Money for the operation of this fund is supplied from donations from private sources, rental agreements, and interest earnings. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Principal Residence Exemption Fund - This fund is used to account for the collection of taxes and interest due from principal residential exemption (homestead) denials. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Courthouse Preservation Technology Fund - This fund is used to account for the collection of \$10.00 per traffic ticket which is used to fund computer technology. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

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

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

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

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

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

Concealed Pistol Licensing Fund - This fund is used to account for the collection of various fees under Act 3 of the Public Acts of 2015, which is used by the County Clerk for the cost of administering the Act. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

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

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

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

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

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

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

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

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

COUNTY OF SAGINAW, MICHIGAN

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Concluded)

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

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

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

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

Debt Service Funds

MERS (DB) Pension Obligation Bond Fund - This fund is used to account for the payment of interest and principal on long-term debt. This debt was created when the County issued bonds to fund its unfunded accrued pension liabilities for the County's defined benefit pension plan retirement program. Money in this fund is received from charges to other funds to be used for debt retirement.

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.

COUNTY OF SAGINAW, MICHIGAN

■ Nonmajor Governmental Funds (Concluded)

Capital Projects Funds

Parks Building & Site Fund - This fund is used to account for the acquisition and construction of the Saginaw Valley Rail Trail, Haithco Park and other major improvements of the several parks throughout the County. Money for the operation of this fund is supplied from federal, state, and local grants and interest earnings.

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

Permanent Fund

Rail Trail Endowment Fund - This fund is used to account for the maintenance costs associated with the construction of the Saginaw Valley Rail Trail. Money for the operation of this fund is supplied from donations from private sources and interest earnings.

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

	Special Revenue Funds			
	Law Enforcement	Parks & Recreation	G.I.S System	Friend of the Court
Assets				
Cash and investment pool	\$ 1,216,926	\$ 1,297,754	\$ -	\$ 1,417
Receivables:				
Taxes	60,693	12,740	-	-
Accounts	110,289	1,200	50,509	6,468
Loans	-	-	-	-
Accrued interest	8,310	5,138	-	501
Due from other funds	64,990	54,484	-	-
Due from other governmental units	-	7,050	-	1,343,035
Prepays	16,595	-	-	3,465
Total assets	<u>\$ 1,477,803</u>	<u>\$ 1,378,366</u>	<u>\$ 50,509</u>	<u>\$ 1,354,886</u>
Liabilities				
Accounts payable	\$ 25,835	\$ 24,811	\$ -	\$ 10,934
Accrued liabilities	56,189	5,293	2,453	42,710
Deposits payable	9,673	-	-	-
Due to other funds	5,559	22,696	19,733	791,318
Due to other governmental units	-	-	-	-
Unearned revenue	16,891	-	-	-
Total liabilities	<u>114,147</u>	<u>52,800</u>	<u>22,186</u>	<u>844,962</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	60,693	12,740	-	-
Unavailable revenue - long-term receivables	-	-	-	-
Total deferred inflows of resources	<u>60,693</u>	<u>12,740</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable	16,595	-	-	3,465
Restricted	-	122,978	-	-
Committed	1,286,368	1,189,848	-	-
Assigned	-	-	28,323	506,459
Total fund balances	<u>1,302,963</u>	<u>1,312,826</u>	<u>28,323</u>	<u>509,924</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,477,803</u>	<u>\$ 1,378,366</u>	<u>\$ 50,509</u>	<u>\$ 1,354,886</u>

Special Revenue Funds							
Solid Waste Management	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Dredged Materials Disposal	Principal Residence Exemption	Courthouse Preservation Technology
\$ 81,539	\$ -	\$ 59,305	\$ 1,327,262	\$ 2,746,766	\$ 1	\$ 40,398	\$ 114,365
-	-	10,772	27,438	30,843	-	32,175	-
109,277	949,393	-	10,845	154	-	-	9,284
-	-	-	-	-	-	-	-
233	-	367	6,757	11,041	21	43	339
-	-	-	-	-	-	-	-
-	-	-	306,580	-	96,028	-	-
-	-	-	33,186	667	-	-	-
<u>\$ 191,049</u>	<u>\$ 949,393</u>	<u>\$ 70,444</u>	<u>\$ 1,712,068</u>	<u>\$ 2,789,471</u>	<u>\$ 96,050</u>	<u>\$ 72,616</u>	<u>\$ 123,988</u>
\$ -	\$ 901,980	\$ 17,303	\$ 71,218	\$ 25,116	\$ 76	\$ 27,484	\$ -
-	-	-	27,762	14,063	-	-	-
-	-	-	-	-	-	-	-
134,292	47,413	-	-	-	93,999	-	-
-	-	-	-	-	-	29,680	-
-	-	-	-	-	-	-	-
<u>134,292</u>	<u>949,393</u>	<u>17,303</u>	<u>98,980</u>	<u>39,179</u>	<u>94,075</u>	<u>57,164</u>	<u>-</u>
-	-	10,772	27,439	30,843	-	-	-
-	-	-	-	-	-	-	-
-	-	10,772	27,439	30,843	-	-	-
-	-	-	33,186	667	-	-	-
56,757	-	-	47,003	-	-	-	-
-	-	42,369	1,505,460	2,718,782	-	-	-
-	-	-	-	-	1,975	15,452	123,988
<u>56,757</u>	<u>-</u>	<u>42,369</u>	<u>1,585,649</u>	<u>2,719,449</u>	<u>1,975</u>	<u>15,452</u>	<u>123,988</u>
<u>\$ 191,049</u>	<u>\$ 949,393</u>	<u>\$ 70,444</u>	<u>\$ 1,712,068</u>	<u>\$ 2,789,471</u>	<u>\$ 96,050</u>	<u>\$ 72,616</u>	<u>\$ 123,988</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

	Special Revenue Funds				
	Animal Control	Small Cities Reuse	Register of Deeds Automation	E-911 Telephone Surcharge	Mobile Data Maintenance & Repair
Assets					
Cash and investment pool	\$ 272,157	\$ 136,589	\$ 393,083	\$ 73,711	\$ 1,969,438
Receivables:					
Taxes	6,863	-	-	-	-
Accounts	4,800	-	5,790	1,258,853	-
Loans	-	181,911	-	-	-
Accrued interest	-	488	1,609	2,431	7,496
Due from other funds	-	-	-	-	-
Due from other governmental units	10,000	-	-	101,526	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 293,820</u>	<u>\$ 318,988</u>	<u>\$ 400,482</u>	<u>\$ 1,436,521</u>	<u>\$ 1,976,934</u>
Liabilities					
Accounts payable	\$ 38,046	\$ 48,436	\$ 1,958	\$ 1,270,517	\$ 2,784
Accrued liabilities	6,972	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>45,018</u>	<u>48,436</u>	<u>1,958</u>	<u>1,270,517</u>	<u>2,784</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	6,863	-	-	-	-
Unavailable revenue - long-term receivables	-	181,910	-	-	-
Total deferred inflows of resources	<u>6,863</u>	<u>181,910</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	151,543	-	398,524	166,004	-
Committed	90,396	-	-	-	-
Assigned	-	88,642	-	-	1,974,150
Total fund balances	<u>241,939</u>	<u>88,642</u>	<u>398,524</u>	<u>166,004</u>	<u>1,974,150</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 293,820</u>	<u>\$ 318,988</u>	<u>\$ 400,482</u>	<u>\$ 1,436,521</u>	<u>\$ 1,976,934</u>

Special Revenue Funds							
Concealed Pistol Licensing	Area Records Management System	County Library Board	Remon- umentation	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections
\$ 97,365	\$ -	\$ 2,758	\$ 33,975	\$ 7,540	\$ 168,658	\$ -	\$ 53,104
-	-	-	-	-	-	-	-
2,788	-	-	-	42,266	29,516	-	-
-	-	-	-	-	190	-	-
-	-	-	-	-	5,479	-	-
-	-	-	42,333	199,263	98,624	87,161	76,598
-	-	-	-	351	9,072	-	-
<u>\$ 100,153</u>	<u>\$ -</u>	<u>\$ 2,758</u>	<u>\$ 76,308</u>	<u>\$ 249,420</u>	<u>\$ 311,539</u>	<u>\$ 87,161</u>	<u>\$ 129,702</u>
\$ 1,047	\$ -	\$ 2,758	\$ 68,680	\$ 30,477	\$ 44,307	\$ 1,668	\$ 7,793
383	-	-	-	6,011	6,202	10,535	3,003
-	-	-	-	-	10,469	-	-
-	-	-	-	-	-	74,004	-
-	-	-	-	5	15,584	-	-
<u>1,430</u>	<u>-</u>	<u>2,758</u>	<u>68,680</u>	<u>36,493</u>	<u>76,562</u>	<u>86,207</u>	<u>10,796</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	351	9,072	-	-
98,723	-	-	-	-	-	-	118,906
-	-	-	-	-	-	-	-
-	-	-	7,628	212,576	225,905	954	-
<u>98,723</u>	<u>-</u>	<u>-</u>	<u>7,628</u>	<u>212,927</u>	<u>234,977</u>	<u>954</u>	<u>118,906</u>
<u>\$ 100,153</u>	<u>\$ -</u>	<u>\$ 2,758</u>	<u>\$ 76,308</u>	<u>\$ 249,420</u>	<u>\$ 311,539</u>	<u>\$ 87,161</u>	<u>\$ 129,702</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2017

	Special Revenue Funds				
	Local Correction Officer Training	MSU Extension	Department of Human Services	Child Care	Veterans' Trust
Assets					
Cash and investment pool	\$ 130,673	\$ 65,368	\$ 271,117	\$ 919,313	\$ -
Receivables:					
Taxes	-	-	-	-	-
Accounts	460	-	-	92,390	-
Loans	-	-	-	-	-
Accrued interest	432	96	-	-	-
Due from other funds	-	-	-	-	-
Due from other governmental units	-	-	-	986,330	1,741
Prepays	-	-	-	44,145	-
Total assets	\$ 131,565	\$ 65,464	\$ 271,117	\$ 2,042,178	\$ 1,741
Liabilities					
Accounts payable	\$ -	\$ 7,706	\$ -	\$ 60,406	\$ -
Accrued liabilities	-	-	265,626	37,722	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	202	-	1,741
Due to other governmental units	-	-	-	20,188	-
Unearned revenue	-	57,758	5,288	-	-
Total liabilities	-	65,464	271,116	118,316	1,741
Deferred inflows of resources					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - long-term receivables	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances					
Nonspendable	-	-	-	44,145	-
Restricted	131,565	-	1	276	-
Committed	-	-	-	-	-
Assigned	-	-	-	1,879,441	-
Total fund balances	131,565	-	1	1,923,862	-
Total liabilities, deferred inflows of resources and fund balances	\$ 131,565	\$ 65,464	\$ 271,117	\$ 2,042,178	\$ 1,741

Debt Service Funds			Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
MERS (DB) Pension Obligation Bond	Qualified Energy Bond	Juvenile Center Renovation	Parks Building & Site	Mainframe Conversion Project	Rail Trail Endowment	
\$ 2,115	\$ 134	\$ 30,941	\$ 7	\$ 160,484	\$ 39,757	\$ 11,714,020
-	-	528	-	-	-	182,052
-	-	-	344	-	-	2,684,626
-	-	-	-	-	-	181,911
221	5	116	223	616	149	46,822
-	-	-	14,156	-	-	139,109
-	-	-	32,059	-	-	3,388,328
-	-	-	-	-	-	107,481
<u>\$ 2,336</u>	<u>\$ 139</u>	<u>\$ 31,585</u>	<u>\$ 46,789</u>	<u>\$ 161,100</u>	<u>\$ 39,906</u>	<u>\$ 18,444,349</u>
\$ -	\$ -	\$ -	\$ 387	\$ -	\$ -	\$ 2,691,727
-	-	-	-	-	-	484,924
-	-	-	-	-	-	20,142
-	-	-	45,944	-	-	1,236,901
-	-	-	-	-	-	49,868
-	-	-	-	-	-	95,526
-	-	-	46,331	-	-	4,579,088
-	-	528	-	-	-	149,878
-	-	-	-	-	-	181,910
-	-	528	-	-	-	331,788
-	-	-	-	-	36,390	143,871
2,336	139	31,057	-	-	3,516	1,329,328
-	-	-	-	-	-	6,833,223
-	-	-	458	161,100	-	5,227,051
<u>2,336</u>	<u>139</u>	<u>31,057</u>	<u>458</u>	<u>161,100</u>	<u>39,906</u>	<u>13,533,473</u>
<u>\$ 2,336</u>	<u>\$ 139</u>	<u>\$ 31,585</u>	<u>\$ 46,789</u>	<u>\$ 161,100</u>	<u>\$ 39,906</u>	<u>\$ 18,444,349</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, 2017

	Special Revenue Funds			
	Law Enforcement	Parks & Recreation	G.I.S System	Friend of the Court
Revenue				
Property taxes	\$ 6,737,680	\$ 1,414,984	\$ -	\$ -
Accommodations tax	-	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	2,755,194
State grants	-	4,012	-	255,699
Local grants and contributions	-	7,000	-	-
Charges for services	22,184	52,019	-	308,937
Fines and forfeitures	-	-	-	-
Investment income	14,133	8,978	-	900
Rental revenue	-	-	-	-
Donations	-	20,883	-	-
Reimbursements	913,044	-	202,037	76,665
Other revenue	-	4,406	-	-
Total revenue	<u>7,687,041</u>	<u>1,512,282</u>	<u>202,037</u>	<u>3,397,395</u>
Expenditures				
Current:				
Judicial	-	-	-	4,401,852
General government	-	-	197,408	-
Public safety	5,192,846	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	1,166,902	-	-
Capital outlay	106,385	56,260	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>5,299,231</u>	<u>1,223,162</u>	<u>197,408</u>	<u>4,401,852</u>
Revenues over (under) expenditures	<u>2,387,810</u>	<u>289,120</u>	<u>4,629</u>	<u>(1,004,457)</u>
Other financing sources (uses)				
Transfers in	737,227	8,540	-	1,066,682
Transfers out	(2,610,430)	(22,696)	-	-
Total other financing sources (uses)	<u>(1,873,203)</u>	<u>(14,156)</u>	<u>-</u>	<u>1,066,682</u>
Net change in fund balances	514,607	274,964	4,629	62,225
Fund balances, beginning of year	<u>788,356</u>	<u>1,037,862</u>	<u>23,694</u>	<u>447,699</u>
Fund balances, end of year	<u>\$ 1,302,963</u>	<u>\$ 1,312,826</u>	<u>\$ 28,323</u>	<u>\$ 509,924</u>

Special Revenue Funds							
Solid Waste Management	Lodging Excise Tax	Castle Museum & Historical Activities	Commission on Aging	Mosquito Control	Dredged Materials Disposal	Principal Residence Exemption	Courthouse Preservation Technology
\$ -	\$ -	\$ 980,351	\$ 2,110,828	\$ 3,111,039	\$ -	\$ -	\$ -
-	3,087,883	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,152,804	-	-	-	-
-	-	-	352,639	9,838	267,999	-	-
-	-	-	-	-	-	-	-
363,464	-	-	23,483	15,747	-	1,396	128,376
-	-	-	-	-	-	-	-
358	-	688	11,669	19,549	17	8,138	460
-	-	-	-	1,500	16,170	-	-
-	-	-	208,114	650	-	-	-
-	-	11,367	20,022	208,826	-	-	-
-	-	-	43,555	316	-	-	-
<u>363,822</u>	<u>3,087,883</u>	<u>992,406</u>	<u>3,923,114</u>	<u>3,367,465</u>	<u>284,186</u>	<u>9,534</u>	<u>128,836</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
264,917	-	-	-	-	-	-	-
-	-	-	4,065,658	2,616,164	282,211	-	-
-	3,087,883	-	-	-	-	8,229	-
-	-	956,635	-	-	-	-	-
-	-	-	29,990	195,681	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>264,917</u>	<u>3,087,883</u>	<u>956,635</u>	<u>4,095,648</u>	<u>2,811,845</u>	<u>282,211</u>	<u>8,229</u>	<u>-</u>
<u>98,905</u>	<u>-</u>	<u>35,771</u>	<u>(172,534)</u>	<u>555,620</u>	<u>1,975</u>	<u>1,305</u>	<u>128,836</u>
-	-	-	-	-	-	-	-
(86,958)	-	-	-	-	-	-	(150,000)
<u>(86,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
11,947	-	35,771	(172,534)	555,620	1,975	1,305	(21,164)
44,810	-	6,598	1,758,183	2,163,829	-	14,147	145,152
<u>\$ 56,757</u>	<u>\$ -</u>	<u>\$ 42,369</u>	<u>\$ 1,585,649</u>	<u>\$ 2,719,449</u>	<u>\$ 1,975</u>	<u>\$ 15,452</u>	<u>\$ 123,988</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, 2017

	Special Revenue Funds				
	Animal Control	Small Cities Reuse	Register of Deeds Automation	E-911 Telephone Surcharge	Mobile Data Maintenance & Repair
Revenue					
Property taxes	\$ 735,656	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	12,134	-	-	-	-
Federal grants	-	-	-	-	-
State grants	-	-	-	440,307	-
Local grants and contributions	-	-	-	-	106,500
Charges for services	71,286	-	168,415	5,166,436	180,517
Fines and forfeitures	-	-	-	-	-
Investment income	-	846	2,500	4,482	13,713
Rental revenue	-	-	-	-	-
Donations	56,814	-	-	-	-
Reimbursements	-	69,609	-	-	-
Other revenue	-	-	-	-	-
Total revenue	875,890	70,455	170,915	5,611,225	300,730
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	-	190,884	-	-
Public safety	908,992	-	-	5,630,273	287,906
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community and economic development	-	52,504	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	908,992	52,504	190,884	5,630,273	287,906
Revenues over (under) expenditures	(33,102)	17,951	(19,969)	(19,048)	12,824
Other financing sources (uses)					
Transfers in	55,010	-	-	-	150,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	55,010	-	-	-	150,000
Net change in fund balances	21,908	17,951	(19,969)	(19,048)	162,824
Fund balances, beginning of year	220,031	70,691	418,493	185,052	1,811,326
Fund balances, end of year	\$ 241,939	\$ 88,642	\$ 398,524	\$ 166,004	\$ 1,974,150

Special Revenue Funds							
Concealed Pistol Licensing	Area Records Management System	County Library Board	Remonumentation	Special Projects	Sheriff Special Projects	Prosecutor Special Projects	Community Corrections
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
76,650	-	-	-	-	-	-	-
-	-	-	-	62,520	117,464	112,784	-
-	33,650	-	74,840	550,098	248,662	249,067	432,374
-	-	-	-	-	-	-	-
-	-	-	-	28,653	49,657	-	-
-	-	65,240	-	9,102	54,027	10,718	-
-	140	-	-	-	293	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,840	19,060	350	-
-	-	-	-	211,585	619,349	10,718	-
-	-	-	-	-	-	-	-
<u>76,650</u>	<u>33,790</u>	<u>65,240</u>	<u>74,840</u>	<u>865,798</u>	<u>1,108,512</u>	<u>383,637</u>	<u>432,374</u>
-	-	-	-	577,656	-	-	-
-	-	-	74,841	-	-	790,313	-
43,926	32,516	-	-	204,129	1,343,791	-	402,121
-	-	-	-	211,586	-	-	-
-	-	-	-	-	-	-	-
-	-	65,240	-	1,239	-	-	-
-	33,650	-	-	-	14,928	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>43,926</u>	<u>66,166</u>	<u>65,240</u>	<u>74,841</u>	<u>994,610</u>	<u>1,358,719</u>	<u>790,313</u>	<u>402,121</u>
<u>32,724</u>	<u>(32,376)</u>	<u>-</u>	<u>(1)</u>	<u>(128,812)</u>	<u>(250,207)</u>	<u>(406,676)</u>	<u>30,253</u>
-	-	-	-	124,172	62,810	406,685	-
-	-	-	-	-	-	-	-
-	-	-	-	124,172	62,810	406,685	-
<u>32,724</u>	<u>(32,376)</u>	<u>-</u>	<u>(1)</u>	<u>(4,640)</u>	<u>(187,397)</u>	<u>9</u>	<u>30,253</u>
<u>65,999</u>	<u>32,376</u>	<u>-</u>	<u>7,629</u>	<u>217,567</u>	<u>422,374</u>	<u>945</u>	<u>88,653</u>
<u>\$ 98,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,628</u>	<u>\$ 212,927</u>	<u>\$ 234,977</u>	<u>\$ 954</u>	<u>\$ 118,906</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, 2017

	Special Revenue Funds				
	Local Correction Officer Training	MSU Extension	Department of Human Services	Child Care	Veterans' Trust
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations tax	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Federal grants	-	-	-	56,824	-
State grants	-	144,909	1	2,494,028	35,631
Local grants and contributions	-	-	-	51,064	-
Charges for services	68,570	366	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	730	182	-	-	-
Rental revenue	-	-	-	-	-
Donations	-	-	-	25,551	-
Reimbursements	-	-	-	351,988	-
Other revenue	-	-	-	7,405	-
Total revenue	69,300	145,457	1	2,986,860	35,631
Expenditures					
Current:					
Judicial	-	-	-	-	-
General government	-	358,553	-	-	-
Public safety	39,005	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	16,898	5,786,139	35,631
Community and economic development	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	39,005	358,553	16,898	5,786,139	35,631
Revenues over (under) expenditures	30,295	(213,096)	(16,897)	(2,799,279)	-
Other financing sources (uses)					
Transfers in	-	213,096	16,898	1,707,672	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	213,096	16,898	1,707,672	-
Net change in fund balances	30,295	-	1	(1,091,607)	-
Fund balances, beginning of year	101,270	-	-	3,015,469	-
Fund balances, end of year	\$ 131,565	\$ -	\$ 1	\$ 1,923,862	\$ -

Debt Service Funds			Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
MERS (DB) Pension Obligation Bond	Qualified Energy Bond	Juvenile Center Renovation	Parks Building & Site	Mainframe Conversion Project	Rail Trail Endowment	
\$ -	\$ -	\$ 247	\$ -	\$ -	\$ -	\$ 15,090,785
-	-	-	-	-	-	3,087,883
-	-	-	-	-	-	88,784
-	-	-	-	-	-	4,257,590
-	-	-	(4,214)	-	-	5,589,540
-	-	-	-	-	-	164,564
-	-	-	-	-	-	6,649,506
-	-	-	-	-	-	139,087
864	9	207	507	1,062	266	90,691
-	161,740	-	-	-	-	179,410
-	-	-	-	-	320	335,582
4,782,764	-	-	-	-	-	7,477,974
-	-	-	-	-	-	55,682
<u>4,783,628</u>	<u>161,749</u>	<u>454</u>	<u>(3,707)</u>	<u>1,062</u>	<u>586</u>	<u>43,207,078</u>
-	-	-	-	-	-	4,979,508
-	-	-	-	-	-	1,611,999
-	-	-	-	-	-	14,085,505
-	-	-	7,269	-	-	483,772
-	-	-	-	-	-	12,802,701
-	-	-	-	-	-	3,149,855
-	-	-	-	-	-	2,188,777
-	-	-	2,723	-	-	439,617
2,985,000	135,303	-	-	-	-	3,120,303
1,798,014	26,437	-	-	-	-	1,824,451
<u>4,783,014</u>	<u>161,740</u>	<u>-</u>	<u>9,992</u>	<u>-</u>	<u>-</u>	<u>44,686,488</u>
<u>614</u>	<u>9</u>	<u>454</u>	<u>(13,699)</u>	<u>1,062</u>	<u>586</u>	<u>(1,479,410)</u>
-	-	-	14,157	-	-	4,562,949
-	-	-	-	-	-	(2,870,084)
-	-	-	14,157	-	-	1,692,865
614	9	454	458	1,062	586	213,455
1,722	130	30,603	-	160,038	39,320	13,320,018
<u>\$ 2,336</u>	<u>\$ 139</u>	<u>\$ 31,057</u>	<u>\$ 458</u>	<u>\$ 161,100</u>	<u>\$ 39,906</u>	<u>\$ 13,533,473</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, 2017

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Assets						
Current assets:						
Cash and investment pool	\$ 1,457,642	\$ 305,151	\$ 112,169	\$ 235,335	\$ 109,489	\$ 2,219,786
Receivables:						
Accounts	-	-	1,595	17,350	19,492	38,437
Accrued interest	5,169	1,110	-	-	-	6,279
Due from other						
governmental units	-	-	-	27,599	-	27,599
Inventory	-	-	-	29,825	-	29,825
Prepays	-	-	-	4,090	-	4,090
Total current assets	1,462,811	306,261	113,764	314,199	128,981	2,326,016
Noncurrent assets:						
Capital assets not being depreciated						
	-	-	41,273	1,949,450	-	1,990,723
Capital assets being depreciated, net						
	-	-	12,676	2,087,927	-	2,100,603
Total noncurrent assets	-	-	53,949	4,037,377	-	4,091,326
Total assets	1,462,811	306,261	167,713	4,351,576	128,981	6,417,342
Liabilities						
Current liabilities:						
Accounts payable	1,241,860	1,253	225	2,907	16,710	1,262,955
Accrued liabilities	2,932	-	670	-	-	3,602
Deposits payable	-	-	-	-	7,747	7,747
Due to other funds	-	-	1,505	-	59,525	61,030
Due to other						
governmental units	-	-	-	27,710	-	27,710
Unearned revenue	-	-	-	4,598	-	4,598
Total current liabilities	1,244,792	1,253	2,400	35,215	83,982	1,367,642
Noncurrent liabilities:						
Advances from other funds	-	-	-	-	20,000	20,000
Accrued compensated absences	5,664	-	1,019	-	-	6,683
Net other postemployment benefit obligation						
	212,355	-	118,377	-	-	330,732
Total noncurrent liabilities	218,019	-	119,396	-	20,000	357,415
Total liabilities	1,462,811	1,253	121,796	35,215	103,982	1,725,057
Net position						
Net investment in capital assets	-	-	53,949	4,037,377	-	4,091,326
Unrestricted (deficit)	-	305,008	(8,032)	278,984	24,999	600,959
Total net position	\$ -	\$ 305,008	\$ 45,917	\$ 4,316,361	\$ 24,999	\$ 4,692,285

COUNTY OF SAGINAW, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended September 30, 2017

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Operating revenues						
Charges for services	\$ 1,134,921	\$ 17,401	\$ 77,969	\$ 233,929	\$ 662,749	\$ 2,126,969
Interest income	674,926	-	-	-	-	674,926
Fines and forfeitures	-	-	18,350	-	-	18,350
Rental revenue	-	-	-	104,172	-	104,172
Reimbursements	-	-	-	6,654	15,800	22,454
Other revenue	-	-	-	346	63,560	63,906
Total operating revenues	1,809,847	17,401	96,319	345,101	742,109	3,010,777
Operating expenses						
Personnel services	128,505	687	29,620	161	-	158,973
Fringe benefits	95,866	3	43,279	-	-	139,148
Supplies	-	-	657	1,931	376,715	379,303
Services and charges	1,750,014	4,438	16,233	300,739	29,052	2,100,476
Depreciation	-	-	2,372	151,944	-	154,316
Total operating expenses	1,974,385	5,128	92,161	454,775	405,767	2,932,216
Operating income (loss)	(164,538)	12,273	4,158	(109,674)	336,342	78,561
Nonoperating revenues						
Investment income	164,538	1,971	-	-	6	166,515
Income (loss) before capital contributions and transfers	-	14,244	4,158	(109,674)	336,348	245,076
Capital contributions:						
Federal grants	-	-	-	582,434	-	582,434
State grants	-	-	-	32,357	-	32,357
Transfers in	-	4,500	-	-	-	4,500
Transfers out	-	-	-	-	(336,349)	(336,349)
Change in net position	-	18,744	4,158	505,117	(1)	528,018
Net position, beginning of year	-	286,264	41,759	3,811,244	25,000	4,164,267
Net position, end of year	\$ -	\$ 305,008	\$ 45,917	\$ 4,316,361	\$ 24,999	\$ 4,692,285

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2017

	Delinquent Property Tax Foreclosure	Building Authority Administration	Parking System	Harry W. Browne Airport	Inmate Services	Total
Cash flows from operating activities						
Receipts from customers	\$ 1,809,282	\$ 17,401	\$ 96,295	\$ 314,497	\$ 778,965	\$ 3,016,440
Payments to employees	(211,924)	(690)	(67,306)	(161)	-	(280,081)
Payments to suppliers	(1,320,066)	(3,185)	(16,527)	(293,188)	(359,994)	(1,992,960)
Net cash provided by (used in) operating activities	277,292	13,526	12,462	21,148	418,971	743,399
Cash flows from noncapital financing activities						
Transfers in	-	4,500	-	-	-	4,500
Transfers out	-	-	-	-	(336,349)	(336,349)
Net cash provided by (used in) noncapital financing activities	-	4,500	-	-	(336,349)	(331,849)
Cash flows from capital and related financing activities						
Receipts from federal and state grants	-	-	-	614,791	-	614,791
Payments for capital asset acquisition	-	-	-	(687,149)	-	(687,149)
Net cash provided by (used in) capital and related financing activities	-	-	-	(72,358)	-	(72,358)
Cash flows from investing activities						
Investment income	164,538	1,979	-	-	6	166,523
Net change in cash and investment pool	441,830	20,005	12,462	(51,210)	82,628	505,715
Cash and investment pool:						
Beginning of year	1,015,812	285,146	99,707	286,545	26,861	1,714,071
End of year	\$ 1,457,642	\$ 305,151	\$ 112,169	\$ 235,335	\$ 109,489	\$ 2,219,786

continued...

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended September 30, 2017

	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)	\$ (164,538)	\$ 12,273	\$ 4,158	\$ (109,674)	\$ 336,342	\$ 78,561
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	2,372	151,944	-	154,316
Changes in operating assets and liabilities that provided (used) cash:						
Receivables, net	(565)	-	(24)	(2,249)	57,924	55,086
Due from other funds	-	-	-	-	6,075	6,075
Due from other governments	-	-	-	(27,599)	-	(27,599)
Inventory	-	-	-	2,695	-	2,695
Prepays	-	-	-	3,196	-	3,196
Accounts payable	429,948	1,253	121	(24,119)	(6,891)	400,312
Accrued liabilities	172	-	2	-	-	174
Deposits payable	-	-	-	-	(27,143)	(27,143)
Due to other funds	-	-	242	-	52,664	52,906
Due to other governments	-	-	-	27,710	-	27,710
Accrued compensated absences	257	-	352	-	-	609
Unearned revenue	-	-	-	(756)	-	(756)
Net OPEB obligation	12,018	-	5,239	-	-	17,257
Net cash provided by (used in) operating activities	<u>\$ 277,292</u>	<u>\$ 13,526</u>	<u>\$ 12,462</u>	<u>\$ 21,148</u>	<u>\$ 418,971</u>	<u>\$ 743,399</u>

Concluded

COUNTY OF SAGINAW, MICHIGAN

Internal Service Funds

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

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

Information Systems & Services Fund - This fund is used to account for the operation of the data processing function within the County. Money for the operation of this fund is supplied from reimbursements from user departments. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Equipment Revolving Fund - This fund is used to account for the purchase of equipment for departments within the County. Money for the operation of this fund is supplied by lease payments from departments purchasing equipment. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968 as amended.

Mailing Department Fund - This fund is used to account for the mailing services for various departments throughout the County. Money for the operation of this fund is supplied from user departments. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Motor Pool Fund - This fund is used to account for the operations of the motor vehicle pool. Money for the operation of this fund is supplied from lease payments and reimbursements from user departments for vehicle use. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Risk Management Fund - This fund is used to account for the operations and administration of a self-insured general liability and vehicle claims program. Money for the operation of this fund is supplied from user departments. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Investment Pool Fund - This fund is used to account for the operations of an investment analyst providing investment services. Money for the operation of this fund is supplied from user fees. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Employee Benefits Fund - This fund is used to account for the various fringe benefits of employees within the County. Money for the operation of this fund is supplied from reimbursements from user departments, and reimbursements from employees for their share of costs. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

Retiree Health Savings Plan Fund - This fund is used to account for the collection and distribution of contributions to the County's retiree health savings plan administrator. Money for the operation of this fund is supplied by employer (County) and employee contributions. It is subject to the informational budget summary requirements of Act 2 of the Public Acts of 1968, as amended.

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Net Position

Internal Service Funds
September 30, 2017

	MERS (DB) Retirement	MERS (DC) Retirement	Information Technology	Equipment Revolving
Assets				
Current assets:				
Cash and investment pool	\$ 200,350	\$ 726,763	\$ 954,265	\$ 10,965
Receivables:				
Accounts	-	32,968	600	-
Accrued interest	1,347	2,476	-	62
Due from other governmental units	-	-	15,794	-
Prepays	-	-	8,527	-
Total current assets	<u>201,697</u>	<u>762,207</u>	<u>979,186</u>	<u>11,027</u>
Noncurrent assets:				
Capital assets being depreciated, net	-	-	311,688	9,011
Total assets	<u>201,697</u>	<u>762,207</u>	<u>1,290,874</u>	<u>20,038</u>
Liabilities				
Current liabilities:				
Accounts payable	64,169	35,425	23,188	-
Accrued liabilities	-	375	16,362	224
Due to other funds	-	-	-	-
Total current liabilities	<u>64,169</u>	<u>35,800</u>	<u>39,550</u>	<u>224</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Accrued compensated absences	-	3,053	32,365	-
Total noncurrent liabilities	<u>-</u>	<u>3,053</u>	<u>32,365</u>	<u>-</u>
Total liabilities	<u>64,169</u>	<u>38,853</u>	<u>71,915</u>	<u>224</u>
Net position				
Net investment in capital assets	-	-	311,688	9,011
Unrestricted	137,528	723,354	907,271	10,803
Total net position	<u>\$ 137,528</u>	<u>\$ 723,354</u>	<u>\$ 1,218,959</u>	<u>\$ 19,814</u>

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 5,000	\$ 490,634	\$ 2,520,243	\$ 11,687	\$ 6,102,004	\$ 81	\$ 11,021,992
-	64	8,315	-	230,219	2,980	275,146
-	-	9,894	-	21,366	10	35,155
-	-	-	-	-	-	15,794
20,000	-	1,500	-	1,702	-	31,729
<u>25,000</u>	<u>490,698</u>	<u>2,539,952</u>	<u>11,687</u>	<u>6,355,291</u>	<u>3,071</u>	<u>11,379,816</u>
-	27,600	-	-	-	-	348,299
<u>25,000</u>	<u>518,298</u>	<u>2,539,952</u>	<u>11,687</u>	<u>6,355,291</u>	<u>3,071</u>	<u>11,728,115</u>
-	11,073	7,052	3,157	125,679	2,980	272,723
-	-	1,073,573	329	588,174	-	1,679,037
-	2,601	-	6,643	-	-	9,244
-	<u>13,674</u>	<u>1,080,625</u>	<u>10,129</u>	<u>713,853</u>	<u>2,980</u>	<u>1,961,004</u>
25,000	-	-	-	-	-	25,000
-	-	3,824	1,558	4,395	-	45,195
<u>25,000</u>	<u>-</u>	<u>3,824</u>	<u>1,558</u>	<u>4,395</u>	<u>-</u>	<u>70,195</u>
<u>25,000</u>	<u>13,674</u>	<u>1,084,449</u>	<u>11,687</u>	<u>718,248</u>	<u>2,980</u>	<u>2,031,199</u>
-	27,600	-	-	-	-	348,299
-	<u>477,024</u>	<u>1,455,503</u>	<u>-</u>	<u>5,637,043</u>	<u>91</u>	<u>9,348,617</u>
<u>\$ -</u>	<u>\$ 504,624</u>	<u>\$ 1,455,503</u>	<u>\$ -</u>	<u>\$ 5,637,043</u>	<u>\$ 91</u>	<u>\$ 9,696,916</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, 2017

	MERS (DB) Retirement	MERS (DC) Retirement	Information Technology	Equipment Revolving
Operating revenues				
Charges for services	\$ -	\$ -	\$ 142,078	\$ -
Rental revenue	-	-	-	5,945
Reimbursements	846,525	2,867,657	2,238,067	-
Other revenue	-	143,002	-	-
Total operating revenues	846,525	3,010,659	2,380,145	5,945
Operating expenses				
Personnel services	-	16,633	682,266	3,552
Fringe benefits	758,293	2,880,214	518,591	5,362
Supplies	-	-	24,541	-
Services and charges	69,007	4,675	878,466	72
Other	-	-	-	-
Depreciation	-	-	39,893	2,778
Total operating expenses	827,300	2,901,522	2,143,757	11,764
Operating income (loss)	19,225	109,137	236,388	(5,819)
Nonoperating revenues (expenses)				
Investment income	2,702	4,494	-	105
Loss on disposal of capital assets	-	-	-	(2,346)
Total nonoperating revenues (expenses)	2,702	4,494	-	(2,241)
Income (loss) before transfers	21,927	113,631	236,388	(8,060)
Transfers				
Transfers out	-	-	-	-
Change in net position	21,927	113,631	236,388	(8,060)
Net position, beginning of year	115,601	609,723	982,571	27,874
Net position, end of year	\$ 137,528	\$ 723,354	\$ 1,218,959	\$ 19,814

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 88,918	\$ 221	\$ 5,306	\$ -	\$ -	\$ -	\$ 236,523
-	377,020	-	-	-	-	382,965
-	-	1,437,897	58,434	7,409,863	309,716	15,168,159
-	-	-	-	2,075	-	145,077
<u>88,918</u>	<u>377,241</u>	<u>1,443,203</u>	<u>58,434</u>	<u>7,411,938</u>	<u>309,716</u>	<u>15,932,724</u>
-	-	47,791	14,873	56,953	-	822,068
-	-	19,634	7,492	7,098,988	-	11,288,574
81,741	121,316	113	-	554	-	228,265
7,177	222,070	1,263,612	36,069	85,262	309,716	2,876,126
-	-	-	-	33,351	-	33,351
-	35,841	-	-	-	-	78,512
<u>88,918</u>	<u>379,227</u>	<u>1,331,150</u>	<u>58,434</u>	<u>7,275,108</u>	<u>309,716</u>	<u>15,326,896</u>
-	(1,986)	112,053	-	136,830	-	605,828
-	-	18,086	-	37,904	11	63,302
-	-	-	-	-	-	(2,346)
-	-	18,086	-	37,904	11	60,956
-	(1,986)	130,139	-	174,734	11	666,784
-	-	(52,163)	-	-	-	(52,163)
-	(1,986)	77,976	-	174,734	11	614,621
-	506,610	1,377,527	-	5,462,309	80	9,082,295
<u>\$ -</u>	<u>\$ 504,624</u>	<u>\$ 1,455,503</u>	<u>\$ -</u>	<u>\$ 5,637,043</u>	<u>\$ 91</u>	<u>\$ 9,696,916</u>

COUNTY OF SAGINAW, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended September 30, 2017

	MERS (DB) Retirement	MERS (DC) Retirement	Information Technology	Equipment Revolving
Cash flows from operating activities				
Receipts from interfund services provided	\$ 932,908	\$ 3,011,126	\$ 2,364,443	\$ 5,945
Payments to employees	-	(17,068)	(1,204,307)	(10,473)
Payments to suppliers	(795,026)	(2,886,347)	(907,813)	(72)
Net cash provided by (used in) operating activities	137,882	107,711	252,323	(4,600)
Cash flows from noncapital financing activities				
Transfers out	-	-	-	-
Cash flows from capital and related financing activities				
Payments for capital asset acquisition	-	-	(132,937)	(5,036)
Cash flows from investing activities				
Investment income	2,499	3,948	-	155
Net change in cash and investment pool	140,381	111,659	119,386	(9,481)
Cash and investment pool:				
Beginning of year	59,969	615,104	834,879	20,446
End of year	\$ 200,350	\$ 726,763	\$ 954,265	\$ 10,965
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 19,225	\$ 109,137	\$ 236,388	\$ (5,819)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	39,893	2,778
Changes in operating assets and liabilities that provided (used) cash:				
Receivables, net	86,383	467	92	-
Due from other funds	-	-	-	-
Due from other governments	-	-	(15,794)	-
Prepays	-	-	(8,478)	-
Accounts payable	32,274	(1,410)	3,672	-
Accrued liabilities	-	(48)	(577)	(29)
Due to other funds	-	-	-	-
Accrued compensated absences	-	(435)	(2,873)	(1,530)
Net cash provided by (used in) operating activities	\$ 137,882	\$ 107,711	\$ 252,323	\$ (4,600)

Mailing Department	Motor Pool	Risk Management	Investment Pool	Employee Benefits	Retiree Health Savings Plan	Total
\$ 88,918	\$ 377,313	\$ 1,449,168	\$ 66,492	\$ 7,647,674	\$ 309,627	\$ 16,253,614
-	-	(67,305)	(22,384)	(57,383)	-	(1,378,920)
<u>(102,210)</u>	<u>(336,245)</u>	<u>(1,084,964)</u>	<u>(37,738)</u>	<u>(7,143,666)</u>	<u>(309,617)</u>	<u>(13,603,698)</u>
(13,292)	41,068	296,899	6,370	446,625	10	1,270,996
-	-	(52,163)	-	-	-	(52,163)
-	-	-	-	-	-	(137,973)
-	-	17,556	-	37,464	40	61,662
(13,292)	41,068	262,292	6,370	484,089	50	1,142,522
18,292	449,566	2,257,951	5,317	5,617,915	31	9,879,470
<u>\$ 5,000</u>	<u>\$ 490,634</u>	<u>\$ 2,520,243</u>	<u>\$ 11,687</u>	<u>\$ 6,102,004</u>	<u>\$ 81</u>	<u>\$ 11,021,992</u>
\$ -	\$ (1,986)	\$ 112,053	\$ -	\$ 136,830	\$ -	\$ 605,828
-	35,841	-	-	-	-	78,512
-	(64)	5,965	-	235,736	(89)	328,490
-	-	-	8,058	-	-	8,058
-	-	-	-	-	-	(15,794)
-	-	(1,500)	-	(1,702)	-	(11,680)
(13,292)	7,141	1,830	1,518	104,969	99	136,801
-	-	178,431	(41)	(28,722)	-	149,014
-	136	-	(3,187)	(56)	-	(3,107)
-	-	120	22	(430)	-	(5,126)
<u>\$ (13,292)</u>	<u>\$ 41,068</u>	<u>\$ 296,899</u>	<u>\$ 6,370</u>	<u>\$ 446,625</u>	<u>\$ 10</u>	<u>\$ 1,270,996</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, 2017

	Trust & Agency	State Education Tax	Library Penal Fine
Assets			
Cash and investment pool	\$ 1,296,076	\$ 9,328,581	\$ 151,268
Receivables:			
Taxes	-	-	-
Accounts	921,228	-	43,600
Accrued interest	65	-	2,299
Due from other governmental units	139,974	-	-
Total assets	<u>\$ 2,357,343</u>	<u>\$ 9,328,581</u>	<u>\$ 197,167</u>
Liabilities			
Accounts payable	\$ 534,628	\$ -	\$ -
Deposits payable	1,426,027	-	-
Due to other governmental units	396,688	9,328,581	197,167
Total liabilities	<u>\$ 2,357,343</u>	<u>\$ 9,328,581</u>	<u>\$ 197,167</u>



Hospital Millage	Saginaw Children's Zoo Millage	Dependent Care	Medical Spending Reimbursement	Total
\$ 881,688	\$ 5,691	\$ 6,593	\$ 17,409	\$ 11,687,306
36,088	3,064	-	-	39,152
-	-	-	-	964,828
3,929	210	-	-	6,503
-	-	-	-	139,974
<u>\$ 921,705</u>	<u>\$ 8,965</u>	<u>\$ 6,593</u>	<u>\$ 17,409</u>	<u>\$ 12,837,763</u>
\$ -	\$ -	\$ 6,593	\$ 17,409	\$ 558,630
-	-	-	-	1,426,027
<u>921,705</u>	<u>8,965</u>	<u>-</u>	<u>-</u>	<u>10,853,106</u>
<u>\$ 921,705</u>	<u>\$ 8,965</u>	<u>\$ 6,593</u>	<u>\$ 17,409</u>	<u>\$ 12,837,763</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, 2017

	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Cash and investment pool	\$ 1,326,982	\$ -	\$ 1,326,982
Accrued interest receivable	4,989	-	4,989
Total assets	<u>\$ 1,331,971</u>	<u>-</u>	<u>1,331,971</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 430	-	430
Long-term liabilities:			
Due within one year	-	15,564	15,564
Total liabilities	<u>430</u>	<u>15,564</u>	<u>15,994</u>
Fund balance			
Unassigned	1,331,541	(1,331,541)	-
Total liabilities and fund balance	<u>\$ 1,331,971</u>		
Net position			
Unrestricted		1,315,977	1,315,977
Total net position		<u>\$ 1,315,977</u>	<u>\$ 1,315,977</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, 2017

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 402	\$ -	\$ 402
Reimbursements	15,914	-	15,914
Investment income	8,929	-	8,929
Total revenues	25,245	-	25,245
Expenditures / expenses			
Current:			
Community and economic development	4,660	-	4,660
Debt service:			
Principal	15,221	(15,221)	-
Interest and fiscal charges	693	-	693
Total expenditures / expenses	20,574	(15,221)	5,353
Change in fund balance / net position	4,671	15,221	19,892
Fund balance / net position, beginning of year	1,326,870	(30,785)	1,296,085
Fund balance / net position, end of year	\$ 1,331,541	\$ (15,564)	\$ 1,315,977

COUNTY OF SAGINAW, MICHIGAN

Department of Public Works

Component Unit of Saginaw County

Department of Public Works Debt Service Fund (DPW) - This fund is used to account for the payment of interest and principal on long-term debt resulting from DPW projects constructed by the County for other local units of government. Money received in this fund is provided by local units of government benefiting from the project in annual installments sufficient to pay the annual principal and interest on the long-term debt. It is subject to the budgetary requirements of Act 2 of the Public Acts of 1968, as amended.

Department of Public Works Administration Fund - This fund is used to account for the preliminary work performed on DPW projects that benefit other local units of government and is reported as an enterprise fund of the DPW. Money for the operation of this fund is supplied from reimbursements from other local units of government, and general fund contributions.

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position and Governmental Fund Balance Sheet

Department of Public Works Component Unit
September 30, 2017

	Debt Service	Adjustments	Statement of Net Position
Assets			
Cash and investment pool	\$ 282,960	\$ -	\$ 282,960
Due from other governmental units	10,718,000	151,584	10,869,584
Total assets	<u>\$ 11,000,960</u>	<u>151,584</u>	<u>11,152,544</u>
Liabilities			
Accounts payable	\$ 291	-	291
Accrued liabilities	-	151,584	151,584
Long-term liabilities:			
Due within one year	-	487,000	487,000
Due in more than one year	-	10,231,000	10,231,000
Total liabilities	<u>291</u>	<u>10,869,584</u>	<u>10,869,875</u>
Deferred inflows of resources			
Unavailable revenue -long-term receivables	10,718,000	(10,718,000)	-
Fund balance/net position			
Restricted for:			
Debt service	282,669	(282,669)	-
Total liabilities, deferred inflow of resources and fund balance	<u>\$ 11,000,960</u>		
Net position			
Restricted for:			
Debt service		<u>\$ 282,669</u>	<u>\$ 282,669</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Activities and Statement of Revenues, Expenditures and

Changes in Fund Balance
 Department of Public Works Component Unit
 For the Year Ended September 30, 2017

	Debt Service	Adjustments	Statement of Activities
Revenues			
Local grants and contributions	\$ 1,255,674	\$ (789,241)	\$ 466,433
Investment income	448	-	448
Total revenues	<u>1,256,122</u>	<u>(789,241)</u>	<u>466,881</u>
Expenditures / expenses			
Current:			
Public works	26,923	-	26,923
Debt service:			
Principal	780,000	(780,000)	-
Interest and fiscal charges	394,463	(9,241)	385,222
Total expenditures / expenses	<u>1,201,386</u>	<u>(789,241)</u>	<u>412,145</u>
Change in fund balance / net position	54,736	-	54,736
Fund balance / net position, beginning of year	<u>227,933</u>	-	<u>227,933</u>
Fund balance / net position, end of year	<u>\$ 282,669</u>	<u>\$ -</u>	<u>\$ 282,669</u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Net Position

Department of Public Works Component Unit - Proprietary Fund
September 30, 2017

	Administration
Assets	
Current assets:	
Cash and investment pool	\$ 118,309
Noncurrent assets:	
Capital assets being depreciated, net	<u>26,731</u>
Total assets	<u>145,040</u>
Liabilities	
Accrued liabilities	<u>1,772</u>
Net position	
Investment in capital assets	26,731
Unrestricted	<u>116,537</u>
Total net position	<u>\$ 143,268</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, 2017

	Administration
Operating revenues	
Licenses and permits	<u>\$ 101,664</u>
Operating expenses	
Personal services	19,858
Fringe benefits	18,268
Supplies	551
Services and charges	2,126
Depreciation	<u>4,851</u>
Total operating expenses	<u>45,654</u>
Change in net position	56,010
Net position, beginning of year	<u>87,258</u>
Net position, end of year	<u><u>\$ 143,268</u></u>

COUNTY OF SAGINAW, MICHIGAN

Statement of Cash Flows

Department of Public Works Component Unit - Proprietary Fund
 For the Year Ended September 30, 2017

Administration

Cash flows from operating activities	
Receipts from customers	\$ 101,664
Payments to employees	(38,058)
Payments to suppliers	<u>(2,677)</u>
Net cash provided by operating activities / change in cash and investment pool	60,929
Cash and investment pool:	
Beginning of year	<u>57,380</u>
End of year	<u><u>\$ 118,309</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income	\$ 56,010
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,851
Changes in operating assets and liabilities that provided (used) cash:	
Accrued liabilities	<u>68</u>
Net cash provided by operating activities	<u><u>\$ 60,929</u></u>

COUNTY OF SAGINAW, MICHIGAN

■ Drain Commission

Component Unit of Saginaw County

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

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

Special Assessment Drain 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, 2017

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Assets				
Cash and investment pool	\$ 907,702	\$ 176,349	\$ 3,689,716	\$ 788,203
Receivables:				
Special assessments	9,598,725	90,000	-	-
Accounts	7,576	-	18,766	-
Due from other funds	-	-	236	-
Advance to other funds	-	-	402,766	-
Due from other governmental units	-	-	12,460	-
Capital assets:				
Assets not being depreciated	-	-	-	-
Assets being depreciated, net	-	-	-	-
Total assets	\$ 10,514,003	\$ 266,349	\$ 4,123,944	\$ 788,203
Liabilities				
Accounts payable	\$ 89	\$ -	\$ 145,626	\$ 302,060
Accrued liabilities	-	-	-	-
Due to other funds	-	-	162	236
Advance from other funds	-	-	-	402,766
Advances from primary government	-	-	-	-
Long-term liabilities:				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	89	-	145,788	705,062
Deferred inflows of resources				
Unavailable revenue - special assessments	9,598,725	90,000	-	-
Fund balances / net position				
Restricted for:				
Debt service	915,189	176,349	-	-
Capital projects	-	-	3,978,156	83,141
Total fund balances (deficit)	915,189	176,349	3,978,156	83,141
Total liabilities, deferred inflows of resources and fund balances	\$ 10,514,003	\$ 266,349	\$ 4,123,944	\$ 788,203
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
\$ 55,000	\$ 117,106	\$ 5,734,076	\$ -	\$ 5,734,076
-	-	9,688,725	-	9,688,725
-	-	26,342	-	26,342
345,000	162	345,398	(345,398)	-
-	-	402,766	(402,766)	-
-	-	12,460	-	12,460
-	-	-	3,658,265	3,658,265
-	-	-	41,224,557	41,224,557
<u>\$ 400,000</u>	<u>\$ 117,268</u>	<u>\$ 16,209,767</u>	<u>44,134,658</u>	<u>60,344,425</u>
\$ -	\$ 563	\$ 448,338	-	448,338
-	-	-	107,012	107,012
-	345,000	345,398	(345,398)	-
-	-	402,766	(402,766)	-
400,000	-	400,000	-	400,000
-	-	-	2,065,229	2,065,229
-	-	-	8,934,971	8,934,971
<u>400,000</u>	<u>345,563</u>	<u>1,596,502</u>	<u>10,359,048</u>	<u>11,955,550</u>
-	-	9,688,725	(9,688,725)	-
-	-	1,091,538	(1,091,538)	-
-	(228,295)	3,833,002	(3,833,002)	-
-	(228,295)	4,924,540	(4,924,540)	-
<u>\$ 400,000</u>	<u>\$ 117,268</u>	<u>\$ 16,209,767</u>		
			33,882,622	33,882,622
			10,673,251	10,673,251
			<u>3,833,002</u>	<u>3,833,002</u>
			<u>\$ 48,388,875</u>	<u>\$ 48,388,875</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, 2017

	Debt Service Funds		Capital Projects Funds	
	Chapter 8 Drains	Chapter 20 Drains	Special Assessment Drain	Chapter 8 Drains
Revenues				
Special assessments	\$ 1,025,234	\$ -	\$ 593,881	\$ 741,744
State grants and contributions	-	-	116,481	186,115
Local grants and contributions	340,305	119,876	839,930	-
Investment income	23,567	348	7,090	2,923
Reimbursements	-	-	4,065	-
Total revenues	1,389,106	120,224	1,561,447	930,782
Expenditures / expenses				
Current:				
Public works	227,911	-	1,713,796	3,272,699
Depreciation	-	-	-	-
Debt service:				
Principal	765,065	90,000	-	-
Interest and fiscal charges	274,322	9,875	-	-
Total expenditures	1,267,298	99,875	1,713,796	3,272,699
Revenues over (under) expenditures/expenses	121,808	20,349	(152,349)	(2,341,917)
Other financing sources				
Proceeds from issuance of long-term debt	211,200	-	-	1,135,000
Change in fund balance / net position	333,008	20,349	(152,349)	(1,206,917)
Fund balances (deficit) / net position, beginning of year	582,181	156,000	4,130,505	1,290,058
Fund balances (deficit) / net position, end of year	\$ 915,189	\$ 176,349	\$ 3,978,156	\$ 83,141

Capital Projects Funds				
Revolving Drain	Revolving Drain Maintenance	Total Governmental Funds	Adjustments	Statement of Activities
\$ -	\$ -	\$ 2,360,859	\$ 354,152	\$ 2,715,011
-	-	302,596	-	302,596
-	-	1,300,111	-	1,300,111
-	(283)	33,645	-	33,645
-	50,381	54,446	-	54,446
-	50,098	4,051,657	354,152	4,405,809
-	48,851	5,263,257	(3,349,832)	1,913,425
-	-	-	1,425,565	1,425,565
-	-	855,065	(855,065)	-
-	-	284,197	17,700	301,897
-	48,851	6,402,519	(2,761,632)	3,640,887
-	1,247	(2,350,862)	3,115,784	764,922
-	-	1,346,200	(1,346,200)	-
-	1,247	(1,004,662)	1,769,584	764,922
-	(229,542)	5,929,202	41,694,751	47,623,953
\$ -	\$ (228,295)	\$ 4,924,540	\$ 43,464,335	\$ 48,388,875

SINGLE AUDIT ACT COMPLIANCE

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

March 28, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 28, 2018, 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.

A handwritten signature in black ink that reads "Rehmann Robson LLC".

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

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	\$ -	\$ 3,713
Cash assistance:					
National School Lunch Program:					
Children's Facility	10.555	MDE	730008002	-	56,824
				<u>-</u>	<u>60,537</u>
Women and Infant Care	10.557	MDHHS	N/A	-	738,836
Women and Infant Care - Breastfeeding	10.557	MDHHS	N/A	-	39,991
				<u>-</u>	<u>778,827</u>
SNAP Cluster:					
Food Assistance & Employment Training Type A	10.561	WDA	N/A	103,574	139,732
Food Assistance & Employment Training / SS Type B	10.561	WDA	N/A	4,494	4,494
				<u>108,068</u>	<u>144,226</u>
Total U.S. Department of Agriculture				<u>108,068</u>	<u>983,590</u>
U.S. Department of Housing and Urban Development					
Community Development Block Grant	14.228	MSHDA	MSC-2014-0540-HOA	-	4,081
Community Development Block Grant - Administration	14.228	MSHDA	MSC-2014-0540-HOA	-	6,621
				<u>-</u>	<u>10,702</u>
Total U.S. Department of Housing and Urban Development				<u>-</u>	<u>10,702</u>
U.S. Department of Justice					
Edward Byrne Memorial Justice Assistance Grant (JAG) Program:					
Edward Byrne Memorial JAG Program	16.738	Direct	2014-DJ-BX-0512	-	17,554
Edward Byrne Memorial JAG Program	16.738	Direct	2015-DJ-BX-0892	-	3,563
Edward Byrne Memorial JAG Program	16.738	Direct	2016-DJ-BX-0669	-	40,889
Prosecutor's Bay Area Narcotics Enforcement Team (BAYANET)	16.738	MSP	2015-MU-BX-0964	-	12,784
Prosecutor's Major Crimes Prosecution Project	16.738	MSP	2015-MU-BX-0964	-	100,000
				<u>-</u>	<u>174,790</u>
Total U.S. Department of Justice				<u>-</u>	<u>174,790</u>

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Labor					
Employment Services Cluster:					
Employment Service	17.207	WDA	N/A	\$ 416,799	\$ 614,570
Reemployment Services and Eligibility Assessment Program:					
UIA Admin. RESEA	17.225	WDA	N/A	55,587	55,587
Trade Adjustment Assistance:					
Trade Adjustment Assistance	17.245	WDA	N/A	21,200	21,479
Trade Case Management	17.245	WDA	N/A	1,324,332	1,430,595
				<u>1,345,532</u>	<u>1,452,074</u>
Workforce Investment Act (WIA) Cluster:					
Workforce Innovation and Opportunity Act - Adult	17.258	WDA	N/A	1,111,789	1,256,916
Workforce Innovation and Opportunity Act - One Stop Operations	17.258	WDA	N/A	17,893	70,687
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.258	WDA	N/A	2,168	2,168
Workforce Innovation and Opportunity Act - Administration	17.258	WDA	N/A	-	78,347
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.258	WDA	N/A	-	9,859
Workforce Innovation and Opportunity Act - SWA Apprenticeship Coordinator	17.258	WDA	N/A	-	6,375
Workforce Innovation and Opportunity Act - Youth	17.259	WDA	N/A	1,014,584	1,163,256
Workforce Innovation and Opportunity Act - One Stop Operations	17.259	WDA	N/A	19,744	77,999
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.259	WDA	N/A	2,392	2,392
Workforce Innovation and Opportunity Act - Administration	17.259	WDA	N/A	-	86,452
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.259	WDA	N/A	-	10,879
Workforce Innovation and Opportunity Act - SWA Apprenticeship Coordinator	17.259	WDA	N/A	-	7,035

continued...

COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Labor (concluded)					
Workforce Investment Act (WIA) Cluster (concluded):					
Workforce Innovation and Opportunity Act - Dislocated Worker	17.278	WDA	N/A	\$ 890,225	\$ 1,066,546
Workforce Innovation and Opportunity Act - One Stop Operations	17.278	WDA	N/A	24,063	95,062
Workforce Innovation and Opportunity Act - SWA High Concentration Youth	17.278	WDA	N/A	2,916	2,916
Workforce Innovation and Opportunity Act - Administration	17.278	WDA	N/A	-	105,363
WIA RR CRM	17.278	WDA	N/A	-	6,610
Workforce Innovation and Opportunity Act - SWA Capacity Building	17.278	WDA	N/A	-	13,259
Workforce Innovation and Opportunity Act - SWA-Apprenticeship Coordinator	17.278	WDA	N/A	-	8,574
				<u>3,085,774</u>	<u>4,070,695</u>
WIA - SP NEG	17.277	WDA	N/A	449,070	482,832
WIA - TRW NEG	17.277	WDA	N/A	330,281	330,281
				<u>779,351</u>	<u>813,113</u>
Total U.S. Department of Labor				<u>5,683,043</u>	<u>7,006,039</u>
U.S. Department of Transportation					
Airport Improvement Program:					
Airport Improvement Program	20.106	MDOT-A	B-26-0114-2317	-	498,775
Airport Improvement Program	20.106	MDOT-A	R191150-160708.01	-	26,146
Airport Improvement Program	20.106	MDOT-A	B-26-0114-2214	-	57,513
				<u>-</u>	<u>582,434</u>
Highway Planning and Construction Cluster:					
Urban Planning - FHWA (PL)	20.205	MDOT	PL-1684-148	-	212,684
Highway Safety Cluster:					
Saginaw County Underage Drinking Enforcement	20.616	MSP	AL-17-19	-	3,468
Saginaw County Traffic Enforcement Program	20.616	MSP	PT-16-30	-	51,990
				<u>-</u>	<u>55,458</u>
Hazardous Material Emergency Preparedness	20.703	MSP	HM-HMP-0439-14-01-00	-	(1,080)
Total U.S. Department of Transportation				<u>-</u>	<u>849,496</u>

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Environmental Protection Agency					
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water					
State Revolving Funds	66.468	MDEQ	FS975487-14	\$ -	\$ 350
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	-	13,300
Aging Cluster:					
Case Coordination and Support	93.044	MOAS	N/A	-	96,404
Case Coordination and Support -					
In-Home Support Services	93.044	MOAS	N/A	-	42,756
Outreach	93.044	MOAS	N/A	-	19,157
Transportation	93.044	MOAS	N/A	-	8,966
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
Nutrition - Title III C-1 Congregate	93.045	MOAS	N/A	-	115,271
Nutrition - Title III C-2 HDM	93.045	MOAS	N/A	-	243,551
Nutrition Services Incentive Program -					
Congregate	93.053	MOAS	N/A	-	39,065
Nutrition Services Incentive Program - HDM	93.053	MOAS	N/A	-	111,355
				-	709,037
National Family Caregiver Support, Title III, Part E:					
Title III E Kinship Care	93.052	MOAS	N/A	-	3,484
National Family Caregiver Support Program	93.052	MOAS	N/A	-	30,579
Supplemental funds - Title III E	93.052	MOAS	N/A	-	14,142
				-	48,205
Public Health Emergency Preparedness:					
PHEP - Bioterrorism Nine	93.069	MDHHS	20161705	-	108,501
PHEP - Laboratory Services Bio	93.069	MDHHS	20161705	-	15,000
PHEP - Ebola Virus Disease Phase II	93.069	MDHHS	20161705	-	13,852
Hospital Preparedness Program:					
Capacity Bldg Assist - Bioterrorism Three	93.074	MDHHS	20161705	-	23,040
Capacity Bldg Assist - Laboratory Services Bio	93.074	MDHHS	20161705	-	5,000
				-	165,393
Tuberculosis Control	93.116	MDHHS	20161705	-	100
Family Planning Services	93.217	MDHHS	20161705	-	93,753
Immunization Cooperation Agreements:					
Immunizations - IAP	93.268	MDHHS	20161705	-	8,751
Federally Funded Vaccines	93.268	MDHHS	20161705	-	232,183
Immunization Fixed Fees	93.268	MDHHS	20161705	-	5,450
				-	246,384

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

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)					
ACA - Maternal, Infant & Early Childhood Home Visiting Cluster:					
NFP (Nurse Family Partnership)	93.505	MDHHS	20161705	\$ -	\$ 25,750
Immunizations - IAP	93.539	MDHHS	N/A	-	14,774
TANF Cluster:					
TANF - JET Supportive Services Type E	93.558	WDA	N/A	115,133	115,133
TANF - JET Type T	93.558	WDA	N/A	2,221,306	3,438,826
				<u>2,336,439</u>	<u>3,553,959</u>
Child Enforcement Support:					
Title IV-D Maintenance Assistance (Federal Incentive) (FOC)	93.563	MDHHS	CSFOC-17-73001	-	287,193
Title IV-D Cooperative Reimbursement Program (FOC)	93.563	MDHHS	CSFOC-17-73001	-	2,461,701
Title IV-D Cooperative Reimbursement Program (PA)	93.563	MDHHS	CSPA-17-73002	-	437,707
				<u>-</u>	<u>3,186,601</u>
Federal Access and Visitation	93.597	SCAO	SCAO-2017-029	-	6,300
Medicaid Cluster:					
CSHCS Medicaid Outreach	93.778	MDHHS	20161705	-	15,167
CSHCS Outreach & Advocacy	93.778	MDHHS	20161705	-	56,500
CSHCS Elevated Blood Level	93.778	MDHHS	20161705	-	4,233
POS Waiver	93.778	MOAS	N/A	-	131,088
				<u>-</u>	<u>206,988</u>
HIV/AIDS Prevention Counseling	93.940	MDHHS	20161705	-	1,000
Maternal and Child Health Services Block Grant:					
Local MCH Block Grant	93.994	MDHHS	20161705	-	157,859
Fetal Infant Mortality Review	93.994	MDHHS	20161705	-	3,240
Family Planning Services	93.994	MDHHS	20161705	-	26,829
Public Health Functions & Infrastructure	93.994	MDHHS	20161705	-	53,117
				<u>-</u>	<u>241,045</u>
Total U.S. Department of Health and Human Services				<u>2,336,439</u>	<u>8,512,589</u>

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COUNTY OF SAGINAW, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
Corporation for National and Community Service Foster Grandparent/Senior Companion Cluster: Foster Grandparent Program	94.011	Direct	13SFNMI006	\$ -	\$ 245,645
U.S. Department of Homeland Security Marine Safety Program	97.012	MDNR	MS17-065	-	2,662
Emergency Food and Shelter National Board Program	97.024	UWSC	481400-005	-	797
Emergency Management Performance Grant	97.042	MSP	EMC-2017-EP-00001	-	34,149
Pre-Disaster Mitigation Grant Program (HMGP)	97.047	MSP	PDMC-PL-05-MI-2014-002	-	2,603
3rd District Regional Homeland Security Grant	97.067	Iosco	EMW-2015-SS-00033	-	23,848
3rd District Regional Homeland Security Grant	97.067	Iosco	EMW-2016-SS-00010-S01	-	3,000
Total U.S. Department of Homeland Security				-	67,059
Total Expenditures of Federal Awards				\$ 8,127,550	\$ 17,850,260 concluded

See notes to schedule of expenditures of federal awards.

COUNTY OF SAGINAW, MICHIGAN

Notes to the Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of Saginaw, Michigan (the “County”) under programs of the federal government for the year ended September 30, 2017. 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.

The County’s reporting entity is defined in Note 1 of the financial statements. The County’s financial statements include the operations of the Saginaw County Road Commission discretely presented component unit, which received federal awards that are not included in the Schedule for the year ended September 30, 2017, as this entity was separately audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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	Iosco County, Michigan
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
MDOT-A	Michigan Department of Transportation - Aeronautics
MOAS	Michigan Office of Aging Services and Region VII Area Agency on Aging
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
SCAO	State Court Administrative Office
UWSC	United Way of Saginaw County
WDA	Workforce Development Agency

COUNTY OF SAGINAW, MICHIGAN

Notes to the Schedule of Expenditures of Federal Awards

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

Federal revenue:	
Statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 17,255,438
Statement of revenues, expenses and changes in fund net position:	
Enterprise funds	582,434
Less:	
Supplemental grant distributions for prior years' expenses	<u>12,388</u>
	<u>\$ 17,850,260</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 28, 2018

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, 2017, 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 28, 2018. Our report includes a reference to other auditors who audited the financial statements of the County of Saginaw Road Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



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

March 28, 2018

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 each of the County's major federal programs for the year ended September 30, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the County of Saginaw Road Commission which received contracted and negotiated awards of \$2,081,039 and \$51,430, respectively, for federal projects, which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2017. Our audit, described below, did not include the operations of the County of Saginaw Road Commission because it arranged for a separate audit in accordance with the Uniform Guidance.

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 each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). 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 each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

A handwritten signature in black ink that reads "Rehman Lohani LLC". The signature is written in a cursive style with a large initial 'R' and 'L'.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal controls over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
17.245	Trade Adjustment Assistance	Unmodified
93.558	Temporary Assistance for Needy Families (TANF) Cluster	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, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

COUNTY OF SAGINAW, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2017-001 - Procurement

Finding Type. Immaterial noncompliance.

Program. Temporary Assistance for Needy Families (TANF) Cluster; U.S. Department of Health and Human Services; Michigan Department of Human Services; CFDA Number 93.558.

Criteria. A recipient of federal awards is required to adhere to their written procurement policies that are in accordance with the Uniform Guidance as well as the County's internal policies.

Condition. During our testing, we noted that one vendor, used for marketing services in excess of \$25,000 did not have proper bidding documentation retained by the County. It was further noted that no request for proposal for the services for which this vendor was obtained had been conducted in the past twelve years.

Cause. This condition appears to have been caused by failure to follow the procurement policies of Great Lakes Bay Michigan Works, the department that received and expended these grant funds.

Effect. As a result of this condition, the County did not follow written policies and procedures designed to conduct full and open competition.

Recommendation. We recommend that the County perform procurement procedures in accordance with their written policies for all vendor services where federal funds are expended.

View of Responsible Officials. It is Michigan Works practice to typically procure contracts like the Barkholtz contract at least every 3 years. The last marketing services procurement of 2005 resulted in the bid winner, The Barkholtz Group, and Michigan Works negotiating a contract that included an hourly rate of \$98.00. Subsequently, through our annual contract negotiations, that hourly rate had not changed until October of 2017, when the negotiated rate increased to \$116.00 per hour. Michigan Works has been satisfied with the marketing work Barkholtz has done for us through the years. Barkholtz's current contract runs through 9/30/18. Moving forward, Michigan Works staff has initiated work on a new marketing services request for proposal (RFP). Michigan Works plans to present the results of that RFP to its board at its June 25, 2018 board meeting.

COUNTY OF SAGINAW, MICHIGAN

■ Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2017

None reported.

