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SAGA COMMUNICATIONS INC
Form 11-K
June 20, 2003

United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 11-K

(MARK ONE)

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act
of 1934
For the Fiscal Year ended December 31, 2002

or

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act
of 1934
For the transition period from _____ to _____

Commission file number 333-63321

Saga Communications, Inc. Employees' 401(K) Savings and Investment Plan

(Full title of plan)

Saga Communications, Inc.
73 Kercheval Avenue
Grosse Pointe Farms, Michigan 48236

(Name of Issuer of Securities Held Pursuant to Plan and Address of its
Principal Executive Office)

Saga Communications, Inc.
Employees' 401(k) Savings and Investment Plan

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Report of Independent Auditors

Plan Administrator
Saga Communications, Inc.
Employees' 401(k) Savings and Investment Plan

We have audited the accompanying statements of assets available for benefits of Saga Communications, Inc. Employees' 401(k) Savings and Investment Plan as of December 31, 2002 and 2001 and the related statements of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Plan at December 31, 2002 and 2001 and the changes in its assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2002 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/S/ Ernst & Young LLP

Detroit, Michigan
May 30, 2003

Saga Communications, Inc.
Employees' 401(k) Savings and Investment Plan

Statements of Assets Available For Benefits

	DECEMBER 31	
	2002	2001
ASSETS		
Investments, at fair value:		
Mutual funds	\$ 5,688,928	\$ 6,137,039
Guaranteed Investment Fund	1,690,384	1,269,419
Saga Common Stock Fund	2,145,148	1,741,254
Participant loans	163,128	188,146
	9,687,588	9,335,858
Employer contributions receivable	209,740	196,691
Assets available for benefits	\$ 9,897,328	\$ 9,532,549

See accompanying notes.

Saga Communications, Inc.
Employees' 401(k) Savings and Investment Plan

Statements of Changes in Assets Available For Benefits

	YEAR ENDED DECEMBER 31	
	2002	2001
ADDITIONS		
Participant contributions	\$ 1,433,826	\$ 1,474,076
Employer contributions	209,740	196,691
Investment income:		
Interest and dividends	89,483	97,696
Net appreciation/(depreciation) in fair value of investments:		
Mutual funds	(1,127,823)	(825,980)
Saga Common Stock Fund	275,597	487,056
Total additions	880,823	1,429,539

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DEDUCTIONS

Benefit payments	516,044	743,407
	364,779	686,132
Net increase		
Assets available for benefits:		
Beginning of year	9,532,549	8,846,417
	\$ 9,897,328	\$ 9,532,549
End of year	\$ 9,897,328	\$ 9,532,549
	\$ 9,897,328	\$ 9,532,549

See accompanying notes.

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Saga Communications, Inc.
 Employees' 401(k) Savings and Investment Plan
 Notes to Financial Statements
 Years ended December 31, 2002 and 2001

1. DESCRIPTION OF PLAN

The following description of Saga Communications, Inc. (the "Company") Employees' 401(k) Savings and Investment Plan (the "Plan") provides only general information. Participants should refer to the summary plan description for more complete information.

GENERAL

The Plan is a defined contribution plan which includes, as participants, all employees who have completed one year of employment and reached the age of twenty-one. The Plan is administered by the Company and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

CONTRIBUTIONS

Contributions to employees' accounts are effected through voluntary reductions in their compensation. Annual contributions for each participant are subject to the participation and discrimination standards of Internal Revenue Code Section 401(k). The Company may make a discretionary match; for 2002 and 2001 the discretionary employer match was \$209,740 and \$196,691, respectively.

Upon enrollment, a participant may direct their contributions to any of the Plan's fund options. Employer contributions are invested in Saga Communications, Inc. common stock.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

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Saga Communications, Inc.
 Employees' 401(k) Savings and Investment Plan
 Notes to Financial Statements (continued)

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1. DESCRIPTION OF PLAN (CONTINUED)

VESTING

Participants are immediately vested in their contributions and the employer discretionary match plus actual earnings thereon.

PARTICIPANT LOANS

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from 1-5 years or up to 15 years for purchase of primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate as determined by the Plan Administrator which approximates the prime interest rate in effect on the first business day of the calendar quarter plus 1%. Principal and interest are paid ratably through payroll deductions.

DISTRIBUTIONS

Participants or their beneficiaries may receive distributions of their account balances upon the earlier of reaching age 59-1/2, disability, death or termination of service, as defined in the Plan. Further, the Plan Administrator may permit a participant who experiences a qualified financial hardship, as defined, to receive a distribution or a portion of the participant's account balance. Such distributions are generally made in a lump sum.

PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provision of ERISA.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Plan are paid by the Company.

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Saga Communications, Inc.
Employees' 401(k) Savings and Investment Plan
Notes to Financial Statements (continued)

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting.

INVESTMENT VALUATION AND INCOME RECOGNITION

Except for guaranteed investment contracts, the Plan's investments are stated at fair value which equals the quoted market price on the last business day of the plan year. The shares of mutual funds are valued at quoted market prices which represent the net asset values of shares held by the Plan at year-end. The participant loans are valued at their outstanding balances, which approximate fair value.

Guaranteed investment contracts are recorded at their contract values, which represent contributions and reinvested income, less any withdrawals plus accrued interest, because these investments have fully benefit-responsive features. For

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example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract values for credit risk of contract issues or otherwise. The average yield was approximately 4.7% and 6% for 2002 and 2001, respectively. The crediting interest rate for these investment contracts is reset semiannually by the issuer but cannot be less than zero and was 4.8% and 5.95% at December 31, 2002 and 2001, respectively.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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Saga Communications, Inc.
 Employees' 401(k) Savings and Investment Plan
 Notes to Financial Statements (continued)

3. INVESTMENTS

Investments that represent 5% or more of fair value of the Plan's net assets are as follows:

	DECEMBER 31	
	2002	2001
	-----	-----
Guaranteed Investment Fund*	\$1,690,384	\$1,269,419
Saga Common Stock Fund**	2,145,148	1,741,254
Vanguard Wellington Fund*	697,860	662,023
American Century Ultra Investors Fund*	832,316	1,052,158
Fidelity Contrafund Account*	1,524,774	1,606,545
S&P 500 Index Fund*	555,576	708,984
Fidelity Growth & Income Account*	499,233	512,318

* Fund is sponsored by Plan Trustee

** Non-participant directed

4. NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the significant components of changes in net assets related to the nonparticipant-directed investment is as follows:

	YEAR ENDED	
	DECEMBER 31	
SAGA COMMON STOCK FUND:	2002	2001
	-----	-----

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Contributions	\$ 345,501	\$ 329,788
Net appreciation in fair value	275,597	487,056
Benefit payments	(99,098)	(123,323)
Transfers out	(118,106)	(28,342)
	-----	-----
Net increase	403,894	665,179
Net assets available for benefits at beginning of year	1,741,254	1,076,075
	-----	-----
Net assets available for benefits at end of year	\$ 2,145,148	\$ 1,741,254
	=====	=====

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Saga Communications, Inc.
 Employees' 401(k) Savings and Investment Plan
 Notes to Financial Statements (continued)

5. INCOME TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated April 4, 1994, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. However, the Plan has been restated in its entirety subsequent to the issuance of the determination. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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Saga Communications, Inc.
 Employees' 401(k) Savings and Investment Plan

Employer ID # 38-2683519
 Plan # 001

Schedule H, Line 4i - Schedule of Assets (Held At End of Year)

December 31, 2002

IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE
* Connecticut General Life Insurance Company	Guaranteed Investment Fund
* Connecticut General Life Insurance Company	S&P 500 Index Fund
* Connecticut General Life Insurance Company	Artisan Partners Growth Fund
* Connecticut General Life Insurance Company	Timesquare High Yield
* Connecticut General Life Insurance Company	Fidelity Contrafund Account
* Connecticut General Life Insurance Company	Fidelity Growth and Income Account
* Connecticut General Life Insurance Company	Balanced I/ Wellington Management Fund
* Connecticut General Life Insurance Company	American Century Ultra Investors Fund
* Connecticut General Life Insurance Company	Vanguard Wellington Fund
* Connecticut General Life Insurance Company	Credit Suisse Emerging Growth Fund

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* Connecticut General Life Insurance Company	Credit Suisse International Equity Fund
* Connecticut General Life Insurance Company	Goldman Sachs Large Cap Growth Fund
* Connecticut General Life Insurance Company	Janus Fund
* Connecticut General Life Insurance Company	Janus Worldwide Fund
* Connecticut General Life Insurance Company	TCW Small Cap Value Fund
Baron Mutual Funds	Baron Asset Fund
** Saga Communications, Inc.	Saga Common Stock Fund
* Participant loans receivable	Interest rates 5.75% to 10.50%

Total investments

* Party-in-interest.

** Party-in-interest, Nonparticipant directed fund

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EXHIBIT INDEX

Exhibits

23.1 Consent of Ernst & Young LLP

99.1 Certification of Officers Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the administrator of the Plan has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

SAGA COMMUNICATIONS, INC.
EMPLOYEES' 401(K) SAVINGS AND
INVESTMENT PLAN

Date: June 20, 2003

/S/ Marcia K. Lobaito

Marcia K. Lobaito
Plan Administrator

Date: June 20, 2003

/S/ Catherine Bobinski

Catherine Bobinski
Vice President, Corporate Controller
and Chief Accounting Officer

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