

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended June 30, 2009
SOUTHFIELD, MICHIGAN

City of Southfield, Michigan

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2009

**Fiscal Services Division
Accounting Department**

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City of Southfield

26000 Evergreen Rd. • P.O. Box 2055 • Southfield, MI 48037-2055 • www.cityofsouthfield.com

December 15, 2009

Honorable Mayor and Council
Municipal Building
Southfield, Michigan

RE: 2008-09 COMPREHENSIVE ANNUAL FINANCIAL REPORT LETTER OF TRANSMITTAL

Dear Sirs and Mesdames:

The Comprehensive Annual Financial Report of the City of Southfield, Michigan, for the fiscal year ended June 30, 2009, is submitted herewith, in accordance with provisions of the Southfield City Charter and the laws of the State of Michigan. This report, prepared by the City's Fiscal Services staff, represents the official report of the City's financial operations and condition to the City's residents, elected officials, investment firms, rating agencies and other interested parties. Responsibility for the accuracy, completeness and fairness of the financial data herein, including all disclosures, rests with the City. The annual audit of the City of Southfield financial statements was conducted by the independent accounting firm of Plante & Moran, PLLC.

This report also includes a separate section on Component Units, as required by Statement Number 14 of the Government Accounting Standards Board (GASB), (see pages 48 and 49 of this letter and the Table of Contents). Component units are included because of the significance of their operational or financial relationships with the City. The component unit columns in the combined financial statements include the financial data of the City's six component units. These units are reported in a separate column to emphasize that they are legally separate from the City. They include the Local Development Finance Authority, the Tax Increment Finance Authority, the Economic Development Corporation, Cornerstone Development Authority, Brownfield Redevelopment Authority and the Non-Profit Housing Authority. Descriptions of each component unit appear in Note "1A" on pages 51 - 52 of this report.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section, which is un-audited, includes this letter of transmittal, an organizational chart and a list of the City of Southfield's principal elected and appointed officials. The financial section, which is audited, includes the Management Discussion and Analysis, basic financial statements and the combining and individual fund statements and schedules. The statistical section, which is un-audited, includes selected financial and demographic information, generally presented on a multi-year basis.

The enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of various funds of the City. This letter should be read in conjunction with the Management's Discussion and Analysis. Included are disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

Mayor
Brenda L. Lawrence

Council President
Donald F. Fracassi

City Clerk
Nancy L. M. Banks

City Treasurer
Irv M. Lowenberg

City Council

Myron A. Frasier

Janna K. Garrison

Sidney Lantz

Joan Seymour

Kenson J. Siver

Linnie M. Taylor

City of Southfield

Letter of Transmittal

The City of Southfield is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of State and Local Governments*. The single audit report includes independent auditor review and comments on internal controls, legal/regulatory compliance, and any findings of questioned costs.

CITY OF SOUTHFIELD, MICHIGAN MUNICIPAL OVERVIEW

The City of Southfield has continued to experience substantial growth and development since its incorporation on April 28, 1958. Located in the heart of southeastern Michigan, with easy access to major Detroit-area expressways, *Southfield–The Center of It All™*, is comprised of both a cosmopolitan, culturally diverse residential population and a thriving international business community. Southfield has grown to be one of the premier business and residential addresses in Michigan—a center of commerce close to quaint, tree-lined neighborhoods.

The City of Southfield offers a complete living community, featuring a nationally recognized public school system, 10 colleges and universities, and more than 700 acres of park land. Southfield is home to 78,000 residents and over 100 “Fortune 500” companies. With a daytime population nearing 175,000, over 27 million square feet of office space and more than seven million square feet of retail and industrial space—Southfield is Michigan's undisputed business center. In fact, Southfield boasts more office space than the central business districts of Cleveland, Cincinnati, Detroit, Indianapolis or Kansas City. Residents and businesses alike come to Southfield for its central location, excellent city services and easy access to all of southeastern Michigan.

Southfield's large business community dates back to the mid 1950's. Corporations seeking spacious suburban offices were attracted to Southfield, and within a half-decade, dozens of high-profile firms called Southfield home. Growth was spurred by the nation's first regional shopping center, Northland Center, which opened in Southfield in 1954; yet today, it remains a major retail center. City leaders showed considerable foresight over the years in creating a high-visibility business community along major roadways, with neighborhoods strategically tucked into adjacent acreage and subdivisions.

In addition to the City's extensive business community, Southfield is also a model of multiculturalism. Its residential and business populations reflect the world's diversity. Southfield residents celebrate the rich tapestry of cultural, religious and racial heritage in the community. Southfield provides excellent quality of life; preeminent City services; central location; and diverse and affordable housing, with neighborhoods ranging from urban town homes to pastoral country sides.

Southfield is operated under a Council/Administrator form of government. The seven-member City Council is elected at two-year intervals on a non-partisan ballot; the three highest vote-getters receive four-year terms and the fourth serves a two-year term. The Council President, who presides over meetings, is elected by Council colleagues. Special Council committees review and make policy recommendations on finance, zoning, transportation, state legislation, appointments and other key issues.

The Mayor, elected to a four-year term on a non-partisan ballot, has veto power over Council actions but does not vote on legislative matters. A two-thirds Council majority vote is needed to override a Mayoral veto. The Mayor also appoints the City Attorney, City Assessor, City Planner and Emergency Management Director, with appointment confirmation by City Council.

City of Southfield

Letter of Transmittal

Also elected to four-year terms, the City Clerk and City Treasurer serve in full-time capacities. The City Administrator, appointed by and reporting directly to City Council, serves as chief administrative officer and oversees daily operations and policy implementation.

The City's elected officials hold memberships and often play a leadership role in a wide range of professional organizations, including the National League of Cities, Michigan Municipal League, United States Conference of Mayors, Municipal Clerks' Association, Municipal Treasurers' Association, and the Government Finance Officers' Association. Management also holds leadership positions or participates in numerous professional organizations, including the International City/County Management Association, Michigan Government Finance Officers' Association, American Public Works Association, International Code Council, Building Owners and Managers' Association, National Association of Telecommunication Officers and Advisors, Public Relations Society of America, and the City-County Communications & Marketing Association.

Southfield is served by many long-tenured elected officials and administrative staff. A new Mayor was elected for the first time in 29 years in 2001; the City Treasurer retired in 2005 after 35 years of service with the City; the Director of Public Works also retired in 2005 after more than 33 years of service; and the City Librarian retired in 2007 after 35 years of service to the community. Council members average more than 10 years of service.

The City's Exempt Service Staff consists of management group employees selected by authorized elected or appointed officials. These positions are executive level, in general, and not part of the civil service system. The Mayor and Council utilize the annual budget process to review salary ranges for exempt personnel. Other City employment classifications are reviewed either through collective bargaining or the Civil Service Commission.

Attracting and retaining highly qualified management personnel is among the City's ongoing objectives. The average tenure of the City's management groups is more than 20 years, providing notable stability and leadership for City operations. Within the group, many hold advanced academic degrees, numerous professional designations and professional certification in their respective fields. In addition, many have earned special recognition through election to state or national association offices, as instructors for professional seminars, or as guest lecturers at universities.

The City of Southfield celebrated its 50th anniversary of incorporation as a city on April 28, 2008. To commemorate this historic occasion, the City formed a 50th Anniversary Steering Committee comprised of residents, community and business leaders, and City staff to plan a special year of celebration that was 50 years in the making. The City, in conjunction with several corporate and community partners, sponsored several signature events, programs and activities that generated significant public interest and support. Southfield pulled out all the stops to celebrate the City's golden jubilee: from the Southfield's Got Talent competition to the commemorative Liberty Elm Tree Program, there was truly something for everyone. The public, from Southfield and all of metro Detroit, joined local and state elected officials, corporate sponsors and the media for this historic year of celebration and reflection.

The City of Southfield's 50th Anniversary campaign won the national 'Silver Circle' award in the 21st Annual Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA) in the category of Special Events for the Population Group 16,000 - 78,296. The Southfield Community Relations Department and the Southfield 50th Anniversary Planning Committee, comprised of representatives from city departments, residents, businesses and community groups, were

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recognized for successfully planning and coordinating the many special events, programs and initiatives that commemorated Southfield's 50th anniversary throughout 2008. The Savvy Awards are held in cooperation with the National League of Cities to recognize outstanding local government achievements in communications, public sector marketing, and citizen-government relationships. The Savvies salute effective city/county/agency government programs that exhibit creativity and innovation.

The City of Southfield was named one of the nation's most livable metro-area suburbs in 2007 by Forbes magazine as part of its annual national survey on its Web site at www.forbes.com. The evaluation was based on market research conducted by NeighborhoodScout.com, a statistical database that gathers figures from the U.S. Census, the National Center for Education Statistics, the Office of Federal Housing Enterprise Oversight, the FBI and the U.S. Justice Department. Southfield was selected as metro Detroit's "most livable" community for its large commercial district, affordable housing, quality schools and safe neighborhoods. The research measured the education level of residents, home ownership rates, home values, quality of schools, and the crime index.

Southfield residents have 90 homeowners groups and 45 condominium associations representing their collective interests. The community offers over 17,000 single-family homes and almost 17,000 multi-family apartments and townhouses. Within Southfield's 26.7 square miles, residential zoning comprises 64 percent of land use, yet 56 percent of the community's tax revenues are generated from business properties. Though considered nearly fully developed, Southfield continues to both grow and redevelop to meet the community's ever-changing needs. In the 2008-09 fiscal year, the Southfield Building Department issued 982 building permits valued at \$54.6 million, despite the continued weak economy.

The City continues to attract and sustain one of the strongest office markets in the region. Intersected by I-696, US 10, US 24, M-39, M-10 and many other major highways, Southfield is centrally located for convenient access to businesses, their customers and suppliers. Its central location also places Southfield 20 minutes away from Detroit Metropolitan Airport and downtown Detroit, as well as most other metro-area communities. The City of Southfield remains an important international business community with approximately 25 percent of all Oakland County's businesses and international firms and nearly half of all its Japanese firms. In fact, Southfield was recognized as one of the metro area's "top performers at attracting and retaining entrepreneurial firms" for the second consecutive year in a study by researchers at the University of Michigan-Dearborn College of Business. The "eCities" study or "the Entrepreneurial Cities Index" found that several southeast Michigan municipalities "are hard at work attracting, cultivating, building and holding entrepreneurial firms." Conducted by iLabs, the Center for Innovation Research in the UM-Dearborn School of Management, the study focused on entrepreneurship because of its importance to expansion and diversification of Michigan's regional economies and the impact small businesses have on job creation. The UM-Dearborn study found that successful municipalities leverage their existing assets to provide opportunities for small business growth and entrepreneurial development.

The City of Southfield launched the Southfield Film Office, a one-stop shop for filming in Southfield, in May of 2009 to capitalize on the new 42 percent State of Michigan refundable tax credit. The City of Southfield offers a wide variety of excellent shooting locations and settings—from golden skyscrapers to quaint neighborhoods—all in one cosmopolitan, modern and centrally-located city. Southfield truly offers the best of Michigan and the Midwest—a major city located in a pastoral setting, an international center of business and commerce nestled among abundant natural beauty. With all of the essential ingredients for almost any scene, location or project, Southfield truly is the perfect place to shoot a movie, television show, commercial or other visual media production. The city of Southfield is also home to some of metro Detroit's finest hotels and restaurants as well as the new Parallax 360 Production Studios, Michigan's first

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full circle film and television production and post production facility. The Southfield Film Office provides production companies with a convenient and streamlined source to filming in Southfield, including an expansive section on the City's Web site that outlines the application process, filming rates, and resources in addition to an extensive photo gallery of potential locations throughout the city. Several commercials and other projects have already been shot in Southfield, including the filming of three scenes of the major motion picture "Demoted" at the Southfield Public Library in October of 2008.

The City of Southfield is the original home of the Automation Alley SmartZone™, the Great Lakes Interchange, one of the first State-designated high-tech and information technology clusters. The Michigan Legislature and Michigan Economic Development Corporation developed the concept of SmartZones in an effort to promote high technology business development and job creation in the region. The Great Lakes Interchange provides a centrally located site where technology-based firms, entrepreneurs and researchers can work in close proximity to a wealth of other community assets. With a cluster of companies that are established on both a national and global scale, the Great Lakes Interchange region is ranked third in the nation for the number of technology companies and fourth in total employment in high-tech industries. Oakland County, Rochester Hills, Troy, Lawrence Technological University, Oakland University, and Automation Alley are all partners in the Great Lakes Interchange SmartZone. Our SmartZone has contributed in building Michigan's reputation as one of the nation's leading technology states.

More than 350 high-technology, information-technology, and telecommunications firms have a corporate presence in Southfield. An impressive 98 percent of the City is accessible to high-speed fiber optics, broadband and satellite services with several backbones traversing the community. Major telecommunications firms appreciate Southfield's extensive infrastructure, access to a footprint of citywide fiber optics and central location. More than 40 telecommunications firms are represented in Southfield, including AT&T, Verizon, Sprint, Comcast, LDMI, Level 3 Communications, and MCI. More than 90 software development companies also have a presence in Southfield, including the industry's largest: IBM, Microsoft, UGS Corp., Sun Microsystems, Cisco Systems, and many others.

Other key high-tech industries represented in Southfield include major electronic media and satellite facilities such as Hughes Network Systems, LLC, national affiliates ABC, CBS, FOX, The CW Television Network (formerly WB Network) and Infinity Broadcasting, parent company of five metro-area radio stations. Healthcare and life science-based businesses also abound in Southfield, including Blue Cross/Blue Shield of Michigan, Blue Care Network, St. John's Providence Hospital, Housey Pharmaceuticals, Lumigen and several others.

Some of the world's leading research and development firms also are based in Southfield, including Lear Corporation (world headquarters), Denso International (North American headquarters), BASF, GE, Honda Research and Development America, Eaton Corporation, Sverdrup Technologies, Panasonic Automotive Electronics, Autoliv Electronics - North America and many others.

Despite the soft economy, Southfield continues to attract several new development and redevelopment projects throughout the city. In the 2008-09 fiscal year, a number of projects were approved, in progress or completed, including:

Campbell Estates, L.L.C constructed a 3,078-square-foot addition to the existing 6,283-square-foot building with associated parking. The property is located at 24810 Evergreen Road on the east side of Evergreen Road between Ten Mile Road and the Northwestern Highway Service Drive.

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Cornerstone Plaza constructed a 13,077-square-foot, mixed-use development with Huntington Bank, Jimmy John's, Fresh Fish House, Five Guys Burger & Fries, Premier Insurance and Sprint PCS housed on the property located on the west side of Greenfield Road between Providence Drive and Nine Mile Road.

First Place Bank constructed a new 5,607-square-foot bank branch (formerly known as Franklin Bank) with drive-thru banking and associated parking in the existing parking lot of the Franklin Bank Building located at 24725 West Twelve Mile Road.

Franklin Center Associates, L.L.C constructed a one-story, 12,000-square-foot medical office building (Children's Hospital of Michigan) with associated parking at 29100 Northwestern Highway on the northeast corner of Northwestern Highway and Franklin Road.

LA Fitness converted an existing retail building to a new L.A. Fitness facility located at 28661 Telegraph Road just south of Twelve Mile Road.

Technical Group, Inc. will demolish the existing Burger King restaurant located at 23660 Telegraph Road between Nine and Ten Mile Roads to construct a new 3,000-square-foot Burger King restaurant with drive-thru service.

Miller & Southwick, L.L.C. and Tahzibul & Nazma Rizvi will construct a 4,207-square-foot, one-story Chase Bank with drive-thru and associated parking at the property located at 29933 and 29955 Southfield Road on the southwest corner of Southfield Road and Webster.

CSL Plasma will convert the existing 27,000-square-foot vacant building (previously retail) located at 21921 Greenfield Road between Northland Drive and J.L. Hudson Drive to medical office use.

Hannawa-Lahser Road Development, L.L.C will construct a new stand-alone, 12,900-square-foot CVS Pharmacy with drive-thru and associated parking at 21911 W. Eleven Mile Road on the southeast corner of Lahser Road and Eleven Mile Road in addition to demolishing a portion of the existing shopping center to construct a new 2,825-square-foot building addition.

Oakland Community College is constructing a new 69,530-square-foot addition for new classrooms and offices to the existing 100,600-square-foot Oakland Community College campus for a total of 170,130 square feet with associated parking. The property is located at 22322 Rutland on the east side of Rutland between Nine Mile Road and Northwestern Highway.

Ventura & Associates, Inc. is constructing a new 12,020-square-foot kidney dialysis center with associated parking at 21000 Northwestern Highway between Eight Mile Road and Northland Park Drive.

Yeshiva Darchei Torah, representing the owner United Jewish Foundation, is constructing a new 16,602-square-foot building addition to the existing school with associated parking. The property is located at 21550 W. Twelve Mile Road on the north side of Twelve Mile Road between Evergreen and Lahser Roads.

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Young Israel of Southfield is constructing a 3,200-square-foot, one-story building addition (with a study hall, children's play area and a social hall) to the existing 8,400-square-foot existing building for a total of 11,600 gross square feet. The property is located at 27705 Lahser Road on the west side of Lahser Road between Eleven and Twelve Mile Roads.

Comau Group, a global supplier of industrial automation systems for the automotive industry, invested \$2 million to renovate a vacant 115,000-square-foot building on their Telegraph Road campus in addition to consolidating approximately 175 jobs from around Michigan.

Lochmoor Homes is constructing 34 detached site condos on the south side of Ten Mile Road between Telegraph and Lahser Roads.

Mobil Oil Corporation is converting an older gasoline service station into a new gasoline filling station with ancillary retail sales at 27015 Lahser Road on the northwest corner of Eleven Mile and Lahser Roads.

For Kid's Sake Day Care completed construction of a one-story, 5,386-square-foot day care facility on the property located at 25700 Ten Mile between Beech Road and McAllister Street.

Tinelle Properties recently completed the construction of a new two-story, mixed-use office and commercial building containing 7,125 square feet of office, 7,000 square feet of retail and 1,625 square feet of storage area for a total of 15,750 gross square feet on vacant property located at the southeast corner of Northwestern Highway and Inkster Road.

The Westin Hotel at the Southfield Town Center completed an extensive multi-million dollar renovation. The Southfield Town Center also completed a multi-million dollar renovation and improvement of town center buildings and parking structures. The initiative included new parking structure entrances for all towers; renovation of the common areas of the 1000, 2000, 3000 and 4000 towers; and new signage for the new parking structures and retail tenants.

Rogvoy Architects, PC constructed Northwest Plaza, a new 13,396-square-foot retail center with associated parking at the former Kabobgy restaurant site. Leo's Coney Island, Northwestern Grille and Tim Horton's occupy the property located at 28565 Northwestern Highway on the south side of Northwestern between Beck and Franklin Roads.

The City of Southfield signed an official cooperation agreement with the Michigan Economic Development Corporation (MEDC) in October of 2007 with the goal of encouraging collaboration to promote economic development and create jobs. The agreement formalizes an already existing partnership between Southfield and the MEDC that ensures collaboration in implementing economic development strategies designed to promote economic growth and to maintain a high quality of life within the region. Created in 1999 by an Inter-local Agreement executed by local economic development corporations under Public Act 338 of 1974, the MEDC has signed partnerships with 134 economic development organizations, educational institutions, businesses and communities across the state.

The City of Southfield was also certified as one of several cities for the Michigan Suburban Alliance's "Redevelopment Ready" pilot program. The Redevelopment Ready Communities (RRC) project is the result of an innovative new certification process designed by developers and public officials to measure municipal preparedness for in-fill investment. The goal of the RRC project is to change market

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perceptions of older communities by streamlining local government administrative processes and removing redevelopment barriers through a certification system that encourages redevelopment.

Southfield is among a select group of cities to achieve certification after meeting an extensive set of criteria. An independent third party reviewed community processes and certified that Southfield's planning and economic development operations meet the benchmark. This system for certifying communities as "redevelopment ready" benefits both older communities and developers by creating a more efficient and predictable redevelopment process.

The Partnership for Redevelopment, a collaboration with the Michigan Economic Development Corporation and the Michigan State Housing Development Authority, is designed to enhance the RRC project and help communities realize new investment. A few examples of the RRC project requirements include disseminating information throughout the community on the need for redevelopment and its benefits in addition to demonstrating the community's commitment and ability to work with investors.

The Southfield city government continues to meet the ever-changing needs of the community. City leaders remain committed to delivering quality city services in a cost-effective manner with a continuous focus on taxpayer concerns. Southfield adheres to the highest standards of service to the community, including strong emphasis on fiscal responsibility. The City has continued to maintain its AA+ bond rating, placing Southfield in the top three percent of the more than 450 public agencies within the State of Michigan rated by Standard & Poors. The Standard & Poor's rating is reflective of the City's adherence to its five-year fund balance stabilization plan, the City's stable/diversified local economy, and the City's moderate to low debt burden.

The Southfield City Council approved the development of a new Comprehensive Master Plan in 2006 to maintain Southfield's position as a premier business and residential community. The City of Southfield's central location, extensive business community and varied demographic composition uniquely positions Southfield to exert a positive influence on the future growth and development of metropolitan Detroit. While there were many policies and procedures shaping the City's success over the years, the time came for Southfield to develop a new plan for the future. Current City land use decisions have evolved from major new developments to infill and redevelopment. The new Plan will give the City guidance when deciding future new development, redevelopment and capital improvement projects. It will also document the City's planning history. The implementation of the new Comprehensive Master Plan will preserve the best of Southfield and serve as a catalyst for change where it is needed for years to come.

The City hired a team of consultants to work with staff to develop the Plan to outline policies and recommendations for the current and future physical development of the City. After almost two years of intensive research and planning, the Plan was completed and presented to City Council and the community. As a first-tier community, neither fully urban nor completely suburban, Southfield needed a plan that would blend the old with the new. A significant amount of attention was given to public participation to incorporate ideas and concerns from those who know Southfield best—the residents and businesses. Each step of the planning process involved communication between the City, residents, business owners and other community stakeholders. The newly completed Comprehensive Master Plan clearly states policies and recommendations for the physical development of the City. In addition, the Plan addresses issues and opportunities; land use; housing; transportation; utilities and community facilities; environmental resources; economic development; community character/image; intergovernmental cooperation; and the implementation of the Plan itself.

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The Southfield Brownfield Redevelopment Authority provides major tools and incentives for businesses to revitalize “brownfields,” which are environmentally contaminated or functionally obsolete properties. These tools include tax increment financing and small business tax credits to potential developers of brownfield properties. The ability to offer incentives of this magnitude enables Southfield to entice new development to areas that may otherwise be overlooked due to the additional costs of redevelopment. In recent years, the Southfield Brownfield Authority has facilitated the redevelopment of several key parcels in our community, including the Lear Corporation World Headquarters, Spring Haven housing development (former Southfield Downs Trailer Park), and the renovation of Tel-Twelve Mall.

The City of Southfield Brownfield Redevelopment Authority (SBRA) was awarded a \$200,000 grant from the Environmental Protection Agency (EPA) in April of 2008 for brownfield inventory, assessment and remediation planning. The funds will be used to identify, assess and catalog sites that are potentially contaminated with hazardous substances and to conduct clean up and redevelopment planning needed to remediate sites where pollution or other hazardous substances make expansion or redevelopment difficult. Grant dollars will also be used to coordinate community involvement and outreach programs relative to brownfield redevelopment.

The Cornerstone Development Authority (CDA) was established in 1988 to reverse the trend of declining property values and conditions in southeastern Southfield. The CDA is an active member of the City’s Business Development Team as well as the Southfield Area Chamber of Commerce. The Cornerstone Development Authority consists of a 13-member Board of Directors and is staffed by three full-time employees. In 2000, the Cornerstone Development Authority designated the area within its boundaries as the Cornerstone District – Southfield.

The Southfield Cornerstone District is bordered on the north and south by Eight Mile Road and Mount Vernon, and on the east and west by Greenfield Road and Northwestern Highway. The CDA has been experiencing steady success with property development and redevelopment. Major stakeholders in the district, such as Providence Hospital, Northland Mall, and Oakland Community College continue to prosper. National retailer, Target, recently enhanced their presence in the district by completely renovating and expanding their store and adding services that were not previously available. The CDA also recently welcomed back AT&T as a stakeholder. The Cornerstone Plaza located on Greenfield Road between Providence Drive and Nine Mile Road is a new mixed-use development featuring Huntington Bank, Jimmy John’s, Fresh Fish House, Five Guys Burger & Fries, Premier Insurance and Sprint PCS. The residential areas of the district also continue to improve with success from condo conversions and apartment upgrades at Solaire Towers and North Park Place Apartments.

In June of 2007, the CDA and St. John Providence Hospital partnered to launch the Southfield Farmer’s Market at the Millennium Centre. The Farmer’s Market provides locally grown fruits, vegetables, flowers, plants, jams, breads, baked goods and handicrafts sold by the farmers and artisans that produce them. The market is open every Thursday, rain or shine, June through October. The market also features free parking, admission and live music in addition to the large variety of fresh, locally grown produce. The market also launched a new Web site in the spring of 2008, www.southfieldfarmersmarket.net, to keep patrons apprised of the latest news, activities and entertainment lineups for the season.

Also in the district, St. John Providence Hospital continues to be a world-class healthcare institution, earning the prestigious National Top 100 Heart Hospital designation for the past eight consecutive years. Providence Hospital is the only hospital in Michigan, and one of only three hospitals in the country, to receive this honor eight consecutive years.

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The Southfield Public Works Department continues to maintain and improve the City's infrastructure to ensure the safety and comfort of Southfield residents and businesses. In fiscal year 07-08, the department initiated an upgrade and conversion of the Supervisory Control and Data Acquisition (SCADA) system which monitors the City's sanitary sewage pump station. This three-year, \$500,000 program will better enable the City's Water and Sewer Department to monitor and troubleshoot problems at these locations remotely, providing a higher level of protection from sewage backups. Permanent emergency backup generators were also installed at two additional lift stations. This \$300,000 effort is part of a multi-year program to provide backup power to the City's sanitary sewer lift stations in the event of a power outage. These improvements, as well as completion of a Sanitary Sewer Evaluation Study and Water Master Plan, will continue to ensure that Southfield's water and sewer system remains safe and efficient for many years to come.

The Public Works Department also implemented water main, road reconstruction and drainage improvements from Webster Street to 13 Mile Road in the northeast section of the City. This \$4 million infrastructure and rehabilitation program replaced some water mains, reconstructed local roads and improved drainage within the project limits—improving the quality of life for residents in the area. The department also widened and resurfaced 13 Mile Road from Southfield to Greenfield Roads. Additionally, the Public Works Department oversaw the continuation of the Sidewalk Special Assessment District (SAD) program with the removal and replacement of \$450,000 worth of dangerous and/or non-conforming sidewalks throughout Southfield neighborhoods. The department also coordinated the implementation of a drinking water cross connection elimination program as mandated by the Michigan Department of Environmental Quality (MDEQ). This program requires inspections of facilities to ensure the avoidance of cross contamination of potable water, thus protecting public health and the environment.

Green cities don't just happen by accident. They are the result of an entire community—its residents, businesses and government—working together to create an environmentally-friendly and sustainable city. There are many things that each of us can do, as individuals, families or companies, to reduce our “carbon footprint” or impact upon the environment. As a result, green cities experience a higher quality of life through clean air and water, beautiful parks and green spaces, clean and efficient energy use, local and organic food, and green jobs and building policies—improving the health of residents and ensuring long-term economic vitality. To do our part, the City of Southfield launched the *Southfield Goes Green* environmental awareness campaign on April 1, 2009 to encourage the community to take action and to spread the word.

The Mayor and City Council have a long history of preserving green spaces and enacting ordinances that protect the environment. To that end, the Mayor formed the "Keep Southfield Green" Committee in 2007 to address this important issue. As a proud Tree City USA Award recipient for the past 24 consecutive years, Southfield is committed to protecting green spaces with nearly 800 acres of park land including almost 400 acres of woodlands and wetlands set aside for preservation. The city of Southfield has also won several awards for its green, environmentally-friendly policies, programs and projects. Additionally, Southfield has been recognized by the Sierra Club as a “Cool City,” the environmental organization's national campaign to ‘Solve Global Warming One City at a Time.’

The City of Southfield initiated the Southfield Goes Green campaign to raise awareness about the environment while providing practical ideas that residents and businesses can employ in their daily lives and operations. As part of the campaign, the city of Southfield launched a revamped “green” City Web site at www.cityofsouthfield.com that includes an expanded section on the environment and green living. It provides news, facts and suggestions that encourage eco-friendly lifestyle choices as well as links to

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other educational and environmental Web sites. The updated Web site also includes many new pictures throughout as well as an entirely new green color scheme. The campaign has received a very positive response from the community, generating significant interest and support from residents, business and the media.

Southfield's continuing effort to preserve and protect woodlands and wetlands has been successful with over 380 acres of natural areas set aside for preservation. As part of this effort, the City acquired the Carpenter Lake area to enable the \$3.5 million Carpenter Lake Restoration Project. The Carpenter Lake Nature Preserve is located on 10 Mile Road just east of Inkster Road along the Ravines Branch of the Rouge River. The City of Southfield originally acquired the rear 30-acres of the preserve in 2003 through the Federal Land for Parks program administered by the National Park Service. Through the program, the City traded the five-acre Optimist Park on Eleven Mile Road, part of a former U.S. government missile base, in exchange for the Carpenter Lake property. Land use restrictions to protect the property as park land in perpetuity were transferred from Optimist Park to Carpenter Lake. The front 12 acres of the preserve off Ten Mile Road were acquired in 2004 to complete the land acquisition for the Carpenter Lake Nature Preserve. The preserve opened to the public in October of 2008, with plans for the construction of an interpretive nature center in the near future.

The preserve features 42 acres of mature Oak-Hickory woodlands, forested wetlands and native meadows overlooking the beautiful five-acre Carpenter Lake. The preserve offers nearly one mile of nature trails, interpretive signs and trailheads, numerous benches and easily-accessible fishing and viewing platforms. Future plans for Carpenter Lake Nature Preserve include the addition of a new nature interpretive center that will provide environmental education programs and displays. The preserve was funded with the support of a \$1,030,000 Rouge River National Wet Weather Demonstration Project grant from the Environmental Protection Agency (EPA) and by a \$500,000 Michigan Natural Resources Trust Fund grant from the Michigan Department of Natural Resources (DNR). An additional \$500,000 DNR grant was also awarded that will fund the upcoming construction of the nature center.

The City's Parks & Recreation and Public Works departments worked together in partnership with environmental consultants and contractors to develop the preserve. The City has made significant recreational site improvements, including reconstructing the existing dam and dredging the lake to restore it to its original size. More than 14,000 native game fish species were released into the lake in the fall of 2007, including various species of largemouth bass, channel catfish, bluegill, sunfish and minnows. The newly established fishery is projected to reach its population objectives in two to three years at which point residents will be able to enjoy fishing at the lake. The preserve is also home to an abundance of wildlife, including a large variety of birds such as great blue herons, owls, red tail hawks, waterfowl and cormorants as well as a number of red foxes, mink and deer. Once fully developed, the project will restore the lake to a sustainable fish and wildlife habitat with improved water quality and storm water management.

Many ecologically-friendly storm water management features such as bioswales were incorporated into the preserve to protect the environment and to provide control of water runoff. The parking lot will serve as a storm water detention basin underneath the parking lot surface, which was constructed of porous paving blocks. Water will run through the pavement into the rock filled detention basin below with any excess water flowing over the surface to the bioswale, a central depressed planted area that utilizes the excess rainwater. This method greatly reduces flooding and pollution of the Rouge River. The Carpenter Lake Nature Interpretive Center, slated for construction beginning in 2010, will also utilize "green," sustainable architectural design and construction. The nature center will feature hands-on displays to

City of Southfield

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educate the public about local flora and fauna and also provide other educational nature-based programs for the community, schools and other groups. The center will educate the public about environmentally-friendly lifestyle choices, from landscaping with native plants, to preventing fertilizer run-off, to how their home is constructed. The preserve is open year-round from dawn to dusk with no entrance fees.

The Public Works Department, in coordination with the Parks and Recreation Department, received \$112,250 in grant funding to work on two stream bank stabilization projects. These projects utilized a combination of both traditional and bioengineered stream bank stabilization techniques, thereby reducing erosion, and improving water quality, aquatic habitat, aesthetics and public safety. The sites were located at the Beech Woods Golf Course and at the end of Streamwood which is located in the Valley Woods Nature Preserve. Work on the Streamwood project was completed in 2008, and work on the Beech Woods Project was completed in the spring of 2009.

Curb appeal is important in maintaining the City's image and character; to that end, Public Works undertook several initiatives to ensure the City's streets, sidewalks, neighborhoods and business districts remain safe, clean and appealing. Steps taken include the continuation of programs for snow and ice removal, mowing and sweeping of three County roads: Lahser, 10 Mile and 12 Mile Roads; an extra sweep through residential streets; increased right-of-way mowing; and cleaning of ramps and side slope mowing during freeway road closures.

Beautification efforts are further strengthened through the Neighborhood Entranceway Marker Program administered through the City's Neighborhood and Information Center, a division of the Community Relations Department. In 2008, 13 entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, 55 individual homeowners, neighborhood and condo associations, and public buildings were recognized for outstanding overall appearance and landscaping through the City's annual Community Pride Awards program. The new Southfield Parks & Garden Club, a grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the City. Additionally, the City sponsored the 7th annual Southfield Flower Day in May of 2009 to promote beautification efforts by providing residents the opportunity to shop for plants and flowers from several local vendors in one convenient location.

The City of Southfield launched the "Eyes on Southfield" program in August of 2007 to enable residents to notify the City with ease when a code or appearance issue is observed. Residents may simply call (248) 796-EYES (3937) 24 hours-a-day, seven days-a-week to report code or appearance concerns. With an increased focus on curb appeal, the Southfield Code Enforcement Department responds to most complaints within a 24- to 48-hour time period. Code Enforcement Officers canvass the City seven days-a-week to monitor the condition of Southfield homes and neighborhoods. In addition, the City relies on the "eyes and ears" of the entire community to report any appearance issues or code violations. When a violation exists, code officers will inform the resident or business of the issue and educate them how to correct it. If another violation occurs at the same property, the home or business owner will be issued a civil infraction and must appear in court. The Eyes on Southfield community appearance program has proven to be very successful – generating more than 1,000 calls and subsequent resolutions in 2008 alone. Southfield remains safe and secure as a result of the dedicated, highly-trained and well equipped members of our award-winning "9-1-1" police, fire and emergency management departments. The police department continues to be a trend setter by developing effective community policing programs designed to augment traditional police activities. The department launched the 'Operation GOT M' program in conjunction with homeowner's associations to better address community nuisance complaints. The fire

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department's Life Support Unit (LSU), the City's emergency medical service, typically offers a response time of four minutes or less. The City of Southfield also became Michigan's first "heart safe" city by installing heart defibrillators in all municipal buildings as well as major office buildings and entertainment venues throughout the community.

The City of Southfield is one of approximately 20 communities in the State of Michigan that provides residents with a dedicated Emergency Management Division. The division is the lead local governmental agency concerned with planning and preparing the community for potential disasters before they occur and coordinating efforts during actual disasters. Since 2002, the Emergency Management division has applied for and secured over \$800,000 in federal grants to better prepare and safe-guard Southfield. Since 2004, the division has trained over 2,900 persons in disaster preparedness using Homeland Security funding. The City also has its first dedicated Emergency Management Operations Command Center complete with "back-up" generator power in case of a power outage during a natural or man-made emergency. Additionally, the division started the Southfield Amateur Radio Service (SARS) to be used for emergency communications should conventional channels fail.

The Emergency Management Division continues to train residents in the Community Emergency Response Team (CERT) concept where teams of volunteers are trained in search and rescue techniques, debris removal, first aid, and small fire containment to assist local first responders during disasters. To date, the City of Southfield has six qualified CERT teams available to the community. To become a certified CERT team, volunteers must attend a free 20-hour class and meet continued training requirements.

The City continues to keep the community apprised of the latest news and information through a variety of award-winning communication vehicles, including a comprehensive municipal Web site, city cable channel, detailed publications and newsletters. The City launched a new and improved municipal Web site in May of 2007 to provide the community with a more interactive and streamlined source of City news and information. The new Southfield Web site is more user-friendly, offering improved navigation and detailed information in a quick and convenient format. The sleek new site also features an entirely new design with extensive photos and videos showcasing Southfield. Additionally, the new Web site features more online services and downloadable City forms, applications and documents as well as Really Simple Syndication (RSS). The new Web site also features Web casting capabilities – providing users at essentially any location the opportunity to watch city council meetings live online. In the spring of 2009, the City launched an extensive new Video-On-Demand (VOD) section as well as Virtual Reality (VR) tours of City parks and rental facilities on the Web site.

The new 'field Zone' youth center, a joint venture between the Southfield Centers for Youth, Inc. and the Southfield Community Foundation, and the City of Southfield, opened in May of 2009 to rave reviews. The 15,000-square-foot 'field Zone' is open to all middle and high school students living or attending school in Southfield. It's a fun and safe place for up to 400 teens to hang out, do homework, or just relax. There are also various programs designed to benefit teens, including Project ME, Healthy Kids, and the Financial Zone. The \$3 million center features a snack bar, Internet café, game room, lounge area, music studio and practice rooms, activities room (dance, martial arts), theater, and three group study rooms. The center is located on the campus of the Southfield Municipal Complex in the former Southfield Public Library, close to the new library, baseball diamonds, public pool, sand volleyball, tennis courts, and other great recreational activities. The center is a fun, safe, drug and violence free environment where teens are welcome to hang out and become involved with a variety of positive recreational choices. Membership fees are just \$65 per trimester for the first student; \$55 for the second student (in the same household),

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with a \$150 maximum family rate. The nearly \$3 million required for construction, equipment and two years of operation were raised through private and corporate donations, with the space for the facility provided by the City of Southfield.

The City's Department of Parks and Recreation offers more than 1,000 high-quality programs and services to both residents and business people of all ages and interests. The Parks and Recreation department continues to offer exciting new programs and community partnerships to provide a wide range of recreation options. The American Heart Association Heart Walk continues annually on the front lawn of the Southfield Municipal Complex – bringing out more than 10,000 walkers who support this worthy cause. The 100 Days to Health campaign is a partnership with Providence Hospital geared to promote healthy living and lifestyles through health education classes, programs and activities.

The Parks and Recreation Department is responsible for maintaining over 780 acres of park land and open space at 33 sites throughout the City. The addition of the Carpenter Lake Nature Preserve and the Berberian property brings the City to over 330 acres of natural areas set aside for preservation. The Department offers hundreds of recreation programs at facilities which include two nine-hole golf courses, a lighted driving range, a 50-meter outdoor swimming pool, a senior adult center, an indoor athletic field house, an indoor ice arena and a neighborhood recreation center. There are also numerous ball fields, tennis and handball courts, picnic areas and shelters, soccer fields, play lots and sand volleyball courts located throughout the City for residents' enjoyment. The new heated golf tees driving range opened in the winter of 2009 at Beech Woods Golf Course, the City's beautiful 2,778 yard, par 34 course that includes a 50-tee (27 heated) lighted driving range and a PGA Professional on staff.

The Parks & Recreation Department is responsible for a number of historical properties including the Burgh Historical Park, the Miller Barn at Inglenook Park and the Mary Thompson Farmhouse. The Burgh Historical Park includes an outdoor gazebo and six historic buildings which bustle with activities, including concerts, weddings, and a variety of other family and community events. The Burgh's 1854 Methodist Church is home to the City's SRO Productions civic theater company, now in its 21st season. The Mary Thompson Farmhouse was restored as a museum and is home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provide plots to nearly 100 enthusiastic senior gardeners who offer tours to school and scouting groups. The Senior Gardens have been recognized as one of the best community gardens in the nation by the John Deere Company. The department also offers many programs for physically-challenged athletes including the Miracle League, a baseball program for disabled youth, and the Jr. Thunderbirds Wheelchair Basketball Program. Golf programs have been expanded to include youth programs such as Michigan First Tee and Midnight Golf, along with the PGA sponsored GAIN program for physically-challenged golfers.

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department also sponsors several special events, including the Star Spangled Southfield fireworks. The Department held the 2nd Annual Southfield Sports Festival in June 2009. The three-day event featured a Gus Macker 3-on-3 basketball tournament and a SuperKids Triathlon. Quality entertainment is offered year-round with a variety of concert series including the evening Burgh Gazebo concerts and the Eat to the Beat lunchtime series at the City Centre. Both series are free and held weekly outdoors throughout the entire summer.

The Southfield City Council authorized a two-year agreement with Little Caesars Amateur Sports Foundation in May 2009 to manage operations at the Southfield Civic Center Sports Arena. The agreement also includes management of the sports arena concession facilities, but does not include the

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municipal swimming pool. The Southfield Parks & Recreation Department will work in partnership with the Little Caesars Amateur Sports Foundation to provide programs, services and events such as hockey clinics, celebrity hockey games, figure skating and hockey tournaments. General and family ice skating and holiday and vacation open skating will also still be available to the general public. With the continuing economic downturn, this partnership provided a new way to cut costs while still offering residents outstanding recreation programs and facilities. Moreover, the agreement allows the Sports Arena to not only remain operational, but also to provide enhanced programming for youth, families and the entire community without raising taxes or fees.

The Parks and Recreation Department has received many national awards for excellence in recreational programming, beautification and environmental maintenance programs. The Parks and Recreation Department is currently developing a new Five Year Master Plan with input from residents and businesses that will help guide the Department's future programming.

The Miracle League of Michigan continues to operate the first Miracle League baseball field in the State of Michigan on the grounds of the Southfield Municipal Complex. The league is a non-profit organization determined to give every child with mental and physical disabilities the chance to play baseball. Many sponsors helped to offset the estimated \$535,000 in construction costs. The Miracle League gives every child the chance to be part of a team and enjoy the all-American game of baseball. The custom-designed venue incorporates a cushioned synthetic turf that accommodates wheelchairs and other walking devices while helping to prevent injuries. During each Miracle League game, every child is given an opportunity to hit the ball and score a run. The field is the first of its kind in the area and it serves children throughout the entire State of Michigan.

The Southfield Public Library continues to be a world-class institution—providing the community with unparalleled services, programs and numerous public meeting spaces. The Southfield Public Library is a state-of-the-art facility that averages more than 768,000 visitors annually or over 2,100 visitors every day. In fiscal year 2008-09, the Library added more than 29,000 new books and almost 7,000 new DVD's, Audiobooks and music CD's to its already extensive collection. The Library also issued more than 9,000 new library cards and loaned more than 644,000 items to patrons. The Southfield Public Library's many amenities include two computer labs; sophisticated computer network with hundreds of data drops and Wi-Fi (Wireless Internet) access; numerous meeting rooms; two auditoriums; 16 group study rooms; three outdoor terraces; fireplaces on each level; the Bookends Café; and stunning architectural and interior design. The Library has received numerous regional and national awards for its innovative architecture, programs and services, including being ranked in the top 25 percent of all libraries in the nation in 2009 by Hennen's American Public Library Ratings. The Southfield Public Library offers over 20 computer classes every month, ranging from Computer Fundamentals to Microsoft Word II for people at all levels of computer literacy. The library's annual Battle of the Books program continues to be very popular, with over 600 students and more than 150 coaches participating in 2009. Several other library programs such as the Jazz & Blues series, the Family Dinner Theaters, and the Local Author Book Fairs also continue to be very successful.

Southfield remains a model of multiculturalism. As home to large concentrations of Chaldean (Catholic Iraqi), African-American, Jewish, Armenian, Russian Orthodox and Korean residents, Southfield is truly one of the most diverse communities in Michigan. Its large international business population, including significant numbers of Asian, Middle Eastern, African and European businesses, helps position it as a cosmopolitan center. Japanese businesses are prominent in the community, over 50 in total, including the North American headquarters of Denso International, Toyota Industries, Panasonic Automotive

City of Southfield

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Electronics, Mitsubishi International and Mitsui & Co., among others. Southfield is also the corporate home of Wagon Engineering, an English-based division of Wagon Automotive; as well as Autoliv Electronics America, a Swedish corporation; and ThyssenKrupp, a German steel conglomerate.

Southfield's many diverse cultures are supported by educational institutions, chambers of commerce, foreign trade offices and others, including Language Center International, American Academy of International Education, Dr. Martin Luther King, Jr. Task Force Committee, Focus on American and Arab Interests & Relations, French American Chamber of Commerce, Michigan Hispanic Chamber of Commerce, Philippine American Community, Korea Trade Center, Japan Business Society of Detroit and Trade Commission of Mexico. Southfield's elected leadership is equally diverse and helps assure Southfield remains a nationally-recognized multicultural model.

An international city bustling with people from a rich array of cultural, ethnic and religious backgrounds, Southfield's most recognizable landmarks include the gold-domed St. John's Armenian Church and the striking Congregation Shaarey Zedek, among the most beautiful examples of religious architecture in Michigan. The distinctive gold and black towers of the Southfield Town Center, Southfield's signature landmark, are home to many of the international firms in the community. Dining out also offers a reminder of Southfield's position as a global city, with restaurateurs from around the world offering the best in Asian, Italian, African-American, Middle Eastern, Jewish and continental cuisine. Experiencing this multicultural environment makes youth and adults alike more at ease in the global village of the 21st Century, knowledgeable about cultures, customs and traditions worldwide, while promoting harmony and understanding among people of all backgrounds and heritages.

Southfield's modern infrastructure, diverse mix of residential and business cultures, emphasis on beautification and roadside appearance, and premier City services have created a statewide model of a successful community environment, helping provide a solid foundation for the City's continued growth and prosperity. The information and analysis presented in the following pages reflect the City's commitment to high standards of financial reporting and to Southfield's future vitality.

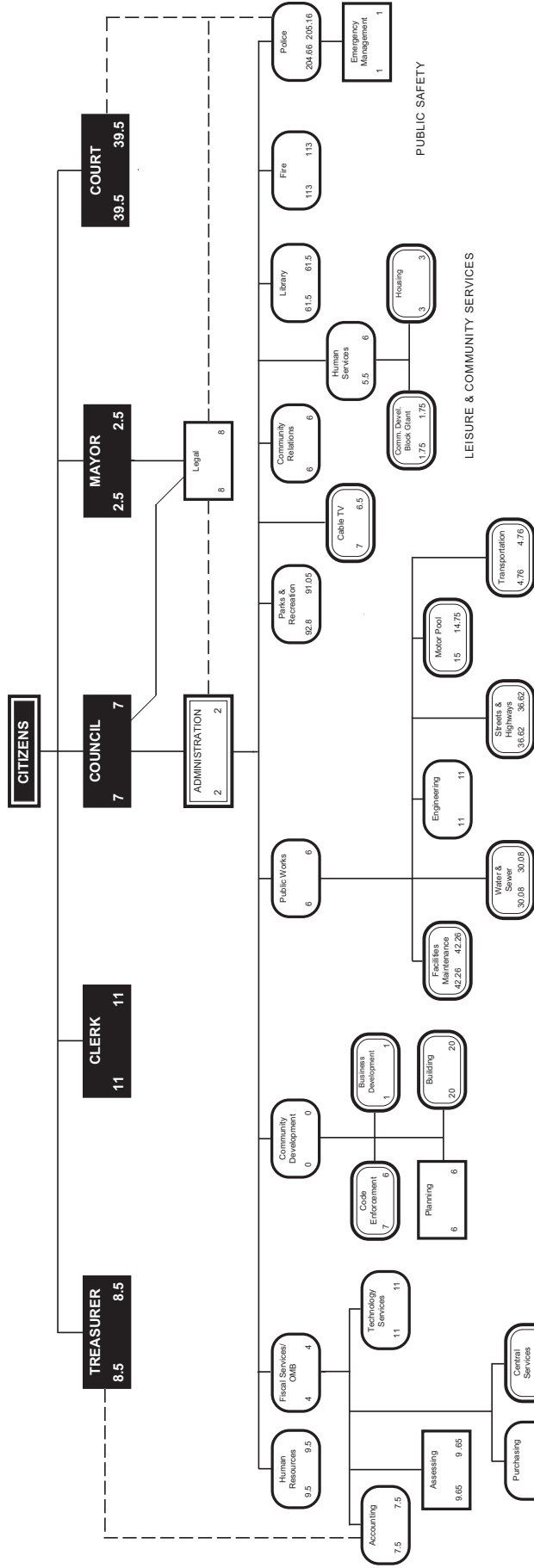
Appreciation is extended to the elected officials, department heads and other employees responsible for contributing to the City's sound financial position. Southfield is blessed with individuals who appreciate and respect principles of fiscal restraint and propriety, enabling the City to successfully address economic challenges. In particular, we acknowledge the special efforts of the fiscal services employees who contributed to the development of this report. The continuing support of Southfield's elected officials, who remain committed to fiscal integrity and financial leadership, is particularly appreciated.

Respectfully submitted,



James G. Scharret
City Administrator

Organizational Chart



KEY TO SYMBOLS

- Elected officials
- Appointed by Council
- Head appointed by Mayor with confirmation by Council
- Head appointed by Administrative Civil Service Commission
- Head appointed by Administrator with confirmation by Council
- Line of command and/or policy coordination
- Related function, or serves in conjunction with

Number to left of department gives 2007-08 authorized personnel;
 number to right gives 2008-09 authorized complement.
 Approved Total 2007-08: 801.33
 Approved Total 2008-09: 798.33

CITY OF SOUTHFIELD, MICHIGAN

June 30, 2009

-MAYOR-

Brenda L. Lawrence

-CITY COUNCIL-

Donald F. Fracassi, President
Myron A. Frasier, President Pro Tem
Sidney Lantz
William Lattimore
Kenson J. Siver
Linnie M. Taylor

-CITY CLERK-

Nancy L. M. Banks

-CITY TREASURER-

Irv M. Lowenberg

-CITY ADMINISTRATOR-

James G. Scharret

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Independent Auditor's Report

To the City Council
City of Southfield, Michigan

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 City of Southfield (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Southfield's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Southfield Nonprofit Housing Corporation, which represents 50 percent, 49 percent, and 46 percent of the assets, net assets, and revenues, respectively, of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southfield Nonprofit Housing Corporation, is based 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 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 audit provides a reasonable basis for our opinions.

In our opinion, 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 City of Southfield as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the City Council
City of Southfield, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Southfield's basic financial statements. The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and retirement systems schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them. The City has not adopted the provisions of GASB 44, *Economic Condition Reporting: The Statistical Section*, which would have revised the content and format of various schedules in the statistical section.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2009 on our consideration of the City of Southfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

June 24, 2009

City of Southfield

Management's Discussion and Analysis

The following is a discussion and analysis of the City of Southfield's (the City's) financial performance, providing an overview of the activities for the fiscal year ending June 30, 2009. This analysis should be read in conjunction with the transmittal letter, beginning on page 1 of this report, and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide:

- Net assets (excluding component units) increased by \$6.0 million, or 2.6%, from \$227.8 million to \$233.8 million
- Governmental activities net assets increased by \$1.6 million to \$169.8 million.
- Business-type activities net assets increased by \$4.4 million to \$64.0 million.

Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$41.7 million, with \$20.4 million being reserved, designated, or otherwise earmarked for specific purposes.
- The fiscal year 2009 governmental funds combined ending fund balance reflects a decrease of \$1.7 million from the prior fiscal year.
- This combined decrease, however, is made up of a decrease in the General Fund ending balance of \$1.9 million, an increase in the Major Street fund ending balance of \$1.4 million, a decrease in the Local Street fund ending balance of \$1.2 million and an increase in the Capital Improvement fund ending balance of \$.3 million.
- The decrease in the General Fund balance was primarily due to the timing of anticipated tax revenue payments received after the year end. The increase in the Major Street fund balance is primarily due to timing of revenue payments previously deferred. The increase in the Capital Improvement fund was due to a Council approved transfer to erase this fund's deficit. Within the Non-Major Funds, the Special Revenue Funds showed operating efficiencies of \$.5 million. Park and Recreation, Cable Television and Library's fund balances increased \$.6 million, \$.5 million and \$.1 million respectively, which was primarily due to their commitment to reducing operating expenditures through attrition and hiring restrictions. The Community Development Block Grant fund balance decreased by \$.5 million which was primarily due to the timing of reimbursement payments. The Non-major Debt Service funds, showed an overall increase of approximately \$.2 million. This increase was due to special assessment collections to repay long term debts incurred for the construction projects creating those assessments that were not transferred. Those debts are recorded in the Non-major Capital Project Funds.

Capital and Long-term Debt Activities:

- The City is \$389.0 million below its authorized debt limit.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report of the City consists of the following components: 1) An Introductory Section which includes the Transmittal Letter; 2) A Financial Section which includes the Auditor's Report, the Management Discussion and Analysis, the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements), Required Supplementary Information such as a budget to actual comparison for the General Fund, additional Non-Required Information including combining financial statements for all non-major governmental funds and proprietary funds; and 3) A Statistical Section.

Government-wide Financial Statements

The set of basic financial statements includes the Statement of Net Assets and the Statement of Activities, which report information about the City as a whole, and about its activities. These statements help the reader to determine if the City of Southfield, in its entirety, is better or worse off as a result of this fiscal year's activities. These statements, which include all non-fiduciary assets and liabilities, are reported on the accrual basis of accounting, similar to a private business. This means revenues are accounted for when they are earned and expenses are accounted for when an obligation is incurred; regardless of when the actual cash is received or disbursed.

The Statement of Net Assets presents the City's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the City's financial position is improving or declining.

The Statement of Activities presents information showing the City's net assets change during fiscal year 2009. All changes in net assets are reported based on the period during which the underlying events giving rise to the change occurred, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

Governmental Activities - Taxes, charges for services, and intergovernmental revenue primarily fund these services. Most of the City's departments and operations are reported under these activities.

Business-type Activities - These activities operate like private-sector businesses. The City's Water and Sewer Fund charges fees to recover the cost of the services provided.

Discretely Presented Component Units - Component units are legally separate organizations for which the City Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. Seven discretely presented component units are included: the Local Development Finance Authority, the Tax Increment Finance Authority, the Economic Development Corporation, the Downtown Development Authority, the Brownfield Re-Development Authority, Joint Local Development Finance Authority and the Southfield Non Profit Housing Corporation.

As stated previously, the government-wide statements report on an accrual basis of accounting. However, the governmental funds report on a modified accrual basis. Under modified accrual accounting, revenues are recognized when they are available to pay obligations of the fiscal period, expenditures are recognized when they are due.

City of Southfield

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Because of the different basis of accounting between the Fund Statements (described below) and the government-wide statements the City presents reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

Capital assets used in government activities and depreciation expense are not reported on the government fund financial statements, however depreciation expense is reported on the government-wide statements. Capital outlay spending results as capital assets on the government-wide statements and are reported as expenditures on the government fund financial statements.

Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.

Long-term contingencies, such as reserves for sick and annual leave (compensated absences, etc.), appear as liabilities on the government-wide statements; however they will not appear on the fund statements unless current resources are used to pay a specific obligation. Bond and loan proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the City's assets such as land, buildings and furniture and fixtures. These values are not included in the fund financial statements.

Fund Financial Statements

The fund financial statements provide information on the City's significant funds - as a whole. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that is used to keep track of specific sources of funding and spending for a particular purpose. Funds are also utilized to track specific operations; these include the internal services funds (e.g., Motor Pool, Equipment Revolving, etc.) as well as the Water and Sewer enterprise fund.

The basic financial statements only report major funds separately as defined by the Government Accounting Standards Board (GASB). All other funds are classified as non-major funds. Detailed information on non-major funds can be found in other sections of this report.

City of Southfield

Management's Discussion and Analysis

The City's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

Governmental Funds – Basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year, and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance programs. These funds are reported using the modified accrual basis of accounting as described above. Because this basis of accounting differs from the government-wide statements, additional information is provided reconciling the government fund statements to the government-wide statements. Governmental funds include the General Fund, as well as Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary Funds – Funds with a focus on operating income and cost recovery are reported in proprietary funds. Proprietary funds use the accrual basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. Enterprise funds report activities that provide supplies and services to the general public. The Water and Sewer Fund is the City's only enterprise fund. Internal Service funds report activities that provide supplies and service to the City's other operations. Internal Service funds, such as the Motor Pool fund, are reported as governmental activities on the government-wide statements.

Fiduciary Funds – The City acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The City's fiduciary activities are reported in separate statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds, which include Pension, Retiree Health Care Benefits Plan and Trust and Agency, are reported using the accrual basis of accounting. The government-wide statements exclude the fiduciary fund activities and balances because these assets are not available to fund current operations.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements.

Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information (RSI) which further explains and supports the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund and the major governmental funds as well as pension trend data.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together, by fund type, and are presented in single columns in the basic financial statements, but are not reported individually, as are the major funds, on the government-wide statements.

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS

As previously stated, the City's combined net assets increased by \$6.0 million over the course of this fiscal year's operations. The net assets of the governmental activities increased in the amount of \$1.6 million; the net assets of the business type activities increased by \$4.4 million.

The following is a condensed Statement of Net Assets for the period ending June 30, 2009:

Net Assets
June 30, 2009
(in millions of dollars)

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
ASSETS						
Current and other assets	\$ 88.7	\$ 92.4	\$ 23.9	\$ 20.7	\$ 112.6	\$ 113.1
Capital assets	151.0	147.5	69.9	71.2	220.9	218.7
Other long term assets	6.3	8.4			6.3	8.4
Total assets	<u>246.0</u>	<u>248.3</u>	<u>93.8</u>	<u>91.9</u>	<u>339.8</u>	<u>340.2</u>
LIABILITIES						
Current liabilities	7.6	11.2	3.9	3.1	11.5	14.3
Other liabilities	68.6	68.9	25.9	29.2	94.5	98.1
Total liabilities	<u>76.2</u>	<u>80.1</u>	<u>29.8</u>	<u>32.3</u>	<u>106.0</u>	<u>112.4</u>
NET ASSETS						
Invested in capital assets net of related debt	99.5	95.8	44.3	42.3	143.8	138.1
Restricted	17.2	21.4			17.2	21.4
Unrestricted	53.1	51.0	19.7	17.3	72.8	68.3
Total Net Assets	<u>\$ 169.8</u>	<u>\$ 168.2</u>	<u>\$ 64.0</u>	<u>\$ 59.6</u>	<u>\$ 233.8</u>	<u>\$ 227.8</u>

City of Southfield
Management's Discussion and Analysis
FINANCIAL ANALYSIS (continued)

The following is a condensed representation of financial information using the government-wide Statement of Activities and reflects the changes in the City's net assets during the fiscal year:

Changes in Net Assets
for the fiscal year ending June 30, 2009
(in millions of dollars)

	Governmental Activities		Business Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues						
Charges for services	\$ 16.5	\$ 17.6	\$ 31.0	\$ 32.7	\$ 47.5	\$ 50.3
Grants and contributions	12.3	8.5			12.3	8.5
General revenues						
Property taxes	62.4	62.1			62.4	62.1
Unrestricted state shared	7.0	11.9			7.0	11.9
Investment earnings	2.2	4.3	0.5	0.5	2.7	4.8
Other	2.3	2.2	0.1	0.1	2.4	2.3
Total revenues	<u>102.7</u>	<u>106.6</u>	<u>31.6</u>	<u>33.3</u>	<u>134.3</u>	<u>139.9</u>
EXPENSES						
General government	13.9	19.4			13.9	19.4
Public safety	46.9	46.0			46.9	46.0
Highway and streets	10.8	10.0			10.8	10.0
Public services	0.5	1.6			0.5	1.6
Sanitation	3.1	3.3			3.1	3.3
Community improvement	1.9	0.8			1.9	0.8
Social services	5.8	4.2			5.8	4.2
Culture and recreation	15.8	17.0			15.8	17.0
Water and sewer			27.1	27.6	27.1	27.6
Interest on long term debt	2.5	2.5			2.5	2.5
Total expenses	<u>101.2</u>	<u>104.8</u>	<u>27.1</u>	<u>27.6</u>	<u>128.3</u>	<u>132.4</u>
Excess before transfers	1.5	1.8	4.5	5.7	6.0	7.5
Transfers in	0.1	0.1			0.1	0.1
Transfers out			(0.1)	(0.1)	(0.1)	(0.1)
Increase in net assets	1.6	1.9	4.4	5.6	6.0	7.5
Beginning net assets	168.2	166.3	59.6	54.0	227.8	220.3
Ending net assets	<u>\$ 169.8</u>	<u>\$ 168.2</u>	<u>\$ 64.0</u>	<u>\$ 59.6</u>	<u>\$ 233.8</u>	<u>\$ 227.8</u>

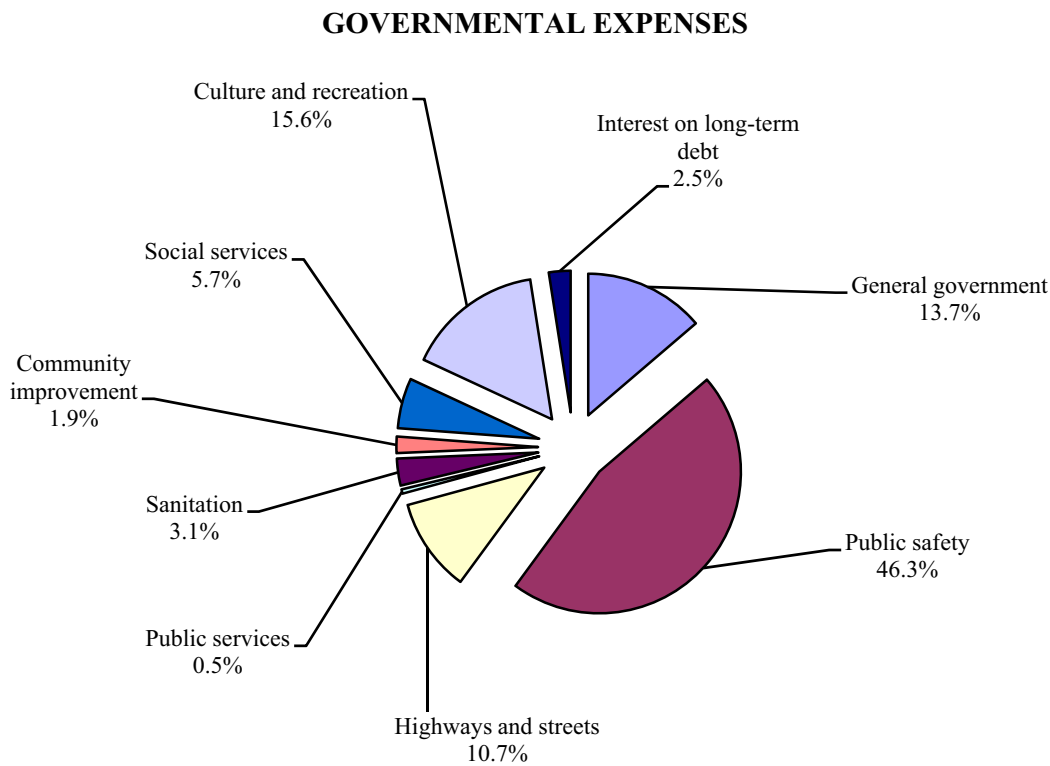
City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The result of 2009 fiscal year's governmental activity was an increase of \$1.6 million and an ending net assets balance of \$169.8 million. Of this total, \$99.5 million is invested in capital assets less related debt, \$17.2 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the government. The balance of \$53.1 million is listed as unrestricted, having no legal commitment.

The following chart depicts expenses of the governmental activities for the fiscal year:



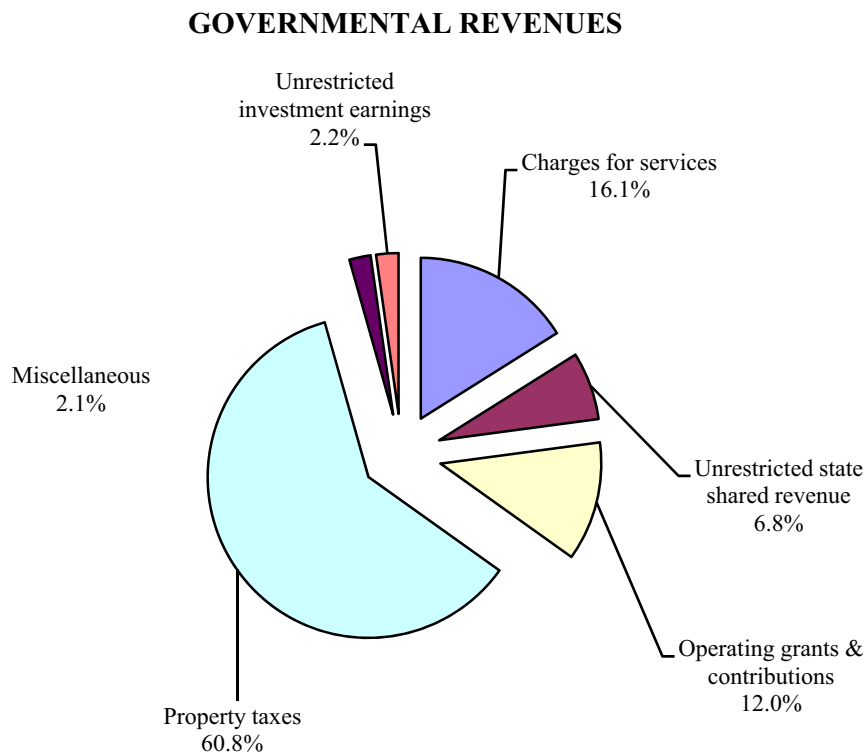
Governmental activity expenses for the fiscal year decreased by \$3.6 million. Public Safety is the largest governmental activity, expending \$46.9 million of the governmental activities total expenses of \$101.2 million. It comprises 46.3% of total governmental expenses. This activity increased by \$.9 million. Cultural and recreation is the second largest governmental activity with total expenses of \$15.8 million, expending 15.6% of total governmental expenses. This activity decreased by \$1.2 million. General government is the third largest governmental activity with a total expense of \$13.9 million, expending 13.7% of total governmental expenses. This activity decreased by \$5.5 million. These three categories expend over 75.6% of total governmental activity expenses.

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

The following chart depicts revenues of the governmental activities for the fiscal year:



In total, governmental revenue collections decreased in fiscal year 2009 by \$3.9 million. This decrease is derived from decreases in charges for services, state shared revenues and unrestricted investment earnings with an increase in operating grants and contributions. Property tax revenue is the largest source of support for the governmental activities. The City's millage rate is 16.3428 mills. Property tax revenue generated \$62.4 million in 2009. It represented 60.8% of all available sources of revenue. Charges for services are the second largest source of governmental activity revenue. It represented 16.1% of all available sources of revenue for governmental activities. This source decreased by \$1.1 million and is explained by the economic times in the State of Michigan. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 6.8% of all available sources of revenue. It decreased by \$4.9 million over 2008. The Grants and contributions figure represents 12.0% of all available sources of revenue experiencing a \$3.8 million increase over 2008 due to timing of when amounts were recognized in the prior years. Over 95.7% of the governmental activities are supported by these four revenue sources.

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS (continued)

Business-type Activities:

The net assets figure of Business-type activities increased by \$4.4 million during fiscal year 2009. Overall charges for services decreased from 2008 by 5.2%. This decrease is reflected in charges for services in the amount of \$1.7 million. Operating expenses decreased by \$.5 million.

Of the total \$64.0 million of net assets in the business type activities, \$19.7 million is reported as unrestricted.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

General Fund

The General Fund is the central operating fund of the City of Southfield. Unless otherwise required by statute, contractual agreement or policy, all revenues and expenditures are recorded in the General Fund. As of June 30, 2009, the General Fund reported a fund balance of \$15.4 million. This amount is a decrease of \$1.9 million from the prior June 30. Of the total fund balance, \$11.2 million is reserved, designated or earmarked for specific purposes. These designations include \$1.9 million for subsequent year's expenditure, \$1.2 million for economic development, \$2.7 million for equalization and \$1.3 million for capital projects.

General Fund Budgetary Highlights:

The City of Southfield's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is amended during the course of the fiscal year to reflect changing operational demands.

The General Fund revenue budget was not increased during fiscal year 2009, with both an original and final budgeted amount of \$65.4 million. General Fund revenue totaled \$62.3 million, \$3.1 million below the final budget. Property tax revenues were down due to timing of payments and their recognition. Charges for services and Licenses and Permits were down due to current economic conditions.

The General Fund expenditure budget was increased marginally during fiscal year 2009 from \$65.5 million to a final budget of \$65.8 million. Actual expenditures for fiscal year 2009 were \$64.2 million which was \$1.6 million below budget. This total is comprised mostly by savings from a cost reduction program including hiring restrictions and aggressive budget and expenditure monitoring.

In summary, the fiscal year 2009 Final Amended Budget adjusted for the sale of capital assets anticipated using \$.3 million of prior year's fund balance. The fund balance figure, net of transfers, has decreased by \$1.9 million.

Major Street Fund

The Major Street Fund is used to classify revenues and expenditures for main roadways in the City of Southfield. The major source of revenues is derived from ACT 51 revenues from the State. As of 2009, the Major Street Fund reported a fund balance of \$1.8 million. This amount is an increase of \$1.4 million from the prior June 30. This increase is attributed to the timing of revenues.

City of Southfield

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS (continued)

Local Street Fund

The Local Street Fund is used to classify revenues and expenditures for residential roadways in the City of Southfield. The major sources of revenues are derived from a voter approved tax millage and ACT 51 revenues from the State. As of 2009, the Local Street Fund reported a fund balance of \$4.3 million. This decrease of \$1.2 million is attributed to the City's continuing efforts to maintain road infrastructure and the timing of revenues.

Capital Improvement Fund

The Capital improvement fund is a major fund due to several large capital projects supported by internal bond proceeds, transfers or loans. Projects such as Carpenter Lake restoration and Drains at Large construction were continued in 2009. Including a Council approved transfer of funds to erase the funds deficit; the Capital Improvement fund had a small fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2009, the City of Southfield had invested \$220.9 million, net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$2.2 million from 2008. Refer to Note 3C for additional capital asset information.

Long Term Debt – At the end of 2009, the City of Southfield had \$77.8 million in bonds outstanding. The amount of bonds with limited taxing authority in 2009 is \$32.4 million. A more detailed depiction of the City's long-term debt obligations is presented in Note 3D to the financial statements.

Bond Ratings – The City's unlimited and limited tax general obligation bond rating from Standard and Poor's is AA+. Moody's Investors Services rating for the City's unlimited tax general obligation bonds is Aa2, and its limited tax general obligation bond rating is Aa3.

ECONOMIC OUTLOOK

The economic challenges facing the City of Southfield in the foreseeable future are unprecedented in the City's 51-year history. The elements include:

- State unemployment figures in double digits, consistently at or near the top in the United States, with no relief in sight.
- The meltdown of the financial sector and the foreclosure crisis.
- State shared revenues (the largest single source of General Fund revenues after property taxes) have been steadily declining in recent years. The budget for this source peaked at \$9.8 million in fiscal 2001-02, versus \$7.0 million anticipated for 2009-10. This represents a decline of \$2.8 million or 29% for the period. The decline for 2009-10 is anticipated to be \$300,000 or 4.1% from the previous fiscal year.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

- State monies for road repair and reconstruction, along with county and state resources to maintain their roads that are within the City of Southfield, are anticipated to be severely limited. This is a reflection of deteriorating general economic conditions, severe state budgetary problems, and the fact that the revenue base is primarily dependent on gas and weight tax receipts; which, in turn, are a reflection of the general economy and the increased fuel efficiency of newer commercial and passenger vehicles.
- Pressure on pension funding requirements which are a reflection of investment income and volatile stock market performance.
- We are levying our Charter maximum millage levels. There is no room within current millage allocations to produce increased revenues.
- Unprecedented decline in property tax valuations and receipts complicated by legal restrictions (Proposal A): In the entire history of the City, we have never had a decline in property tax valuations of more than 1.6%. In fact, only two years of the City's 51-year history reflect a decline—1.6% in 1983-84 and 0.6% in 1994-95. The tax base increased in each of the other 49 years. Yet, the tax base has decreased 3.03% for 2009-10. It must be noted that under Proposal A there is no limit to how far the tax base can fall, but comeback power of the governmental unit is severely limited by the annual growth limitation in the taxable value of existing real property—the lesser of 5% or the rate of inflation. Ultimately, this provides only three options to the local unit: a) resort to unacceptable use of one-time reserves until they are exhausted; b) ask the public for a millage increase in unprecedented tough economic times; or c) reduce the size and cost of government. The City of Southfield has adhered to option (c)—the most disciplined and respectful approach to the public dollar.

Policy strengths and resources to meet these challenges include:

- The City has an established tradition of fiscal responsibility, proper budgetary practices, and consistent maintenance of reasonable reserves, as demonstrated by the City's AA+ Standard and Poor's bond rating.
- The City has a proven capacity to handle fiscal challenges. Successful adherence to the 5-Year Fund Balance Stabilization Plan, covering the period 2004-05 through 2008-09, provides proof of that capacity. While the goal of the Plan was to end the 5-year period with a fund balance of at least \$8.0 million or approximately 12% of the subsequent year's budget, final audited results prove that we have exceeded the goal by a substantial margin. Given the challenges likely to be facing the City in the near future (potential unprecedented double-digit decline in the tax base), these reserves will be needed to sustain even the most essential of the core services. Thus, the leadership of the City is to be commended for their foresight in staying the course and preparing the municipality for even tougher times ahead.
- We have established the fact that we can do more with less and have the will and determination to size this municipal government to the resources available. Over the last five years, we have reduced the workforce by some 130 positions or approximately 15%, by attrition.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

- We have a proven capacity to reduce costs, enhance productivity, and engage the cooperation of employees, as demonstrated by the constrained labor contracts achieved during the past five years.
- A proven commitment to investments in technology for improved financial controls and reporting, as well as enhanced city-wide operational efficiencies is evident. The City's adaptable and continuously improving financial system was fully amortized in 2005-06, paving the way for solid budgetary monitoring and cost controls for years to come. Investment in improved road maintenance equipment and preventive maintenance strategies will allow us to maintain the appearance and functionality of the City through tough times. The continuous exploration of the potential for improved efficiency and effectiveness, through the optimum application of emerging/but proven technology, is a strong policy theme of the Mayor and City Council.
- Tax base focus is clearly demonstrable. The City of Southfield is resolutely committed to the maintenance and improvement of the tax base. Code and appearance issues get top priority attention, as exemplified by our 24/7 hotline (796-EYES) which encourages citizen input on any code or appearance issue at any time. The Code Enforcement and Community Appearance operation works on a seven-day-per week schedule to address concerns and monitor progress. Our widely recognized model approach for maintaining the appearance and physical integrity of vacant or foreclosed properties offers yet another example of the City's commitment to the tax base, strong neighborhoods, and attractive community appearance.

The business community, comprising 55% of the tax base, is served by the business retention and expansion efforts of the Planning Department. The City has earned the designation of "development ready" and provides a whole host of services aimed at attracting and facilitating quality development and redevelopment projects. The Spring Haven Brownfield project recently received national recognition from the National League of Cities, as an example of aggressive and creative redevelopment of a formerly underdeveloped and environmentally challenged site to a much higher use.

In October of 2007, the City of Southfield was recognized by Forbes as Metro Detroit's "most livable" community. The desirable blending of the business and residential components of the City was a significant factor in receiving that designation.

- The City maximizes grant funding opportunities. Over the past five years, grant funding has increased by \$8.3 million, or 237%, from \$3.5 million in 2004-05 to \$11.8 million in the 2009-10 approved budget. This increase includes \$4.6 million, or 288%, in Career Center grant funding for job training and placement, from \$1.6 million in the 2004-05 budget to \$6.2 million budgeted in 2009-10. The Career Center grant funding success is a demonstration of our commitment to the economic viability of the region. Though a substantial portion of this grant funding provides direct services to Southfield residents, the Career Center's services are regional in scope and widely recognized—within the state of Michigan and beyond—for performance excellence.

City of Southfield

Management's Discussion and Analysis

ECONOMIC OUTLOOK (continued)

The figures above also include a grant of \$3.2 million from federal stimulus funds to address the residential foreclosure problem gripping the nation. We are attacking this problem on many fronts with the aim of stabilizing the City's neighborhoods and eliminating these vacancies, one-by-one, by providing a helping hand (not a handout) to responsible prospective homeowners who will not only occupy these vacant homes but will also invest in improvements to the property. Our unique program has been designed to leverage the grant award to provide the absolute maximum benefit to the Southfield community and to serve as a model for the proper stewardship of these federal funds on a local level.

In addition to these operating grants, we continue to maximize our grant funding opportunities for capital projects (e.g. streets/highway, water/Sewer, and facilities related projects). We are "shovel ready" in the vernacular of the federal and state granting authorities, administrative ready, and fully prepared to qualify for grant funding where appropriate and in the best interests of the City.

The magnitude of the economic challenges facing the City of Southfield in the immediate future is unprecedented in the 51-year history of the municipality. Yet, past actions taken to enhance our current financial position, together with the ongoing commitment of the leadership team to the fiscal integrity of the City, will prove more than sufficient to meet these challenges.

CONTACTING THE CITY'S FISCAL SERVICES

This financial report is designed to provide our residential and corporate taxpayers, investors, creditors, and any other interested parties with a general overview of the City's accountability for the financial resources under its purview and to demonstrate the City's commitment to proper standards of financial reporting. If there are questions about this report, or further information is needed, please contact James B. Pierce, City Controller, at (248) 796-5212.

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City of Southfield
Government-Wide Statement of Net Assets
June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental Component Units	Proprietary Nonprofit Housing Corporation *
ASSETS					
Cash and cash equivalents	\$ 28,323,509	\$ 6,006,310	\$ 34,329,819	\$ 1,700,319	\$ 6,899,109
Investments	43,529,831	5,721,138	49,250,969	14,669,470	
Receivables, net (Note 3B)	13,298,510	12,029,868	25,328,378	638,815	43,388
Prepays	1,125,709	8,455	1,134,164	2,040	157,032
Internal balances (Note 3F)	368,748	(368,748)			
Due from component units	521,205		521,205		
Due from other governmental units	993,100		993,100		
Inventories	609,724	535,804	1,145,528		
Restricted assets: (Note 3A)					
Cash and cash equivalents	2,063,736		2,063,736		
Investments	432,724		432,724		
Long-term advances	3,768,936		3,768,936		
Capital assets: (Note 3C)					
Non-depreciable	12,633,637	653,244	13,286,881	350,000	2,543,410
Depreciable-net	138,334,968	69,294,955	207,629,923		6,497,686
Total assets	<u>246,004,337</u>	<u>93,881,026</u>	<u>339,885,363</u>	<u>17,360,644</u>	<u>16,140,625</u>
LIABILITIES					
Accounts payable and other current liabilities	4,626,114	3,742,193	8,368,307	62,580	215,138
Interest payable	444,274	156,500	600,774		31,241
Insurance payable	643,623		643,623		
Workers' compensation payable	1,078,686		1,078,686		
Due to primary government				521,205	
Due to other governmental units				3,795,387	
Unearned revenue (Note 3B)	878,538		878,538	333,941	
Noncurrent liabilities: (Note 3D)					
Due within one year	6,281,185	2,606,227	8,887,412	54,488	524,910
Due in more than one year	61,206,279	23,300,263	84,506,542	3,718,656	8,076,634
Net OPEB obligation: (Note 4E)	1,072,150	21,881	1,094,031		
Total liabilities	<u>76,230,849</u>	<u>29,827,064</u>	<u>106,057,913</u>	<u>8,486,257</u>	<u>8,847,923</u>
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related debt	99,498,443	44,285,188	143,783,631	350,000	439,552
Restricted					
Right-of-way funds/Metro Authority	1,037,362		1,037,362		
Specific programs	1,800,747		1,800,747		
Highways and streets	6,262,889		6,262,889		
Culture and recreation	2,925,792		2,925,792		
Social services	16,274		16,274		
Grants	395,191		395,191		
Public safety	753,104		753,104		
Debt service	2,383,702		2,383,702		
Claims	1,609,827		1,609,827		
Unrestricted	53,090,157	19,768,774	72,858,931	8,524,387	6,853,150
Total net assets	<u>\$ 169,773,488</u>	<u>\$ 64,053,962</u>	<u>\$ 233,827,450</u>	<u>\$ 8,874,387</u>	<u>\$ 7,292,702</u>

The notes to the financial statements are an integral part of this statement.

* Audited as of 12/31/08

**City of Southfield
Government-wide Statement of Activities
For the Year Ended June 30, 2009**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Governmental Units	Proprietary Nonprofit Housing Corporation *
Functions/Programs								
Primary government:								
Governmental activities:								
General government	\$ 13,922,094	\$ 1,185,978			\$ (12,736,116)	\$	\$ (12,736,116)	
Public safety	46,895,967	7,184,088	1,138,376		(38,573,503)		(38,573,503)	
Highways and streets	10,813,836		4,897,845		(5,915,991)		(5,915,991)	
Public services	534,227	1,000,017		506,150	971,940		971,940	
Sanitation	3,114,136	2,788,701			(325,435)		(325,435)	
Community improvement	1,849,575	307,361			(1,542,214)		(1,542,214)	
Social services	5,820,354		5,514,320		(306,034)		(306,034)	
Culture and recreation	15,754,194	4,036,391	223,610		(11,494,193)		(11,494,193)	
Interest on long-term debt	2,485,853				(2,485,853)		(2,485,853)	
Total governmental activities	101,190,236	16,502,536	11,774,151	506,150	(72,407,399)		(72,407,399)	
Business-type activities:								
Water and Sewer	27,080,634	30,990,998				\$ 3,910,364	3,910,364	
Total primary government	\$ 128,270,870	\$ 47,493,534	\$ 11,774,151	\$ 506,150		\$	(68,497,035)	
Component units activities:								
Governmental	\$ 2,099,117	\$ 163,044	\$ 56,797	\$ -		\$ (1,879,276)	\$ (1,879,276)	
Proprietary activities:	\$ 3,025,997	\$ 2,812,096	\$ 23,379	\$ -		\$	\$ (190,522)	
General revenues:								
Property taxes					62,427,297		62,427,297	2,476,017
Unrestricted state shared revenues					6,997,030		6,997,030	
Unrestricted investment earnings					2,246,603	459,454	2,706,057	766,810
Miscellaneous					1,769,203	108,126	1,877,329	349,987
Gain on sale of capital assets					498,175	(53,991)	444,184	44,448
Transfers (Note 3F)					53,991		53,991	
Total general revenues and transfers					73,992,299	513,589	74,505,888	3,592,814
Change in net assets					1,584,900	4,423,953	6,008,853	1,713,538
Net assets - beginning					168,188,588	59,630,009	227,818,597	7,160,849
Net assets - ending					\$ 169,773,488	\$ 64,053,962	\$ 233,827,450	\$ 8,874,387

The notes to the financial statements are an integral part of this statement.

* Audited as of 12/31/08

**City of Southfield
Balance Sheet
Governmental Funds
June 30, 2009**

	Major Funds				Non-Major Funds	
	General	Major Street	Local Street	Capital Improvement	Other Governmental	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 4,532,610	\$ 3,121,442	\$ 1,382,312	\$ 1,062,817	\$ 8,347,583	\$ 18,446,764
Investments	3,520,273	977,527	5,368,604	2,224,138	13,479,859	25,570,401
Receivables, net (Note 3B)	9,140,992	624,689	478,692	5,430	2,848,824	13,098,627
Prepays	966,070	1,000			143,691	1,110,761
Due from other funds (Note 3F)	5,428,630	1,095			645,211	6,074,936
Due from component units	356,145		29,927		135,133	521,205
Due from other governmental units					993,100	993,100
Inventories	275,105					275,105
Restricted assets: (Note 3A)						
Cash and cash equivalents				305,961	147,948	453,909
Investments					432,724	432,724
Total assets	\$ 24,219,825	\$ 4,725,753	\$ 7,259,535	\$ 3,598,346	\$ 27,174,073	\$ 66,977,532
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,717,673	203,284	397,835	8,842	980,358	3,307,992
Accrued payroll	383,018				127,850	510,868
Due to other funds (Note 3F)	3,105,422	2,715,656	2,374,734		1,487,912	9,683,724
Deferred revenue (Note 3B)	3,486,944		206,405		2,609,206	6,302,555
Other short-term liabilities	80,348				89,050	169,398
Advances from local improvement revolving fund (Note 3F)				3,580,514	1,750,849	5,331,363
Total liabilities	8,773,405	2,918,940	2,978,974	3,589,356	7,045,225	25,305,900
Fund balances: (Note 4A)						
Reserved for:						
Right-of-way funds/Metro Authority	1,037,362					1,037,362
Encumbrances	110,547	1,229,798	753,952		298,223	2,392,520
Specific programs (special revenue)					1,473,592	1,473,592
Debt service					2,383,702	2,383,702
Restricted assets				305,961	580,672	886,633
Unreserved:						
Designated for:						
Subsequent year's expenditures	1,940,442					1,940,442
Specific programs	8,083,232		216,608		1,960,049	10,259,889
Undesignated	4,274,837					4,274,837
Reported in:						
Special revenue		577,015	3,310,001		12,087,591	15,974,607
Capital Projects				(296,971)	1,345,019	1,048,048
Total fund balances	15,446,420	1,806,813	4,280,561	8,990	20,128,848	41,671,632
Total liabilities and fund balances	\$ 24,219,825	\$ 4,725,753	\$ 7,259,535	\$ 3,598,346	\$ 27,174,073	\$ 66,977,532

The notes to the financial statements are an integral part of this statement.

City of Southfield
Reconciliation of the Balance Sheet -
Governmental Funds to the Government-wide
Statement of Net Assets
June 30, 2009

Fund balance for governmental activities \$ 41,671,632

Amounts reported for governmental activities
in the statement of net assets are different
because:

Capital assets used in governmental activities
are not financial resources and, therefore, are
not reported in the funds. 142,959,331

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the funds:

Accrued interest payable (444,274)
Bonds payable (52,050,812)
Installment purchase agreement (305,983)
Compensated absences (10,870,435)

Michigan tax tribunal liability (3,734,621)

Other long-term assets are not available to pay for current-
period expenditures and, therefore, are deferred in the funds 5,424,017

Other post-employment benefits (OPEB) (1,028,387)

Internal service funds are used by management
to charge the costs of maintaining facilities
equipment and fleet management to individual
funds. The assets and liabilities of the internal
service funds are included in governmental
activities in the statement of net assets. 48,153,020

Government-wide net assets of governmental activities \$ 169,773,488

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds				Non-Major Funds	
	General	Major Street	Local Street	Capital Improvement	Other Governmental	Total Governmental
REVENUES						
Property taxes	\$ 40,576,518		\$ 3,246,404		\$ 14,656,617	\$ 58,479,539
Special assessments					307,360	307,360
Charges for services	3,167,019				2,795,306	5,962,325
Sanitation	2,788,701					2,788,701
Licenses and permits	1,929,428					1,929,428
Fines and forfeitures	4,011,336				162,910	4,174,246
Federal forfeitures					126,814	126,814
Franchise fees					1,241,083	1,241,083
Intergovernmental:						
Federal	47,544			\$ 106,150	5,567,191	5,720,885
State	7,542,833	\$ 6,023,732	1,809,212	400,000	198,689	15,974,466
Other	792,977					792,977
Contributions and donations					122,515	122,515
Investment earnings	779,377	57,861	310,357	43,998	1,055,000	2,246,593
Other	693,134	104,084	64,784	322,663	683,922	1,868,587
Total revenues	<u>62,328,867</u>	<u>6,185,677</u>	<u>5,430,757</u>	<u>872,811</u>	<u>26,917,407</u>	<u>101,735,519</u>
EXPENDITURES						
Current:						
General government	10,311,187			676,536		10,987,723
Public safety	45,283,310				684,914	45,968,224
Highways and streets		5,578,694	6,580,848		118,276	12,277,818
Public services	839,089					839,089
Sanitation	3,114,136					3,114,136
Community improvement				1,157,618	692,329	1,849,947
Social services	402,934				5,156,960	5,559,894
Culture and recreation				34,529	14,951,525	14,986,054
Insurance and bonds	592,966					592,966
Other					1,440,274	1,440,274
Support services	3,399,010					3,399,010
Debt service:						
Principal retirement	220,000	740,000	74,899	306,477	905,775	2,247,151
Interest and fiscal charges	86,649	428,588	53,299	6,810	1,825,934	2,401,280
Total expenditures	<u>64,249,281</u>	<u>6,747,282</u>	<u>6,709,046</u>	<u>2,181,970</u>	<u>25,775,987</u>	<u>105,663,566</u>
Excess (deficiency) of revenues over (under) expenditures	(1,920,414)	(561,605)	(1,278,289)	(1,309,159)	1,141,420	(3,928,047)
OTHER FINANCING SOURCES (USES)						
Transfers in (Note 3F)		1,965,685	37,500	780,825	2,660,897	5,444,907
Issuance of long-term debt				792,290		792,290
Transfers out (Note 3F)	(437,886)				(4,020,602)	(4,458,488)
Sale of capital assets	498,175	-	-	-	-	498,175
Total other financing sources (uses)	<u>60,289</u>	<u>1,965,685</u>	<u>37,500</u>	<u>1,573,115</u>	<u>(1,359,705)</u>	<u>2,276,884</u>
Net change in fund balances	(1,860,125)	1,404,080	(1,240,789)	263,956	(218,285)	(1,651,163)
Fund balances (deficit) - beginning	<u>17,306,545</u>	<u>402,733</u>	<u>5,521,350</u>	<u>(254,966)</u>	<u>20,347,133</u>	<u>43,322,795</u>
Fund balances - ending (Note 2B)	<u>\$ 15,446,420</u>	<u>\$ 1,806,813</u>	<u>\$ 4,280,561</u>	<u>\$ 8,990</u>	<u>\$ 20,128,848</u>	<u>\$ 41,671,632</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Government-wide Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances – total governmental funds	\$ (1,651,163)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are recorded as capital assets	10,219,774
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.	(9,230,424)
Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt for capital assets is a reduction of net assets however, a reduction of the debt increases net assets. This is the amount of principal paid on long-term debt.	2,247,151
Current year's amortization for discounts payable.	(6,373)
Issuance from long-term debt	(792,290)
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. The amount of expenditures for accumulated compensated absences is reported here.	(30,676)
Increase in accrued interest payable on long-term debt	(78,200)
Delinquent personal property taxes are recorded in the statement of activities when the tax is assessed; they are not reported in the funds until collected or collectable within 60 days of year end	(148,930)
Delinquent real property taxes are recorded in the statement of activities when the tax is assessed; they are not reported in the funds until collected or collectable within 60 days of year end	3,947,778
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(3,460,327)
Increase in Other Post-Employment Benefits (OPEB)	(1,028,387)
Decrease in Michigan tax tribunal contingency	50,230
Internal Service funds are used by management to charge the costs of certain activities, such as motor pool, and equipment replacement, to individual funds. The net activity of the internal service funds is reported with governmental activities.	<u>1,546,737</u>
Change in net assets government-wide statement of governmental activities	<u>\$ 1,584,900</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Enterprise Fund Water and Sewer	Associated Governmental Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,006,310	\$ 9,876,743
Investments	5,721,138	17,959,430
Receivables, net (Note 3B)	12,029,868	199,883
Prepays	8,455	14,948
Due from other funds (Note 3F)	24,768	4,670,873
Inventory	535,804	334,619
Total current assets	<u>24,326,343</u>	<u>33,056,496</u>
Noncurrent assets:		
Restricted assets: (Note 3A)		
Cash and cash equivalents		1,609,827
Long-term advances to other funds (Note 3F)		5,331,363
Long-term advances to component units (Note 3F)		3,711,603
Long-term advances to employees		57,333
Capital assets:		
Construction in progress	653,244	
Infrastructure	119,164,581	
Equipment and intangibles	2,608,834	23,649,656
Total capital assets	<u>122,426,659</u>	<u>23,649,656</u>
Less accumulated depreciation	<u>(52,478,460)</u>	<u>(15,640,382)</u>
Total capital assets (net of accumulated depreciation)	<u>69,948,199</u>	<u>8,009,274</u>
Total noncurrent assets	<u>69,948,199</u>	<u>18,719,400</u>
Total assets	<u>94,274,542</u>	<u>51,775,896</u>
LIABILITIES		
Current liabilities:		
Accounts payable	3,491,024	620,472
Deposits and escrow	186,914	
Accrued payroll	64,255	17,384
Interest payable	156,500	
Insurance payable		643,623
Workers' compensation payable		1,078,686
Due to other funds (Note 3F)	393,516	693,335
Revenue bonds payable (Note 3D)	2,519,222	
Total current liabilities	<u>6,811,431</u>	<u>3,053,500</u>
Noncurrent liabilities: (Note 3D)		
Accrued compensated absences-due 1 year	87,005	
Accrued compensated absences-due more 1 year	156,474	525,613
Other Post-employment benefits: (Note 4E)	21,881	43,763
Revenue bonds payable	23,143,789	
Total noncurrent liabilities	<u>23,409,149</u>	<u>569,376</u>
Total liabilities	<u>30,220,580</u>	<u>3,622,876</u>
NET ASSETS		
Invested in capital assets, net of related debt	44,285,188	8,009,274
Restricted for claims		1,609,827
Unrestricted	19,768,774	38,533,919
Total net assets	<u>\$ 64,053,962</u>	<u>\$ 48,153,020</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2009

	Business-type Activities - <u>Enterprise Fund</u> <u>Water and Sewer</u>	<u>Associated</u> <u>Governmental</u> <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES		
Charges for consumption and service:		
Water and sewage charges	\$ 30,605,607	
Charges to other funds		\$ 10,045,918
Installation charges	81,109	
Interest and penalties	304,282	
Other	108,126	291,154
Total operating revenues	<u>31,099,124</u>	<u>10,337,072</u>
OPERATING EXPENSES		
Administration	3,683,781	2,382,507
Equipment and facility operation		6,221,224
Transmission and distribution	18,080,508	
Service installation and meter reading	1,072,592	
Depreciation and capital adjustments	4,243,753	1,549,137
Other		1,054,840
Total operating expenses	<u>27,080,634</u>	<u>11,207,708</u>
Operating income (loss)	4,018,490	(870,636)
NONOPERATING REVENUES		
Gain on disposition of assets		429,222
Investment earnings	459,454	1,142,021
Other		1,778,558
Total nonoperating revenue	<u>459,454</u>	<u>3,349,801</u>
Income before transfers	4,477,944	2,479,165
OTHER FINANCING USES		
Transfers out (Note 3F)	<u>(53,991)</u>	<u>(932,428)</u>
Change in net assets	4,423,953	1,546,737
Total net assets - beginning	<u>59,630,009</u>	<u>46,606,283</u>
Total net assets - ending	\$ <u>64,053,962</u>	\$ <u>48,153,020</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-type Activities - <u>Enterprise Fund</u> <u>Water and Sewer</u>	Associated Governmental Internal <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 29,592,666	\$ 10,387,001
Cash paid to employees	(2,358,847)	(4,431,774)
Cash paid to suppliers	(19,705,753)	(5,301,257)
Net cash provided by operating activities	<u>7,528,066</u>	<u>653,970</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advance (payment) within an interfund	(3,054,428)	534,196
Retroactive premium adjustments		827,430
Long-term payments		(1,278)
Payment of long-term advances received from component units		652,900
Long-term payments to employees		(8,840)
Transfers out	(53,991)	(932,428)
Net cash provided by (used in) noncapital and related financing activities	<u>(3,108,419)</u>	<u>1,071,980</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property and equipment	(611,029)	(2,684,978)
System improvements	(2,394,736)	
Payment of revenue bonds	(2,919,108)	
Net cash used in capital and related financing activities	<u>(5,924,873)</u>	<u>(2,684,978)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of investments, net of purchases	6,153,867	8,614,623
Investment earnings	484,089	1,222,427
Net cash provided by investing activities	<u>6,637,956</u>	<u>9,837,050</u>
Net increase in cash, cash equivalents	5,132,730	8,878,022
Cash, cash equivalents, beginning of year	873,580	2,608,548
Cash, cash equivalents, end of year	\$ <u>6,006,310</u>	\$ <u>11,486,570</u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 6,006,310	\$ 9,876,743
Restricted cash, cash equivalents		1,609,827
Total cash, cash equivalents	\$ <u>6,006,310</u>	\$ <u>11,486,570</u>
Reconciliation of operating income to net cash provided (used)		
by operating activities:		
Operating income (loss)	\$ 4,018,490	\$ (870,636)
Adjustments to reconcile operating income to		
net cash provided by (used in) operating activities:		
Depreciation and capital adjustments	4,243,753	1,549,137
Receivables	(1,410,912)	346
Prepays	(3,356)	11,195
Due from component units		22,336
Inventory	(92,190)	16,052
Accounts payable	791,311	255,043
Accrued payroll	32,748	(19,152)
Accrued compensated absences	(30,805)	13,422
Other liabilities	(22,000)	
OPEB obligation	21,881	43,763
Interest payable	(20,854)	
Insurance payable		(527,941)
Workers' compensation payable		160,405
Net cash provided by operating activities	\$ <u>7,528,066</u>	\$ <u>653,970</u>

The notes to the financial statements are an integral part of this statement.

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City of Southfield
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
	<hr/>	<hr/>
ASSETS		
Cash and cash equivalents	\$ 6,557,750	\$ 2,397,624
Investments, at fair value:		
Government obligations	11,683,424	3,246,576
Corporate bonds	43,798,050	
Common stock	169,804,462	
Real estate and other	36,186,105	
Cash and investments held as collateral for securities lending - short term investments pools	<u>23,696,663</u>	
Total investments	285,168,704	<u>3,246,576</u>
Receivables, net	236,337	20,903
Due from fiduciary		133,392
Total assets	<u>291,962,791</u>	<u>5,798,495</u>
LIABILITIES		
Accounts payable	93,276	838,669
Deposits and escrow		4,112,785
Interest payable		2,338
Due to fiduciary	133,392	
Due to other governmental units	1,460,174	844,703
Obligations under securities lending agreements	<u>23,696,663</u>	
Total liabilities	<u>25,383,505</u>	<u>5,798,495</u>
NET ASSETS		
Reserved for pension benefits	228,089,552	
Reserved for post-retirement health care benefits	38,489,734	
Total net assets	<u>\$ 266,579,286</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009

	Pension (and Other Post-Employment Benefits) Trust Funds
ADDITIONS	
Contributions:	
Plan members	\$ 1,992,601
Employer	10,681,867
Total contributions	<u>12,674,468</u>
Investment activity or loss:	
Net decrease in fair value of investments	(72,610,762)
Investment earnings	5,135,631
Dividends	4,297,973
Other	19,069
Total investment loss	<u>(63,158,089)</u>
Less investment expense:	983,562
Net investment loss	<u>(64,141,651)</u>
Total additions	<u>(51,467,183)</u>
DEDUCTIONS	
Benefits	20,342,230
Health care expense	3,029,748
Administrative expense	726,115
Total deductions	<u>24,098,093</u>
Net decrease	(75,565,276)
Net assets - beginning	<u>342,144,562</u>
Net assets - ending	<u><u>\$ 266,579,286</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Statement of Net Assets
Discretely Presented Component Units
June 30, 2009

	Economic Development Corporation	Brownfield Re-development Authority	Joint Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Totals
ASSETS							
Cash and cash equivalents	\$ 41,634	\$ 61,917	\$ 105,465	\$ 727,041	\$ 135,355	\$ 628,907	\$ 1,700,319
Investments			1,232,987	1,637,490	5,151,752	6,647,241	14,669,470
Receivables, net (Note 3B)	1,724	44,749	21,166	261,605	172,392	137,179	638,815
Prepays				2,040			2,040
Total current assets	43,358	106,666	1,359,618	2,628,176	5,459,499	7,413,327	17,010,644
Capital assets: (Note 3C)							
Land				350,000			350,000
Machinery and equipment				63,421			63,421
Less accumulated depreciation				(63,421)			(63,421)
Net capital assets	-	-	-	350,000	-	-	350,000
Total assets	43,358	106,666	1,359,618	2,978,176	5,459,499	7,413,327	17,360,644
LIABILITIES							
Accounts payable and other current liabilities	4,083	5,277		27,409	7,302	18,509	62,580
Due to primary government				2,928		518,277	521,205
Due to other governmental units					1,443,783	2,351,604	3,795,387
Unearned revenue (Note 3B)				243,428	17,284	52,210	333,941
Noncurrent liabilities: (Note 3D)							
Due within one year				54,488			54,488
Due in more than one year				382,970		3,335,686	3,718,656
Total non-current liabilities	-	-	-	437,458	-	3,335,686	3,773,144
Total liabilities	4,083	13,731	12,565	711,223	1,468,369	6,276,286	8,486,257
NET ASSETS							
Invested in capital assets, net of related debt				350,000			350,000
Unrestricted	39,275	92,935	1,347,053	1,916,953	3,991,130	1,137,041	8,524,387
Total net assets	\$ 39,275	\$ 92,935	\$ 1,347,053	\$ 2,266,953	\$ 3,991,130	\$ 1,137,041	\$ 8,874,387

The notes to the financial statements are an integral part of this statement.

**City of Southfield
Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2009**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets						
	Charges for Services	Capital Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Totals
EDC									
Community improvement	\$ 29,337		\$ (29,337)					\$	(29,337)
Brownfield									
Community improvement	828,398			\$ (828,398)					(828,398)
Joint Local Development Finance Authority									
Community improvement	7				\$ (7)				(7)
DDA									
Community improvement	1,052,409	\$ 163,044			\$	(832,568)			(832,568)
Tax Increment Finance Authority									
Community improvement	4,453						\$ (4,453)		(4,453)
Local Development Finance Authority									
Community improvement	184,513							\$ (184,513)	(184,513)
Total component units	\$ 2,099,117	\$ 163,044	\$ (29,337)	\$ (828,398)	(7)	(832,568)	(4,453)	\$ (184,513)	(1,879,276)
General revenues:									
Property taxes				758,233	271,693	844,233		601,858	2,476,017
Unrestricted investment earnings			227	2,183	67,972	82,834	249,695	363,899	766,810
Miscellaneous				154,343		32,320	128,770	34,554	349,987
Total general revenues			227	914,759	339,665	959,387	378,465	1,000,311	3,592,814
Change in net assets			(29,110)	86,361	339,658	126,819	374,012	815,798	1,713,538
Net assets - beginning			68,385	6,574	1,007,395	2,140,134	3,617,118	321,243	7,160,849
Net assets - ending		\$ 39,275	\$ 92,935	\$ 2,266,953	\$ 1,347,053	\$ 3,991,130	\$ 1,137,041	\$ 8,874,387	

The notes to the financial statements are an integral part of this statement.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Incorporation of city

The City of Southfield was incorporated on April 28, 1958, under the provisions of Act 279, P.A. 1909, as amended ("Home Rule City Act"). The City operates under a council/administrator form of government and provides the following services as authorized by its charter: public safety, public works, culture, recreation and community development.

The basic financial statements of the City of Southfield (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles and are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The City's more significant accounting policies are described below.

A. Reporting entity

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations given the level of financial interdependence with the City. Data from these units are combined with data of the City ("primary government"). Each discretely presented component unit, on the other hand, is legally separate with a board appointed by the City. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, has included them within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose a specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Data from these units is segregated from the primary government in the combined financial statements. Each blended and discretely presented component unit's financial information has been included based upon a June 30 year-end except for Southfield Non-profit Housing which numbers were based upon a December 31 year end.

Blended Component Units: The following component units have been blended into the City's basic financial statements:

City of Southfield Library Building Authority
City of Southfield Building Authority

The Southfield Library Building Authority Board consists of 6 members appointed by City Council, thereby appointing a voting majority. In addition, the repayment of the Southfield Library Building Authority's bonds is financed through an operating millage for library operations. The Southfield Building Authority Board consists of 4 members appointed by City Council, and the City Administrator, thereby appointing a voting majority. The Building Authorities are reported as a Governmental Fund type.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity (continued)

Discretely Presented Component Units: The Component Unit columns in the combined financial statements include the financial data of the City's other component units. The following component units are reported in separate columns to emphasize that they are legally separate from the City:

Downtown Development Authority
Economic Development Corporation
Tax Increment Finance Authority
Local Development Finance Authority
Brownfield Redevelopment Authority
Joint- Local Development Finance Authority
Southfield Nonprofit Housing Corporation

Downtown Development Authority: The Downtown Development Authority has a 13-member board, appointed by the Mayor, committed to the economic development of the designated downtown district in and around the Northland Center. This Authority was formed under Public Act 1975, No. 197, and is funded through a 2-mill tax levy on all real and personal property within the district and a tax increment financing plan.

Economic Development Corporation ("EDC"): The Economic Development Corporation ("EDC") was formed in February of 1980, in accordance with the State of Michigan Public Act 338 of 1974, for the purpose of stimulating economic activity in the City of Southfield. Industrial projects ultimately approved by the Economic Development Corporation are financed through the sale of Industrial Revenue Bonds. In addition, the EDC offers loans and participates in other economic development and rehabilitation programs.

The Tax Increment Financing Authority: The Tax Increment Financing Authority ("TIFA") was organized pursuant to the State of Michigan, Public Act 450 of 1980. Its primary purpose is to finance and develop public improvements to promote growth and increase property tax valuation. Any new or additional assessed value in the development district is declared "captured assessed value." The property taxes collected thereon are transferred to the Authority as "tax increment revenues" and used to finance the development plan.

Local Development Finance Authority: The Local Development Finance Authority ("LDFA") was organized on September 25, 1989 pursuant to the State of Michigan Public Act 281 of 1986. The LDFA is similar to the TIFA, but is restricted to industrial and manufacturing areas. The primary purpose of the Authority is to finance and develop public improvements to promote growth and increase property tax valuation. This purpose is accomplished by the Authority designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value, whether from new construction or increased market value, is declared "captured assessed value." The property taxes collected thereon are transferred to the Authority as "tax increment revenues" and used to finance the development plan.

Brownfield Redevelopment Authority: The Brownfield Redevelopment Authority is a corporate public body, created by the State of Michigan under Public Act 381 of 1996, consisting of the serving members of the Local Development Financing Authority (LDFA). Its purpose is to promote the revitalization of environmentally distressed, blighted and functionally obsolete properties through the use of tax increment financing.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity (continued)

Joint-Local Development Finance Authority:

The Joint-Local Development Finance Authority was created under Public Act 248 of 2000, an amendment to the Local Development Finance Authority Act created under Michigan Public Act 281 of 1986. The Joint-LDFA is a joint authority with the City of Troy in which each city has prepared its own development and financing plan by creating a Certified Technology Park, also known as a SmartZone or Smart Park, whose primary purpose is to develop and finance public improvements to promote growth and economic development. This purpose is accomplished by the Authority designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value is declared "captured assessed value." Most Local and ½ of School property taxes collected thereon are transferred to the Authority as "tax increment revenues" and used to finance the development plan.

The City assesses, collects and distributes property taxes for several school districts, including the Southfield Public Schools. These districts are not included in these financial statements because they are entities with independently elected Boards of Education who establish their own millage rates and are responsible for all financial control, including budgeting and operating surpluses and deficits.

Southfield Nonprofit Housing Corporation: The Corporation is organized as a nonprofit corporation formed on February 1, 1973, to provide housing for persons of low and moderate income in the City of Southfield. The City appoints a voting majority of the Corporation and is able to impose its will on the Corporation. The discretely presented component unit is reported as a Proprietary Fund type.

Complete financial statements can be obtained from the office of:

Tama, Budaj & Raab, P.C.
Certified Public Accountants
32783 Middlebelt Road
Farmington Hills, MI 48334-1726

GOVERNMENT-WIDE FINANCIAL STATEMENTS

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories: Invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the Governmental Accounting Standards Board Statement 33.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of presentation

The statement of net assets and the statement of activities display information about the City as a whole. The statements include all funds of the primary government and its component units, except for its fiduciary funds. Those funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets.

The statement of net assets and the statement of activities are presented to distinguish between governmental and business type activities of the City. Governmental activities are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are reported in governmental and internal service funds. For the most part, the effect of interfund activity has been removed from these statements. Business type activities are financed by fees charged to external parties for goods or services. These activities are reported in the City's enterprise funds.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Capital assets are reported in the government wide statements at historical cost. Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment and all other tangible or intangible assets that are used in operations and have initial useful lives beyond a single reporting period and cost over \$5,000. Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets.

Capital assets that are being depreciated are reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land, are reported separately.

Capital assets are depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities by allocating the net cost over the estimated useful life of the asset. Assets are depreciated on an individual basis for equipment and buildings.

GOVERNMENTAL FUNDS

The city reports the following major governmental funds:

GENERAL FUND: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

MAJOR STREET FUND

Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads, roadsides, and storm sewers. Snow removal and traffic control are also supported by this funding source. Major Streets may include federal and state trunk lines maintained by the County and other relatively heavily traversed roads ("mile" roads) maintained by the City.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of presentation (continued)

LOCAL STREET FUND

Michigan's Act 51 of 1933, as amended, allocates gas and weight taxes to build and maintain roads, roadsides, and storm sewers. Snow removal and traffic control are also supported by this funding source. Local Streets, which primarily service the residential community, are maintained by the City through a one-mill City tax levy for residential street maintenance and to a lesser degree by Act 51 funding.

CAPITAL IMPROVEMENT FUND: The Capital Improvement Fund is the basic Capital Project Fund of the City, accounting for all major projects not specifically segregated by bond ordinance.

The city reports the following major proprietary fund:

ENTERPRISE FUND: The Enterprise Fund is used to account for (1) operations that are financed and operated in a manner similar to business enterprises - where the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges, and (2) operations where the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Water and Sewer Fund: Water sales support the purchase of water from the Southeastern Oakland County Water Authority and the installation and maintenance of meters and mains throughout the City. Sewer disposal charges to customers pay for treatment of sewerage and fund installation and maintenance of sanitary sewers in the EVERGREEN area (west of Southfield Road) and of combined sanitary and storm sewers on the "SEOCSDS" area (east of Southfield Road).

Additionally, the city reports the following fund types:

Associated Governmental Funds

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. These funds include Facilities Maintenance, Motor Pool, Equipment Revolving, Insurance Risk Retention, Local Improvement Revolving and the Employee Incentive Loan Program.

Generally accepted accounting principles for the associated governmental funds are similar to those applicable to a business enterprise in the private sector.

Fiduciary Funds

Trust and Agency Funds: Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds include Pension Trust Agency. Expendable Trust funds are accounted for and reported as Governmental Funds.

TRUST

Pension Trust: These funds account for employee and employer pension contributions, accumulated assets, administrative expenses, investment income and payments to beneficiaries. The funds include the Employee Retirement and the Fire & Police.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of presentation (continued)

Retiree Health Care Benefits Plan & Trust: This fund accounts for employer post retirement health care contributions, accumulated assets, administrative expenses and investment income. Payments for beneficiaries are not anticipated until the reserves for post retirement health care benefits have been depleted in the pension trusts.

AGENCY

Deposits and Escrow: This fund is for builders' cash bonds and similar escrow deposits.

Imprest Payroll: This fund is a clearing-account for payroll disbursements which is replenished from other funds.

46th District Court: The district court operates in an agency capacity and collects fine and fee revenues and distributes them to the appropriate governmental unit or agency. The City is the District Control Unit for the district court, and it provides all facilities, services and payroll expenses required for the proper functioning of the district court.

C. Basis of accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected within 60 days after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include reimbursement grants, state shared revenues and charges for services.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred provided the liability normally would be liquidated with expendable available financial resources. The major exception to this general rule is principal and interest on long-term debt which is recognized when due and paid.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available, spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds and the pension trust funds are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary and Pension Trust funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, and equity

(a) Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value, based on quoted market prices. Investments and certificates of deposit are purchased with pooled cash and are generally held to maturity. Interest is allocated on the basis of time-and-dollar weighted participation in each pool.

(b) Interfund receivables/payables: During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term receivables and payables resulting from such transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet. Any residual balances between the government activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a reservation of fund balance.

(c) Inventories: Inventories are stated at a first-in, first-out cost method and are accounted for using the purchasing method except for certain items used in the governmental and proprietary funds such as sign shop inventory which are accounted for on the consumption method.

(d) Capital Assets: Capital assets which include property and equipment are stated at historical cost or, if donated, fair market value at the date of donation. Expenditures which materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits and bond interest costs. Certain governmental improvements, including roads, bridges, storm sewers and sidewalks are not capitalized. Drain usage rights are capitalized assets relating to City drains that are maintained by Oakland County.

Depreciation is recorded for property and equipment using the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

Land improvements	10-50 years
Buildings and improvements	10-50 years
Infrastructure	5-50 years
Intangibles	10-50 years
Drain usage rights	50 years
Equipment	2-10 years

Depreciation of property and equipment contributed by entities independent of the City (such as construction contractors) is charged to fund operations.

The City is in progress of an inventory of capital assets. The City expects the inventory to continue through June 30, 2010.

City of Southfield

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, and equity (continued)

(e) **Compensated Absences:** The City recognizes expenditures and liabilities in Governmental Funds for the accrued vacation and sick pay as it comes due for payment (when the time is taken off or an employee terminates). The remaining amount of the unpaid vacation and sick pay liability has been recognized in the Statement of Net Assets as non-current liabilities. The Proprietary Funds accrue all unpaid vacation and sick pay as it is earned and has been accrued therein in its entirety.

(f) **Long-term Obligations:** In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(g) **Fund equity:** In the financial statements, governmental funds report reservations of fund equity not available for expenditure, encumbered or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

(h) **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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(i) **Pension and other post employment benefit costs** – The City offers both pension and retiree health care benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of year underpaid amount, if any.

City of Southfield

Notes to the Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data: The preparation of the budget begins in October with the establishment of written goals and parameters through the City Administrator's Office and the distribution of budget instructions by the Office of Management and Budget. The remaining steps and deadlines are strictly outlined in the City Charter:

- On or before March 1 – Each department head must submit a departmental budget to the City Administrator.
- On or before April 1- the Administrator shall submit the budget to the Mayor.
- On or before the first regular Council meeting in May - the Mayor shall submit the budget to Council.
- Not later than the third week in June - the Council shall adopt a budget by an affirmative vote of at least five members, at a Special Budget Meeting called for such purposes.
- The City's fiscal year begins July 1.
- The public is kept well informed throughout the budget process through the issuance of press releases, availability of budget documents at both the City Clerk's Office and Southfield Public Library at various stages in the formulation process, and creation of a budget summary videotape which plays periodically on the City's cable television station. Citizens are encouraged to actively participate in all public hearings.
- The individual department head is authorized to transfer budgeted amounts within the respective appropriation unit (e.g., Treasurer's Office), unless the transfer involves personnel or capital line items, in which case, the approval of the Director of Financial Services or the City Administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by City Council. Such budget adjustments took place, as authorized by the City Council, for the year ended June 30, 2009, and the budgetary data reflects the effect of those amendments.
- Appropriations for the fiscal year lapse every June 30. Council may re-appropriate any amount at its discretion.
- Budgets are legally adopted on an activity basis for the General and Special Revenue Funds. These budgets are presented on the same basis of accounting as used for actual results. They are adopted by Council on a non-GAAP basis. A note reconciling the adopted budget to the presented budget is disclosed in Note 3 E. Capital Projects and Debt Service Funds are approved by City Council on a project length basis, with annual expenditures included within Governmental Fund appropriation units. Budgets and actual comparisons are not reported in the Financial Statements for those funds where no annual budgets are prepared.
- These non-major governmental funds require an annual budget:

Municipal Street fund	* Local Law Enforcement Block Grant fund
Parks & Recreation fund	* Grants fund
Cable Television fund	Library fund
Block Grant fund	Michigan Works fund
Section 8 Housing fund	Auto Theft Grant fund
Drug Law Enforcement fund	* Donations and Memorial Trust fund

* Currently these funds are in non-compliance with the Uniform Budget Act. The City plans to correct this for fiscal year 2010.

City of Southfield
Notes to the Financial Statements
2. COMPLIANCE AND ACCOUNTABILITY

B. Major Fund Expenditure Budget Variances

During the year, the City incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget - (Negative)</u>
General fund			
EXPENDITURES			
Other:			
Unallocated costs	\$ 2,570,739	\$ 3,399,010	\$ (828,271)

The variance in the Unallocated costs budget was derived from a budgetary credit to that appropriation equal to the anticipated budgetary savings in the other departmental budgets from vacancies. The City budgeted the vacancies within the originating department, but fully intended not to fill or utilize those dollars within those budgets.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget - (Negative)</u>
Major street			
EXPENDITURES			
Highways and streets:			
Snow removal	\$ 745,655	\$ 869,866	\$ (124,211)
Local street			
EXPENDITURES			
Highways and streets:			
Snow removal	\$ 709,223	\$ 858,980	\$ (149,757)

The above variances in Snow removal were derived from unanticipated heavy winter activity.

C. Individual Fund Deficit Disclosure

The following individual fund has an accumulated deficit at June 30, 2009:

Special Revenue Funds	
Community Development Block Grant	\$ (180,179)

The deficit in the Community Development Block Grant arises from expenditures made on community improvement projects which are funded through a reimbursable grant from Housing and Urban Development. There is a time lag between actual expenditure and requests for reimbursement; therefore, related grant revenues have been deferred and will be recognized in the subsequent year.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 180 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension and other post-employment benefits trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The City has designated 23 financial institutions for the deposit of its funds. The investment policy adopted by the council in accordance with Public Act 196 of 1997 is in accordance with statutory authority; however, the City employs a more conservative investment policy and invests only in the highest rated commercial paper. The City participates only with qualified banks and primary investment firms that adhere to the specific guidelines established by industry practice for repurchase agreements. Guidelines require that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement.

The Southfield Employees Retirement System (SERS) has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority. Various professional investment managers are contracted to assist in the managing of these funds' assets.

The Southfield Fire and Police Retirement System (SFPRS) has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority. Various professional investment managers are contracted to assist in the managing of these funds' assets.

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

The Southfield Retiree Health Care & Benefits Trust System (SHCBTS) has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 is in accordance with statutory authority. Various professional investment managers are contracted to assist in the managing of these funds' assets.

The City, pension funds, and other post-employment benefits trust funds' cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

City – The City's investment policy requires all investment transactions be conducted on a delivery versus payment basis. All securities, evidenced by a safekeeping receipt, shall be held by a third party custodian. At year end, the City had \$23,509,472 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

SERS – The SERS investment policy does not have a deposit policy for custodial credit risk. At year end, the SERS had no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized.

SFPRS – The SFPRS investment policy does not have a deposit policy for custodial credit risk. At year end, the SFPRS had approximately \$606,737 bank deposits that were uninsured and uncollateralized. The SFPRS Board believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

SHCBTS – The SHCBTS investment policy does not have a deposit policy for custodial credit risk. At year end, the SHCBTS had no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized.

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates.

City – The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with an original maturity of 180 days or less. At year end, the average maturities of investments are as follows:

Investments:	Fair Market Value	Weighted Average Maturity
Commercial paper	\$ 1,996,990	.27 years
U.S. government T-notes	3,946,240	4.61 years
U.S. government agencies	58,409,932	1.73 years

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

SERS – The SERS investment policy does not restrict investment maturities. At year end, the weighted average maturities of investments are as follows:

Investments:	Fair Market Value	Weighted Average Maturity
Corporate asset backed securities	\$ 188,498	24.47 years
Corporate bonds	5,950,234	8.02 years
Foreign bonds	458,960	5.96 years
U.S. government agencies	988,148	2.10 years
U.S. government collateralized mortgage obligations	299,720	9.54 years
U.S. government mortgage backed securities	4,821,060	24.17 years
U.S. treasury notes and bonds	4,432,128	6.25 years

SFPRS – The SFPRS investment policy does not restrict investment maturities. At year end, the weighted average maturities of investments are as follows:

Investments:	Fair Market Value	Weighted Average Maturity
Corporate bonds	\$ 8,159,829	3.91 years
Corporate convertible bonds	8,720,631	12.42 years
U.S. government agencies	1,845,256	7.51 years
U.S. government mortgage backed securities	887,526	5.49 years
U.S. government issued commercial mortgage backed securities	331,898	10.91 years
Municipal bonds	1,088,382	7.31 years
Real estate mortgage	6,000,000	.28 years
Asset backed securities	132,526	5.59 years
Fixed income	105,958	4.15 years

SHCBTS – The SHCBTS investment policy does not restrict investment maturities. At year end, the weighted average maturity of investments was as follows:

Investments:	Fair Market Value	Weighted Average Maturity
US Bond Index Fund	\$ 12,806,475	6.68 years

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

City – The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank Investment Pool	\$ 1,693,999	A1	S&P
Commercial paper	1,996,990	A-1+	S&P
U.S. government securities	62,356,172	AAA	S&P

SERS – The SERS has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Corporate bonds	\$ 1,108,132	AAA	S&P
U.S. government agencies	988,148	AAA	S&P
U.S. treasury notes and bonds	3,062,055	AAA	S&P
Corporate bonds	614,689	AA	S&P
Foreign bonds	238,833	AA	S&P
Corporate bonds	3,861,820	A	S&P
Corporate bonds	365,594	BBB	S&P
Foreign bonds	220,128	BBB	S&P
Corporate asset backed securities	188,498	Not rated	N/A
Collateralized mortgage obligations	299,720	Not rated	N/A
Mortgage backed securities	4,821,060	Not rated	N/A
Other governmental securities	1,370,073	Not rated	N/A

SFPRS – The SFPRS has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Corporate convertible bonds	\$ 176,556	AAA	S&P
U.S. government agencies	1,434,192	AAA	S&P
Municipal bonds	520,181	AAA	S&P
Corporate bonds	709,245	AA	S&P
Corporate convertible bonds	448,725	AA	S&P
Municipal bonds	325,543	AA	S&P
Corporate bonds	3,787,079	A	S&P
Corporate convertible bonds	3,538,656	A	S&P
Municipal bonds	126,921	A	S&P

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

Investment	Fair Value	Rating	Rating Organization
Asset backed securities	\$ 132,526	BBB	S&P
Corporate bonds	3,447,897	BBB	S&P
Corporate convertible bonds	3,919,788	BBB	S&P
Corporate bonds	102,766	BB	S&P
Corporate bonds	9,467,125	Not rated	N/A
Corporate convertible bonds	636,906	Not rated	N/A
U.S. government agencies	1,805,452	Not rated	N/A
Short-term investment funds	3,949,298	Not rated	N/A
Real estate mortgage	6,000,000	Not rated	N/A
Hedge Fund	4,836,755	Not rated	N/A

SHCBTS – The SHCBTS has no investment policy that would further limit its investment choices. As of year-end, the credit quality ratings of debt securities (other than the U. S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
US Bond Index Fund	\$ 12,806,475	AA1	Moody's

Concentration of credit risk:

City – The City places a 25% limit on the amount they may invest in any one issuer. Not more than 5 percent of the city’s investments were in a single issuer (other than the U.S. government).

SERS - The SERS places no limit on the amount they may invest in any one issuer. More than 5 percent of the SERS investments are held in notes issued by United States Treasury; these investments comprise 5.22% of the SERS total investments.

SFPRS – The SFPRS places a 10% limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

SHCBTS – The SHCBTS places no limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

Foreign currency risk:

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U. S. dollar value, as a result of changes in foreign currency exchange rates.

City of Southfield
Notes to the Financial Statements
3. DETAILED NOTES ON ALL FUNDS
A. Deposits and Investments (continued)

City – The City does not have any securities subject to foreign currency risk.

SERS –The SERS does not restrict the amount of investments in foreign. There were no securities subject to foreign currency risk at June 30, 2009.

SFPRS – The SFPRS does not restrict the amount of the investments in foreign currency. The following securities are subject to foreign currency risk:

<u>Security</u>	<u>Foreign Currency</u>	<u>Fair Value</u>
Foreign stocks	Canadian dollars	\$ 62,761
Foreign stocks	British pound sterling	4,149,328
Cash & Equivalents	Canadian dollars	261
Cash & Equivalents	British pound sterling	247,097

SHCBTS – The SHCBTS does not have any securities subject to foreign currency risk.

Securities lending:

SERS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the SERS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SERS’s custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2009, only United States currency was received as collateral.

The SERS did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers.

The SERS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2009, the SERS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SERS as of June 30, 2009 was \$5,125,625 and \$4,915,069, respectively. On October 8, 2008, the SERS Board received notification of an unrealized loss in the collateral pool they participate in as a part of Comerica’s securities lending program. This unrealized loss is estimated to be \$186,402.

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments (continued)

SFPRS – As permitted by state statutes and under the provisions of a securities lending authorization agreement, the SFPRS lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The SFPRS’s custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended June 30, 2009, only United States currency was received as collateral. The cash collateral is invested in a pool by Northern Trust on behalf of the SFPRS. Subsequent to year end, the SFPRS was notified of a realized loss in that pool in the amount of \$51,281.

The SFPRS did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The SFPRS and the borrower maintain the right to terminate all securities lending transactions on demand. On June 30, 2009, the SFPRS had no credit risk exposure to borrowers. The collateral held and the fair market value of underlying securities on loan for the SFPRS as of June 30, 2009 was \$19,377,039 and \$18,781,594 respectively.

Restricted Assets

The following is the detail of the governmental type activities (includes associated governmental funds) restricted assets at June 30, 2009:

Major governmental fund:

Capital Projects:

Funds held by Oakland County Drain Commissioner to be used for construction and maintenance of drains	\$ <u>305,961</u>
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Governmental funds (with associated governmental funds):

Capital Projects:

Funds held from bond proceeds for continuing road construction projects	564,790
Funds held for historic site preservation	<u>15,882</u>
	\$ <u>580,672</u>

Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp	\$ <u>1,609,827</u>
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Total restricted assets	\$ <u>2,496,460</u>
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City of Southfield
Notes to the Financial Statements
3. DETAILED NOTES ON ALL FUNDS
B. Receivables and Deferred Revenue

The major components of receivables reported on the Balance Sheet as of June 30, 2009 were as follows:

	Special assessments	Accrued interest	Other			Total
			Accounts	Accrued revenue	Delinquent taxes	
Governmental activities:						
General fund		\$ 43,739	\$ 1,977,406	\$ 3,517,045	\$ 3,602,802	\$ 9,140,992
Major street		14,047	2,490	608,152	-	624,689
Local street		58,822	29,433	182,657	207,780	478,692
Capital improvement		5,430	-	-	-	5,430
Other Non-major funds	\$ 896,566	165,185	41,469	783,207	962,397	2,848,824
Total governmental funds	<u>896,566</u>	<u>287,223</u>	<u>2,050,798</u>	<u>5,091,061</u>	<u>4,772,979</u>	<u>13,098,627</u>
Associated governmental activities:						
Internal Service funds		199,883				199,883
Total governmental activities	<u>\$ 896,566</u>	<u>\$ 487,106</u>	<u>\$ 2,050,798</u>	<u>\$ 5,091,061</u>	<u>\$ 4,772,979</u>	<u>\$ 13,298,510</u>
Component units-governmental:						
Economic development corporation		\$ 24	\$ 1,700			\$ 1,724
Brownfield Re-development authority		61	36,234		\$ 8,454	44,749
Joint local development finance authority		8,601			12,565	21,166
Downtown development authority		13,128			248,477	261,605
Tax increment finance authority		43,792			128,600	172,392
Local development finance authority		49,751			87,428	137,179
Total component units-governmental	<u>\$ -</u>	<u>\$ 115,357</u>	<u>\$ 37,934</u>	<u>\$ -</u>	<u>\$ 485,524</u>	<u>\$ 638,815</u>
Business-type activities:						
Water fund		\$ 68,178	\$ 11,961,690			\$ 12,029,868
Total business-type activities		<u>\$ 68,178</u>	<u>\$ 11,961,690</u>			<u>\$ 12,029,868</u>

The only receivable not expected to be collected within one year is the delinquent taxes.

The major components of deferred revenues reported on the Balance Sheet as of June 30, 2009 were as follows:

	Special assessments		Taxes		Grants Unearned	Total
	Taxes Unavailable	Unavailable	Unearned	Unearned		
Governmental activities:						
General fund	\$ 3,403,445		\$ 83,499			\$ 3,486,944
Local street	201,324		5,081			206,405
Other Non-major funds	925,272	\$ 893,976	22,326	\$ 767,632		2,609,206
Total governmental activities	<u>\$ 4,530,041</u>	<u>\$ 893,976</u>	<u>\$ 110,906</u>	<u>\$ 767,632</u>		<u>\$ 6,302,555</u>
Component units-governmental:						
Brownfield Re-development authority			\$ 8,454			\$ 8,454
Joint local development finance authority			12,565			12,565
Downtown development authority			243,428			243,428
Tax increment finance authority			17,284			17,284
Local development finance authority			52,210			52,210
Total governmental component units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,941</u>	<u>\$ -</u>		<u>\$ 333,941</u>

City of Southfield
Notes to the Financial Statements
3. DETAILED NOTES ON ALL FUNDS

C. Capital assets

A summary of governmental property and equipment at June 30, 2009, follows:

	Balance July 1, 2008	Additions	Disposals & Reduction to CIP	Balance June 30, 2009
GOVERNMENTAL ACTIVITIES				
General				
Capital assets, not being depreciated:				
Land	\$ 10,481,997	\$ 230,800		\$ 10,712,797
Construction in progress	2,901,599	1,913,546	2,894,305	1,920,840
Total capital assets not being depreciated	<u>13,383,596</u>	<u>2,144,346</u>	<u>\$ 2,894,305</u>	<u>12,633,637</u>
Capital assets, being depreciated				
Land improvements	22,543,910	1,237,064		23,780,974
Building and improvements	62,892,566	3,072,686		65,965,252
Infrastructure	104,849,447	5,602,331		110,451,778
Intangible	2,071,359	40,171		2,111,530
Drain usage rights	10,798,209	792,290		11,590,499
Equipment	6,224,263	225,191		6,449,454
Total capital assets being depreciated	<u>209,379,754</u>	<u>10,969,733</u>	<u>-</u>	<u>220,349,487</u>
Less accumulated depreciation:				
Land improvements	9,026,541	787,222		9,813,763
Building and improvements	21,791,575	3,911,376		25,702,951
Infrastructure	42,944,668	3,565,658		46,510,326
Intangible	421,133	124,107		545,240
Drain usage rights	2,837,077	438,610		3,275,687
Equipment	3,772,375	403,451		4,175,826
Total accumulated depreciation	<u>80,793,369</u>	<u>9,230,424</u>	<u>(a) -</u>	<u>90,023,793</u>
Total general capital assets being depreciated, net	<u>128,586,385</u>	<u>1,739,309</u>	<u>-</u>	<u>130,325,694</u>
Internal Service				
Capital assets, being depreciated				
Intangible	225,884			225,884
Equipment	20,793,478	5,744,480	3,114,184	23,423,774
Total capital assets being depreciated	<u>21,019,362</u>	<u>5,744,480</u>	<u>3,114,184</u>	<u>23,649,658</u>
Less accumulated depreciation:				
Intangible	44,986	11,036		56,022
Equipment	15,481,293	3,095,039	2,991,970	15,584,362
Total accumulated depreciation	<u>15,526,279</u>	<u>3,106,075</u>	<u>2,991,970</u>	<u>15,640,384</u>
Total internal service capital assets being depreciated, net	<u>5,493,083</u>	<u>2,638,405</u>	<u>122,214</u>	<u>8,009,274</u>
Governmental activity capital assets depreciable, net	<u>\$ 134,079,468</u>	<u>\$ 4,377,714</u>	<u>\$ 122,214</u>	<u>\$ 138,334,968</u>

(a) Depreciation expense, net was charged to governmental activities as follows:

General	
General government	\$ 1,864,259
Public safety	476,771
Highways and streets	3,566,426
Public services	597,620
Culture and recreation	2,725,348
Total	<u>\$ 9,230,424</u>

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

C. Capital assets (continued)

A summary of business-type property and equipment at June 30, 2009, follows:

	Balance July 1, 2008	Additions	Disposals & Reduction to CIP	Balance June 30, 2009
Water and Sewer Fund				
Capital assets, not being depreciated:				
Construction in progress	\$ 186,704	\$ 606,772	\$ 140,232	\$ 653,244
Capital assets, being depreciated:				
Infrastructure	116,769,847	2,394,734		119,164,581
Intangible	1,507,498			1,507,498
Equipment	957,105	144,231		1,101,336
Total Water and Sewer Fund	<u>119,234,450</u>	<u>2,538,965</u>	-	<u>121,773,415</u>
Less Accumulated Depreciation:				
Infrastructure	47,194,761	4,102,055		51,296,816
Intangible	293,670	75,904		369,574
Equipment	746,536	65,534		812,070
Total Accumulated Depreciation	<u>48,234,967</u>	<u>4,243,493</u>	-	<u>52,478,460</u>
Total Capital Assets, being depreciated	<u>70,999,483</u>	<u>(1,704,528)</u>	-	<u>69,294,955</u>
Total Capital Assets	<u>\$ 71,186,187</u>	<u>\$ (1,097,756)</u>	<u>\$ 140,232</u>	<u>\$ 69,948,199</u>

A summary of discretely presented component unit property and equipment at June 30, 2009, follows:

	Balance July 1, 2008	Additions	Disposals & Reduction to CIP	Balance June 30, 2009
DDA				
Capital assets, not being depreciated:				
Land	\$ 350,000	\$ -	\$ -	\$ 350,000
Capital assets, being depreciated				
Equipment	63,421	-	-	63,421
Less: Accumulated Depreciation	63,421	-	-	63,421
Total Capital Assets, being depreciated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Construction and other significant commitments

At year end the City's commitments with contractors are as follows:

	Commitments
Street construction	\$ 3,499,472
Equipment	450,371
Land improvements	204,749
Bldg improvements	1,889,547
Technology enhancements	292,343
Water system improvements	1,661,042
	<u>\$ 7,997,524</u>

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations

The city issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both the governmental and business-type activities. For purposes of this exhibit, the portion of debt due within a year is included in the total.

	July 1, 2008	Additions	Deductions	June 30, 2009	Due - 1 Year	Due - More 1 Year
GOVERNMENTAL ACTIVITIES						
General obligation debt						
* 1.625% to 5.375 % Drains-at-large, City's share of county debt						
City's share of county debt	\$ 8,761,627	792,290	480,674	9,073,243	514,398	8,558,845
4.75% to 5.5% Library Building Authority						
General						
Obligation Limited Tax	28,390,000		500,000	27,890,000	575,000	27,315,000
2.5% to 4.5% - 2003 General Obligation Limited Tax	4,685,000		220,000	4,465,000	225,000	4,240,000
3.25% to 4.0% Michigan Transportation Fund bonds	11,440,000		740,000	10,700,000	775,000	9,925,000
Unamortized discounts on bonds	(83,804)	6,373		(77,431)		(77,431)
Total general obligation debt	53,192,823	798,663	1,940,674	52,050,812	2,089,398	49,961,414
Other long-term obligations						
Installment purchase agreement	612,460		306,477	305,983	305,983	
# Compensated absences	10,839,759	1,020,514	833,681	11,026,592	4,041,961	6,984,631
Michigan tax tribunal contingency	3,784,851		50,230	3,734,621		3,734,621
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Other long-term obligations						
Compensated absences	512,191	61,666	48,244	525,613		525,613
Total governmental long-term debt	\$ 68,942,084	1,880,843	3,179,306	67,643,621	6,437,342	61,206,279
BUSINESS-TYPE ACTIVITIES						
General obligation debt						
State of Michigan water supply and sewage disposal revenue bonds series 1999						
(LTGO) 2.25 to 2.5 %	\$ 26,743,789		1,775,000	24,968,789	1,825,000	23,143,789
3.05 % to 6.5 % Evergreen/Farmington sewer disposal system bonds, City's share of county debt	1,838,330		1,144,108	694,222	694,222	
Other long-term obligations						
# Compensated absences	274,284	30,805	17,029	288,060	131,586	156,474
Long-term advances	305,993		305,993			
Total business-type long-term debt	29,162,396	30,805	3,242,130	25,951,071	2,650,808	23,300,263
COMPONENT UNIT ACTIVITIES						
Other long-term obligations						
Long-term advances	4,364,504		652,902	3,711,602	54,488	3,657,114
Capital lease	1,750		1,750	-		
Compensated absences	47,817	1,897	8,605	41,109	34,716	6,393
Michigan tax tribunal contingency	55,149			55,149		55,149
Total governmental component units long-term debt	4,469,220	1,897	663,257	3,807,860	89,204	3,718,656
Total debt	\$ 102,573,700	1,913,545	7,084,693	97,402,552	9,177,354	88,225,198

* A portion of the deductions are recorded in the Local street fund

Amounts due and payable at 6/30/09 are recorded on the fund statements and included in accounts payable and accrued payroll for the governmental, component units and business-type funds respectively.

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations (continued)

The City has pledged its full faith and credit for the bonded indebtedness of the City of Southfield Building Authority, Southfield Library Building Authority, Tax Increment Finance Authority and Local Development Finance Authority.

The Economic Development Corporation ("EDC") has issued revenue bonds collateralized by a promissory note from certain commercial enterprises receiving the proceeds of the bonds. Since the EDC has assigned its interest in the notes receivable to the trustees of the revenue bonds, and since the revenue bonds are not an obligation of the City, the revenue bonds and related notes receivable have not been reflected in the combined financial statements of the City.

By statute, the City's general obligation and component unit debt in the aggregate is restricted to 10% of the state equalized value of all property within the City. The City's special assessment debt is restricted to 12%. The City currently has no outstanding special assessment debt. For the current year, the state equalized value of the property within the city was \$ 4,311,333,490. The City has issued and outstanding \$52,822,465 of general obligation bonds, subject to a limit of \$431,133,349.

The annual requirements (excluding the other long-term obligations) on bonded debt to pay principal and to pay interest on debt outstanding at June 30, 2009 (in thousands of dollars) are as follows:

	Governmental activities			Business-type Water & Sewer		
	Prin.	Int.	Total	Prin.	Int.	Total
2010	\$ 2,089	\$ 2,201	\$ 4,291	\$ 2,519	\$ 623	\$ 3,142
2011	2,221	2,125	4,346	1,875	561	2,436
2012	2,356	2,049	4,405	1,920	516	2,436
2013	2,509	1,965	4,473	1,960	469	2,429
2014	2,666	1,874	4,540	2,015	422	2,437
2015	2,829	1,777	4,606	2,065	373	2,438
2016	2,993	1,665	4,658	2,120	323	2,443
2017	3,162	1,545	4,707	2,170	272	2,442
2018	3,369	1,418	4,787	2,225	220	2,445
2019	3,555	1,280	4,835	2,267	166	2,433
2020	3,745	1,131	4,875	2,215	111	2,326
2021	2,663	973	3,636	1,565	58	1,623
2022	2,728	859	3,587	747	19	765
2023	2,640	731	3,371			
2024	2,558	610	3,169			
2025	1,713	497	2,210			
2026	1,705	413	2,118			
2027	1,693	329	2,022			
2028	1,684	245	1,929			
2029	1,630	162	1,792			
2030	1,620	76	1,696			
Total	\$ 52,128	\$ 23,925	\$ 76,053	\$ 25,663	\$ 4,133	\$ 29,796

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

D. Long-Term Debt and Other Obligations (continued)

Defeased Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2009, the City's portion of bonds outstanding that is considered defeased approximates \$27,175,000 for governmental activities.

E. Reconciliation of the Adopted Budget to Final Presentation

While the City doesn't adopt budgets in accordance with GAAP, the Schedule of Revenues, Expenditures, and changes in Fund Balances-Budget and Actual presented in this CAFR have been modified to meet GAAP standards. The following note reconciles the Council adopted budget with these schedules. The major modifications are derived from transfers, expenditure reimbursements and Fund Balance draws being budgeted as revenues and expenditures.

MAJOR FUNDS

	General Fund			
	Approved	Approved		
	Revenues	Expenditures		
Council adopted budget	\$ 68,606,843	\$ 68,606,843		
Transfers		(437,886)		
Reimbursements	(2,669,580)	(2,669,580)		
Fund balance draws	(500,000)			
Original (as presented)	<u>65,437,263</u>	<u>65,499,377</u>		
Approved encumbrances		323,850		
Final (as presented)	<u>\$ 65,437,263</u>	<u>\$ 65,823,227</u>		

	Major Street		Local Street	
	Approved	Approved	Approved	Approved
	Revenues	Expenditures	Revenues	Expenditures
Council adopted budget	\$ 8,568,733	\$ 8,568,733	\$ 7,293,403	\$ 7,293,403
Transfers	(1,885,737)			
Reimbursements	(1,617,992)	(1,617,992)	(521,399)	519,560
Fund balance draws	(1,050,000)		(2,100,000)	
Original (as presented)	<u>4,015,004</u>	<u>6,950,741</u>	<u>4,672,004</u>	<u>7,812,963</u>
Approved encumbrances		547,325		1,121,814
Final (as presented)	<u>\$ 4,015,004</u>	<u>\$ 7,498,066</u>	<u>\$ 4,672,004</u>	<u>\$ 8,934,777</u>

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

E. Reconciliation of the Adopted Budget to Final Presentation (continued)

NON-MAJOR FUNDS

	Municipal Street		Parks & Recreation		Cable	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 1,320,294	\$ 1,320,294	\$ 8,810,098	\$ 8,810,098	\$ 924,180	\$ 924,180
Transfers	(100,000)	(1,186,377)		(169,736)		(7,424)
Approved encumbrances				41,230		205,377
Final (as presented)	<u>\$ 1,220,294</u>	<u>\$ 133,917</u>	<u>\$ 8,810,098</u>	<u>\$ 8,681,592</u>	<u>\$ 924,180</u>	<u>\$ 1,122,133</u>

	CDBG		Section 8		Drug Law	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 504,769	\$ 504,769	\$ 1,783,200	\$ 1,783,200	\$ 651,523	\$ 651,523
Fund balance draws					(400,852)	
Approved encumbrances						350
Council adjustments	50,000	50,000				
Final (as presented)	<u>\$ 554,769</u>	<u>\$ 554,769</u>	<u>\$ 1,783,200</u>	<u>\$ 1,783,200</u>	<u>\$ 250,671</u>	<u>\$ 651,873</u>

	Library		Michigan Works		Auto Theft	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 8,448,256	\$ 8,448,256	\$ 2,501,000	\$ 2,501,000	\$ 259,948	\$ 259,948
Transfers		(1,902,913)		(6,315)	(103,887)	
Approved encumbrances		20,580		8,000		
Council adjustments		150,000	1,299,000	1,299,000		
Final (as presented)	<u>\$ 8,448,256</u>	<u>\$ 6,715,923</u>	<u>\$ 3,800,000</u>	<u>\$ 3,801,685</u>	<u>\$ 156,061</u>	<u>\$ 259,948</u>

City of Southfield

Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

F. Interfund balances and transfers

Interfund receivable and payable balances related to the governmental, associated governmental and business type funds at June 30, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
GOVERNMENTAL FUNDS			GOVERNMENTAL FUNDS		
Major Funds			Major Funds		
General Fund	Major street	\$ 1,945,048	General Fund	Non-Major Funds	\$ 100,000
	Local street	1,756,014		Internal service	<u>3,005,422</u>
	Non-Major Funds	1,180,235	Total General Fund	Total General Fund	3,105,422
	Water and Sewer Fund	4,060			
	Internal service	<u>543,273</u>	Major street	General Fund	1,945,048
Total General Fund	Total General Fund	5,428,630		Internal service	770,133
				Water and Sewer Fund	<u>475</u>
Major street	Non-Major Funds	1,095	Total Major Street	Total Major Street	2,715,656
			Local street	General Fund	1,756,014
				Non-Major Funds	128,385
				Internal service	<u>490,335</u>
			Total Local Street	Total Local Street	2,374,734
Non-Major Funds	General Fund	100,000	Non-Major Funds	General Fund	1,180,235
	Local	128,385		Major street	1,095
	Non-Major Funds	266,087		Non-Major Funds	266,087
	Water and Sewer Fund	675		Internal service	16,202
	Internal service	<u>150,064</u>		Water and Sewer Fund	<u>24,293</u>
Total Non-Major	Total Non-Major	645,211	Total Non-Major funds	Total Non-Major funds	1,487,912
TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	\$ <u>6,074,936</u>	TOTAL GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	\$ <u>9,683,724</u>
ASSOCIATED GOVERNMENTAL ACTIVITY			ASSOCIATED GOVERNMENTAL ACTIVITY		
Internal Service Funds	General Fund	\$ 3,005,422	Internal Service Funds	General Fund	\$ 543,273
	Major street	770,133		Non-Major Funds	150,064
	Local street	490,335			
	Non-Major Funds	16,202			
	Water and Sewer Fund	<u>388,781</u>			
Total Internal Service	Total Internal Service	\$ <u>4,670,873</u>			\$ <u>693,337</u>
BUSINESS-TYPE FUND			BUSINESS-TYPE FUND		
Water and Sewer Fund	Major street	\$ 475	Water and Sewer Fund	General Fund	\$ 4,060
	Non-Major Funds	24,293		Non-Major Funds	675
				Internal service	<u>388,781</u>
Total Water and Sewer	Total Water and Sewer	\$ <u>24,768</u>	Total Water and Sewer	Total Water and Sewer	\$ <u>393,516</u>
			Internal balance	Internal balance	\$ <u>368,748</u>

City of Southfield
Notes to the Financial Statements

3. DETAILED NOTES ON ALL FUNDS

F. Interfund balances and transfers (continued)

The above interfund balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. All interfund balances are expected to be collected within one year.

Interfund transfer revenues and expenditures related to the governmental & associated governmental funds at June 30, 2009 are as follows:

	Transfers In:			Transfers In:	
	Major street	Local street	Capital improvement	Non-major governmental funds	Total Transfers out
Transfers Out:					
Governmental activities:					
General fund			\$ 233,999	\$ 203,887	\$ 437,886
Other Non-major funds	\$ 1,853,185		183,475	1,983,942	4,020,602
Total governmental activities	1,853,185	\$ -	417,474	2,187,829	4,458,488
Associated governmental activities:					
Internal service	112,500	37,500	309,360	473,068	932,428
Business-type activities:					
Water fund			53,991		53,991
Total transfers in	\$ 1,965,685	\$ 37,500	\$ 780,825	\$ 2,660,897	\$ 5,444,907

For the most part, interfund transfers occur during the normal course of operations to fund capital projects. In some cases dedicated millage revenues are recorded in individual special revenue funds and are used by other funds for operational expenditures or debt payments. In 2009, an additional \$300,000 transfer was approved by City Council to eliminate an operating deficit in the Capital Improvement fund.

Advances by the Local Improvement Revolving Fund to other primary government funds and component units are as follows:

PRIMARY GOVERNMENT	
Major governmental	
Capital Improvement Fund	\$ 3,580,514
Non-major governmental	
Grants Fund	150,000
Special Assessment Construction Fund	1,600,849
Total non-major governmental	\$ 1,750,849
Total primary government	\$ 5,331,363

COMPONENT UNITS	
Governmental	
Local Development Finance Authority	\$ 3,335,686
Downtown Development Authority	375,917
Total component units	\$ 3,711,603

City of Southfield
Notes to the Financial Statements

4. OTHER INFORMATION

A. Fund Balance Reserved and Designated

The fund balance totals as of June 30, 2009:

RESERVED

Right-of-way funds/Metro Authority	
General Fund	\$ <u>1,037,362</u>
Encumbrances	
General Fund	110,547
Major Street Fund	1,229,798
Local Street Fund	753,952
Non-Major Special Revenue Funds	298,223
Total encumbrances	\$ <u>2,392,520</u>
Donations and Memorial Trusts	
Non-Major Special Revenue Funds	\$ <u>1,473,592</u>
Debt Service	
Drains at large debt	683,812
Special assessment debt	1,699,890
Total debt service	\$ <u>2,383,702</u>
Restricted assets	
Capital Improvement fund	<u>305,961</u>
Non-Major Capital Improvement funds	
Road Construction fund	564,790
Building Authority Construction fund	15,882
Total Non-Major Capital Improvement funds	<u>580,672</u>
Total Restricted assets	\$ <u>886,633</u>

DESIGNATED

Subsequent year's expenditures	
General Fund	\$ <u>1,940,442</u>
Specific programs	
General Fund	
Capital projects	1,275,000
Dispatch improvements	533,769
Economic development	1,200,000
Economic development/roads	100,000
Emergency clean up	576,964
Equalization reserve	2,662,785
Reserve for future budgetary needs	1,100,000
Residential program initiatives	200,000
Technological improvements	434,714
Total specific programs	\$ <u>8,083,232</u>
Major Special Revenue Fund	
Local Streets	
Equalization reserve	\$ <u>216,608</u>
Non-Major Special Revenue Funds	
Parks and Recreation	
Equalization reserve	\$ 377,197
Bedford Woods (Cell phone tower)	92,388
Handicapped programs	12,818
SMART programs	31,552
Total Parks & Recreation specific programs	<u>513,955</u>
Library	
Equalization reserve	478,031
Capital projects	554,676
Residential program initiatives	29,754
Technological development	133,633
Total Library specific programs	<u>1,196,094</u>
Cable Television, equipment replacement	250,000
Total non-major special revenue funds	\$ <u>1,960,049</u>

Upcoming Reporting Change

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved will be replaced with five new classifications: non-spendable, restricted, committed, assigned and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ended June 30, 2011.

City of Southfield
Notes to the Financial Statements

4. OTHER INFORMATION

B. Property Taxes

Property taxes are levied each July 1 on the taxable value of property, as equalized by the State at 50% of estimated market value as of the preceding December 31 and subject to the tax limitations prescribed by state law. The state equalized valuation of real and personal property located in the City, based on the December 31, 2007 valuation, was \$4,311,333,490 and the taxable value was \$3,752,556,640. The City's operating tax rate was 6.6094 mills which is the charter limit. In addition, extra voted and other authorized millage for special operations, pensions, expansion and debt retirement brought the total tax rate for the City to 16.3428 mills.

In 1994, Proposal A/Public Act 415 was approved by Michigan voters. It requires that annual increases in the taxable value of individual properties that remain in the same ownership be limited to the lesser of five percent or the rate of inflation. Properties are adjusted to market value for purposes of property taxation only at the time of sale or transfer. Utilizing a 2008 rate of inflation cap of 2.3%, the City of Southfield's 2007-08 State Equalized Evaluation ("SEV") of \$4,311,333,490 was capped at a Taxable Assessed Valuation ("TAV") of \$3,752,556,640.

Taxes are due July 1 and December 1 (the lien dates) and are collectible through August 31 and February 14, respectively (the collection dates), without penalty. The tax levy is based on a December 31 assessment date. After February 28, all taxes are declared delinquent. Delinquent property taxes are turned over to the County Treasurer who assumes responsibility for their collection and, at the same time reimburses the City for the total amount of delinquent property taxes.

C. Contingencies

Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for employee medical benefit claims. The City participates in the Michigan Municipal Risk Management Authority (MMRMA) risk pool for claims relating to bodily injury, personal injury, property damage to property of others, public officials and law enforcement liability, and statutory Michigan "no fault" or owned automobiles. The City is self-insured for workers compensation claims up to \$600,000 per occurrence. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MMRMA program is approved and regulated by the Michigan Insurance Bureau and provides coverage of \$15 million per occurrence, with the first \$250,000 self insured retention being the responsibility of the City for all liability claims. For property damage claim coverage, the MMRMA provides combined property coverage of \$149 million, with the City's self insured retention responsibility being as follows;

	City's Self Insured Retention
Vehicle damage	\$1,000 per vehicle for any vehicle with a value greater than \$15,000. Fully responsible for vehicles with a value under \$15,000.
Property and Crime	A maximum of \$11,000 per occurrence.
Sewage System Outflow	\$500,000 per occurrence

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

C. Contingencies (continued)

Under the workers compensation benefit plan, the City is liable for claims up to a maximum amount of \$600,000 per employee occurrence. For the aggregate total of all employees, the amount is based on total payroll for all open claim years. The total aggregate self insurance retention amount would be approximately \$11,591,000 at June 30, 2009 related to these open claim years.

The City estimates the liability for workers compensation and general property and liability claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The estimates are recorded in the Self-Insurance Internal Service Fund.

Litigation

The City is a defendant to various claims, legal actions and complaints arising in the ordinary course of business. The City denies the allegations and plans a vigorous defense. In the opinion of legal counsel, all such matters as indicated above are adequately covered by insurance, or if no so covered, are without merit or of such kind, or involve such amounts that an unfavorable disposition would not have a material effect on the financial position of the City.

Tax Appeals to the Michigan Tax Tribunal

The City has several outstanding property tax assessment appeals totaling \$761,726,133 in taxable value to the Michigan Tax Tribunal. If unsuccessful, the City estimates the contested amount of tax dollars to be \$12,448,738 exclusive of interest and penalties. The City believes the true potential loss to be \$3,734,621.

4. OTHER INFORMATION

D. Pension Trusts

Plan description

The City of Southfield's Act 345 Fire and Police Retirement System ("FPRS") is a single-employer plan consisting of a defined contribution plan and a defined benefit plan. The system covers all sworn firefighters and police officers. Employee contribution rates are determined by bargaining agreements and Act 345.

To be eligible to retire under the provisions of a service retirement, a member must attain at least 20 years of service credit with the Retirement System. The current benefit is calculated using 2.8 percent of final average compensation multiplied by a maximum of 25 years service credit, with applicable reductions based on retirement options.

A lump-sum withdrawal of the accumulated employee contributions and accrued interest can be refunded to a member from the defined contribution plan account at the time of termination or service retirement. A lifetime monthly defined benefit pension is also provided. Members are vested into the defined benefit plan once they attain 10 years of service. A vested deferred pension is provided as long as the member leaves the accumulated contributions and accrued interest with the Retirement System.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

The Southfield Employee Retirement System ("SERS") plan is an ordinance-based, single-employer defined benefit plan that covers full-time career personnel of the City, other than the City Attorney, who has an individual retirement plan by contract, and sworn police officers and firefighters. Sworn fire and police employees are members of the Southfield Fire and Police Retirement System (FPRS), a local plan adopted under state statute (Act 345). Management group employees and elected officials hired after June 1, 2005, who are otherwise eligible for membership in SERS, may opt out of SERS membership in favor of a defined contribution plan. Effective March 31, 1997, newly-elected Judges of the 46th District Court are ineligible for participation in the local pension plan.

SERS employee contribution rates are determined by bargaining agreements, or the pension ordinance. To be eligible for regular retirement, a SERS member hired prior to June 1, 2005 must meet one of the following conditions: attain age 57 years with 25 years of service; age 65 years with 5 years of service; age 62 years with 20 or more years of service; or members may retire when their age plus years of credited service equals 82. SERS members hired on or after June 1, 2005 must meet one of the following conditions: attain age 57 with 25 years of service; age 65 with 10 years of service; or age 62 with 20 years of service. The pension benefit is a percentage (current multiplier) of final average compensation multiplied by the total years of service credit, with applicable reductions based on retirement option selections. The multiplier in effect is determined by bargaining agreements or the pension ordinance.

Employer contribution rates are actuarially determined for both the SERS and FPRS plans. In addition, FPRS and SERS fund post-retirement health care benefits for their retirees. Each retirement system also provides disability, death and vested deferred benefits which have their own specific eligibility requirements, calculation provisions and health insurance options as provided by either FPRS or SERS. Employees are not permitted to receive loans from either plan.

Based on the most recent actuarial valuations of the plans as of June 30, 2008, membership for each plan is as follows:

	SERS	FPRS	Total
Active members			
Vested	210	171	381
Non-vested-Tier 1	155	68	223
Non-vested-Tier 11	11	-	11
Total active members	<u>376</u>	<u>239</u>	<u>615</u>
Retirees and beneficiaries	248	257	505
Inactive vested members	29	2	31
	<u>653</u>	<u>498</u>	<u>1,151</u>

Assets in both plans represent investments used to fund retirement benefits and post-retirement health care benefits for members of the plans. Retirement investments are subject to a number of restrictions stipulated by state law as to the type, quality and concentration of investments. A separate financial report is not issued for the pension plans.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Actuarial cost method

- 1) Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry-age actuarial cost method having the following assumptions.
 - The annual normal cost for each individual active member, payable from the date of employment to the date of retirement (or the date of drop, if earlier), is sufficient to accumulate the value of the members benefit at the time of retirement
 - Each annual normal cost is a constant percentage of the members year-by-year projected covered pay.
- 2) Unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent-of-payroll contributions over a period of 26 years for SERS. Unfunded actuarial accrued liabilities (the portion of total liabilities not covered by present assets or expected future normal cost contributions) were amortized by level percent-of-payroll contributions. Interest on the full funding credit was used to offset normal cost contributions for FPRS.

Funded Status and Funding Progress

The schedules of funding progress, presented as Required Supplemental Information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Fire and Police Retirement System – as of June 30, 2008, the plan was 107.5 percent funded. The actuarial accrued liability for benefits was \$194.2 million, and the actuarial value of assets was \$208.8 million resulting in an over-funded actuarial accrued liability of \$14.6 million. The covered payroll (annual payroll for active employees covered by the plan) was \$20.3 million, and the ratio for the over-funded actuarial accrued liability to the covered payroll was 72.0%.

Employees Retirement System – as of June 30, 2008, the plan was 77.9 percent funded. The actuarial accrued liability for benefits was \$127.8 million, and the actuarial value of assets was \$99.5 million resulting in an unfunded actuarial accrued liability of \$28.2 million. The covered payroll (annual payroll for active employees covered by the plan) was \$19.2 million.

Reserves

As of June 30, 2009, the plans legally required reserves have been fully funded. Of the plans net assets, \$0 of the SERS and \$13,410,745 of the FPRS net assets have been reserved to pay for retiree health insurance.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the SERS and FPRS for the current year are as follows:

	SERS	FPRS
Annual required contribution/pension cost	\$ 2,809,926	\$ 3,066,652
Contribution made	<u>(2,809,926)</u>	<u>(3,066,652)</u>
Increase (decrease) in net pension obligation	-	-

City of Southfield
Notes to the Financial Statements

4. OTHER INFORMATION

D. Pension Trusts (continued)

Contributions required and contributions made

The City's funding policy provides for periodic employer and employee contributions to both plans expressed as percentages of annual-covered payroll which are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry-age actuarial funding method. Actuarial assumptions include an assumed rate of inflation of 4.5%, an assumed investment income rate of 8% for SERS and a 5 year smooth market. Actuarial assumptions include an assumed rate of inflation of 4.25%, an assumed investment income rate of 7.75% for FPRS and a 4 year smoothed market. If the number of active members remains constant, then the total active member payroll will increase 4.5% annually for inflation, with an additional increase of one to 5.8% for seniority/merit in SERS and 4.25% annually for inflation with an additional 0 to 10% for seniority/merit in FPRS. Each annual normal cost is a constant percentage of the members' year by year projected covered pay. The funding credit and unfunded actuarial accrued liabilities for SERS are amortized as a level percent of payroll over a period of 26 years. The aggregate unfunded actuarial accrued liability/full funding credit for the FPRS is not amortized. The interest on the full funding credit offsets normal cost contributions.

Trend information

The following three year trend information presented below for both pension plans discloses annual pension benefits paid.

	2009	2008	2007
SERS \$	6,216,661	\$ 6,096,772	\$ 5,409,576
FPRS	14,125,569	11,648,942	12,706,748

The following three year trend information presented below for both pension plans discloses annual pension contributions.

	2009	2008	2007
EMPLOYER SERS	\$ 2,809,926	\$ 2,697,591	\$ 2,962,888
EMPLOYEE SERS	15,851	19,872	-
EMPLOYER FPRS	3,066,652	3,311,991	3,318,326
EMPLOYEE FPRS	927,924	829,145	816,954

E. Other Post-Employment Benefits

Change in Accounting - The Governmental Accounting Standards Board (GASB) issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension, in 2004.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) and related liabilities and note disclosures in other plans in which the City participates. GASB No. 45 was effective for the City for the year beginning July 1, 2008. Current year expenditures include the current year "pay-as-you-go" amount and the recognition of the unfunded current year actuarial recommended contribution (ARC) in the governmental activities and enterprise fund. This change had no impact on beginning net assets. The changes in financial reporting as a result of this statement are outlined on the following page.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-Employment Benefits (continued)

Plan description: The City provides retiree health care benefits to eligible employees and their spouses through the Retiree Health Care Benefits Plan and Trust (the “Trust”) under Section 115 of the Internal Revenue Code of 1986 as amended. Benefits are provided to Fire and Police Retirement System (FPRS) employees and Southfield Employees Retirement Systems groups. Currently, the SERS Trust and the FRSP Trust plans have 584 and 469 members respectively (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits).

This is a single employer defined benefit plan administered by the City of Southfield Retiree Health Care Benefits Plan and Trust. The benefits are provided under collective bargaining agreements or other legal authority for providing benefits. The plan does not issue a separate stand-alone financial statement.

Funding policy: The collective bargaining agreements (or other legal authority) require a contribution of two percent of bi-weekly pay covered compensation for all Trust members. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a “pay-as-you-go” basis), however the City has made discretionary contributions. Administrative costs are paid by the Plan through employer contributions.

Funding progress: For the year ended June 30, 2009 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2007. The valuation computes an annual required contribution, which 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 over a period not to exceed thirty years. This valuation’s computed contribution and actual funding are summarized on the next page:

	SERS	FPRS	Total
Annual required contribution (recommended)	\$ 4,512,080	\$ 6,501,073	\$ 11,013,153
Amounts contributed:			
Payments of current premiums/claims	\$ 1,663,330	\$ 3,450,502	\$ 5,113,832
Advanced funding	<u>1,447,927</u>	<u>3,357,363</u>	<u>4,805,290</u>
Total OPEB contributions	3,111,257	6,807,865	9,919,122
Change in Net OPEB obligation	1,400,823	(306,792)	1,094,031
Beginning year Net OPEB obligation	<u>-</u>	<u>-</u>	<u>-</u>
End of year Net OPEB obligation	\$ <u>1,400,823</u>	\$ <u>(306,792)</u>	\$ <u>1,094,031</u>

City of Southfield
Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-employment Benefits (continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year is as follows:

		SERS		FPRS		Total
Annual OPEB costs	\$	4,512,080	\$	6,501,070	\$	11,013,150
Percentage contributed		<u>69.0%</u>		<u>104.7%</u>		<u>90.0%</u>
Net OPEB obligation	\$	1,400,823	\$	(306,792)	\$	1,094,031

The funding progress of the plan as of the most recent valuation date and two preceding valuation dates are as follows:

Employees Retirement System Pension Benefits

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)	Ratio of UAAL to covered payroll	
					Covered payroll	covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2008	\$ 5,568,324	\$ 68,578,718	\$ 63,010,394	8.12%	\$ 19,487,986	323.33%
2007	4,972,240	62,257,843	57,285,603	7.99%	20,754,738	276.01%
2006	2,060,123	60,713,122	58,652,999	3.39%	21,724,980	269.98%

Fire and Police Retirement System Pension Benefits

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)	Ratio of UAAL to covered payroll	
					Covered payroll	covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2008	\$ 31,240,927	\$ 114,031,342	\$ 82,790,415	27.40%	\$ 20,279,707	408.24%
2007	32,159,466	106,647,105	74,487,639	30.16%	21,121,085	352.67%
2006	26,542,495	98,981,233	72,438,738	26.82%	21,354,200	339.22%

Actuarial methods and assumptions: 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Southfield

Notes to the Financial Statements

4. OTHER INFORMATION

E. Other Post-employment Benefits (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of 4.25 percent after eight years. Both rates included a 4.25 percent inflation assumption for Fire and Police; while the general employees' is assumed to be 4.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008, was thirty years.

4. OTHER INFORMATION

F. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

In accordance with GASB Statement No. 32, "Accounting and financial reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the City has removed the plans assets from the financial statements.

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City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 42,951,920	\$ 42,951,920	\$ 40,576,518	\$ (2,375,402)
Charges for services	3,349,826	3,349,826	3,167,019	(182,807)
Sanitation	3,071,093	3,071,093	2,788,701	(282,392)
Licenses and Permits	2,498,299	2,498,299	1,929,428	(568,871)
Fines and forfeitures	4,015,129	4,015,129	4,011,336	(3,793)
Intergovernmental:				
Federal	82,457	82,457	47,544	(34,913)
State	7,465,421	7,465,421	7,542,833	77,412
Other	580,112	580,112	792,977	212,865
Investment earnings	800,000	800,000	779,377	(20,623)
Other	623,006	623,006	693,134	70,128
Total revenues	<u>65,437,263</u>	<u>65,437,263</u>	<u>62,328,867</u>	<u>(3,108,396)</u>
EXPENDITURES				
General government:				
Council	166,574	166,574	150,632	15,942
Mayor	207,062	207,062	205,564	1,498
Administration	274,996	359,996	357,445	2,551
Legal	937,406	937,406	930,045	7,361
Clerk's	1,039,245	1,042,245	1,013,248	28,997
Human Resources	1,126,297	1,126,297	1,079,992	46,305
Finance/OMB	1,099,998	1,014,998	921,158	93,840
Other - unclassified	5,896,979	6,193,464	5,653,103	540,361
Total general government	<u>10,748,557</u>	<u>11,048,042</u>	<u>10,311,187</u>	<u>736,855</u>
Public Safety:				
Police	21,759,399	21,759,399	20,957,948	801,451
Fire	14,775,581	14,776,105	14,645,664	130,441
Building and safety engineering	2,519,286	2,522,002	2,518,607	3,395
46th Michigan District Court	3,562,444	3,568,070	3,404,296	163,774
Civilian support services	3,915,753	3,925,460	3,756,795	168,665
Total public safety	<u>46,532,463</u>	<u>46,551,036</u>	<u>45,283,310</u>	<u>1,267,726</u>
Public Services:				
Community development	203,896	203,896	191,156	12,740
Sanitation	3,161,993	3,161,993	3,114,136	47,857
Road service administration	853,380	853,380	647,933	205,447
Total public services	<u>4,219,269</u>	<u>4,219,269</u>	<u>3,953,225</u>	<u>266,044</u>
Social Services	420,530	420,530	402,934	17,596
Other:				
Insurance and bonds	617,563	617,563	592,966	24,597
Unallocated costs	2,564,947	2,570,739	3,399,010	(828,271)
Total other	<u>3,182,510</u>	<u>3,188,302</u>	<u>3,991,976</u>	<u>(803,674)</u>
Debt				
Principal retirement	220,000	220,000	220,000	-
Interest and fiscal charges	176,048	176,048	86,649	89,399
Total debt	<u>396,048</u>	<u>396,048</u>	<u>306,649</u>	<u>89,399</u>
Total expenditures	<u>65,499,377</u>	<u>65,823,227</u>	<u>64,249,281</u>	<u>1,573,946</u>
Deficiency of revenues under expenditures	(62,114)	(385,964)	(1,920,414)	(1,534,450)
OTHER FINANCING SOURCES (USES)				
Transfers out	(437,886)	(437,886)	(437,886)	-
Sale of capital assets		498,175	498,175	-
Total other financing sources (uses)	<u>(437,886)</u>	<u>60,289</u>	<u>60,289</u>	<u>-</u>
Net change in fund balances	(500,000)	(325,675)	(1,860,125)	(1,534,450)
Fund balances - beginning	17,306,545	17,306,545	17,306,545	-
Fund balances - ending	<u>\$ 16,806,545</u>	<u>\$ 16,980,870</u>	<u>\$ 15,446,420</u>	<u>\$ (1,534,450)</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Final Budget and Actual - Major Street Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
State	\$ 3,904,804	\$ 3,904,804	\$ 6,023,732	\$ 2,118,928
Investment earnings	10,000	10,000	57,861	47,861
Other	100,200	100,200	104,084	3,884
Total revenues	<u>4,015,004</u>	<u>4,015,004</u>	<u>6,185,677</u>	<u>2,170,673</u>
EXPENDITURES				
Highways and streets:				
Administration	289,306	289,306	257,012	32,294
Road construction	1,709,465	2,168,964	1,476,865	692,099
Road maintenance	1,022,325	1,035,951	1,023,965	11,986
Traffic service	767,165	767,165	710,315	56,850
Snow removal	745,655	745,655	869,866	(124,211)
Appearance	1,248,237	1,322,437	1,240,671	81,766
Debt service:				
Principal	740,000	740,000	740,000	-
Interest and fiscal charges	428,588	428,588	428,588	-
Total expenditures	<u>6,950,741</u>	<u>7,498,066</u>	<u>6,747,282</u>	<u>750,784</u>
Excess (deficiency) of revenues over (under) expenditures	(2,935,737)	(3,483,062)	(561,605)	2,921,457
OTHER FINANCING SOURCES				
Transfers in	<u>1,885,737</u>	<u>1,885,737</u>	<u>1,965,685</u>	<u>79,948</u>
Net change in fund balances	(1,050,000)	(1,597,325)	1,404,080	3,001,405
Fund balances - beginning	<u>402,733</u>	<u>402,733</u>	<u>402,733</u>	<u>-</u>
Fund balances - ending	<u><u>\$ (647,267)</u></u>	<u><u>\$ (1,194,592)</u></u>	<u><u>\$ 1,806,813</u></u>	<u><u>\$ 3,001,405</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Final Budget and Actual - Local Street Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,430,197	\$ 3,430,197	\$ 3,246,404	\$ (183,793)
Intergovernmental:				
State	1,175,339	1,175,339	1,809,212	633,873
Investment earnings	10,000	10,000	310,357	300,357
Other	56,468	56,468	64,784	8,316
Total revenues	<u>4,672,004</u>	<u>4,672,004</u>	<u>5,430,757</u>	<u>758,753</u>
EXPENDITURES				
Highways and streets:				
Administration	446,120	446,120	420,019	26,101
Road construction	2,727,500	5,672,588	3,343,121	2,329,467
Road maintenance	1,334,362	1,207,463	1,197,941	9,522
Traffic service	240,451	240,451	230,575	9,876
Snow removal	589,223	709,223	858,980	(149,757)
Appearance	463,734	530,734	530,212	522
Debt service:				
Principal retirement	74,899	74,899	74,899	-
Interest and fiscal charges	53,299	53,299	53,299	-
Total expenditures	<u>5,929,588</u>	<u>8,934,777</u>	<u>6,709,046</u>	<u>2,225,731</u>
Excess (deficiency) of revenues over (under) expenditures	(1,257,584)	(4,262,773)	(1,278,289)	2,984,484
OTHER FINANCING SOURCES				
Transfers in	<u>37,500</u>	<u>37,500</u>	<u>37,500</u>	<u>-</u>
Net change in fund balances	(1,220,084)	(4,225,273)	(1,240,789)	2,984,484
Fund balances - beginning	<u>5,521,350</u>	<u>5,521,350</u>	<u>5,521,350</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,301,266</u>	<u>\$ 1,296,077</u>	<u>\$ 4,280,561</u>	<u>\$ 2,984,484</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Required Supplementary Information
Schedule of Funding Progress
Six-Year Historical Trend Information

Fire and Police Retirement System Pension Benefits

(dollar amounts in millions)

Valuation date June 30,	Actuarial value of assets (a)	Actuarial accrued liability ("AAL") (b)	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)		Covered payroll	Ratio of UAAL to covered payroll
2008	\$ 208.8	\$ 194.2	\$ (14.6)	107.5	% \$	20.3	-
2007	197.0	183.7	(13.3)	107.2		19.4	-
2006	184.0	178.2	(5.8)	103.3		19.6	-
2005	178.0	172.3	(5.7)	103.3		19.6	-
2004	177.4	170.2	(7.2)	104.2		20.4	-
2003	177.3	164.3	(13.0)	107.9		19.6	-

Employees Retirement System Pension Benefits

(dollar amounts in millions)

Valuation date June 30,	Actuarial value of assets (a)	Actuarial accrued liability ("AAL") (b)	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)		Covered payroll	Ratio of UAAL to covered payroll
2008	\$ 99.5	\$ 127.8	\$ 28.2	77.9	% \$	19.2	147.1%
2007	96.1	121.7	25.6	78.9		19.6	130.9%
2006	91.7	116.0	24.3	79.0		19.9	122.2%
2005	92.0	102.5	10.5	89.7		19.9	52.9%
2004	91.1	96.6	5.5	94.3		21.4	25.7%
2003	90.5	80.9	(9.6)	111.8		20.3	-

City of Southfield
Required Supplementary Information
Schedule of Funding Progress
(continued)

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2008, the latest actuarial valuation, follows:

	<u>Employee Retirement</u>	<u>Fire and Police</u>
Actuarial Cost Method		Individual Entry Age
All members excluding Non-Union	Entry Age Normal	
Non-Union members	Aggregate	
Amortization Method	Level percent of payroll	Level percent of payroll
Remaining amortization period	26 years (closed)	20 years (open)
Asset valuation method	5-year smoothed market	4-year smoothed market
Actuarial assumption		
Investment rate of return	8%	7.75%
Wage inflation	4.5%	4.25%
Projected salary increases*	5.5% - 10.3%	4.25% - 14.25%
Post-retirement benefit increases	Ad-hoc as provided by ordinance	None

* Includes wage and step increases

City of Southfield
Required Supplementary Information
Schedule of Employer Contributions
Six-Year Historical Trend Information

Fire and police retirement system pension benefits

Valuation Year ended June 30,	Fiscal year ended June 30,	Contribution rates as a percent of actual payroll	Computed dollar contribution based on actual payroll	Percent contributed
2007	2009	13.54%	\$ 3,066,652	100.00 %
2006	2008	16.30	3,480,735	100.00
2005	2007	16.55	3,318,326	100.00
2004	2006	17.57	3,559,734	100.00
2003	2005	17.55	3,731,299	100.00
2002	2004	15.39	2,587,659	100.00

Employee retirement system pension benefit

Valuation Year ended June 30,	Fiscal year ended June 30,	Contribution rates as a percent of actual payroll	Computed dollar contribution based on actual payroll	Percent contributed
2007	2009	14.04%	\$ 2,809,926	100.00 %
2006	2008	13.41	2,697,591	100.00
2005	2007	14.56	2,962,888	100.00
2004	2006	13.03	2,575,412	100.00
2003	2005	6.78	1,565,071	100.00
2002	2004	1.31	897,528	100.00

**City of Southfield
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
ASSETS				
Cash and cash equivalents	\$ 5,227,878	\$ 2,243,909	\$ 875,796	\$ 8,347,583
Investments	11,199,104		2,280,755	13,479,859
Receivables:				
Special Assessments	40,038	829,181	27,347	896,566
Other	1,855,830	69,600	26,828	1,952,258
Prepays	143,691			143,691
Due from other funds	315,438	128,385	201,388	645,211
Due from component units	129,285	5,848		135,133
Due from other governmental units	993,100			993,100
Restricted assets:				
Cash and cash equivalents			147,948	147,948
Investments			432,724	432,724
Total assets	\$ 19,904,364	\$ 3,276,923	\$ 3,992,786	\$ 27,174,073
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	752,369		227,989	980,358
Accrued payroll	127,850			127,850
Due to other funds	1,277,002		210,910	1,487,912
Deferred revenue	1,688,638	893,221	27,347	2,609,206
Other short-term liabilities	89,050			89,050
Advances from local improvement revolving fund	150,000		1,600,849	1,750,849
Total liabilities	4,084,909	893,221	2,067,095	7,045,225
Fund balance:				
Reserved for:				
Encumbrances	298,223			298,223
Specific programs	1,473,592			1,473,592
Debt service		2,383,702		2,383,702
Restricted assets			580,672	580,672
Unreserved,				
Designated for:				
Specific programs	1,960,049			1,960,049
Undesignated	12,087,591		1,345,019	13,432,610
Total fund balances	15,819,455	2,383,702	1,925,691	20,128,848
Total liabilities and fund balances	\$ 19,904,364	\$ 3,276,923	\$ 3,992,786	\$ 27,174,073

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Property taxes	\$ 14,040,018	\$ 616,599		\$ 14,656,617
Special assessments	5,742	139,740	\$ 161,878	307,360
Charges for services	2,795,306			2,795,306
Fines and forfeitures	162,910			162,910
Federal forfeitures	126,814			126,814
Franchise fees	1,241,083			1,241,083
Intergovernmental:				
Federal	5,567,191			5,567,191
State	198,689			198,689
Contributions and donations	122,515			122,515
Investment earnings (loss)	885,398	(2,022)	171,624	1,055,000
Other	479,889	54,288	149,745	683,922
Total revenues	<u>25,625,555</u>	<u>808,605</u>	<u>483,247</u>	<u>26,917,407</u>
EXPENDITURES				
Current:				
Public safety	684,914			684,914
Highways and streets	118,276			118,276
Community improvement	692,329			692,329
Social services	5,156,960			5,156,960
Culture and recreation	14,951,525			14,951,525
Other	256,974	1,761	1,181,539	1,440,274
Debt service:				
Principal retirement		905,775		905,775
Interest and fiscal charges	137,099	1,636,644	52,191	1,825,934
Total expenditures	<u>21,998,077</u>	<u>2,544,180</u>	<u>1,233,730</u>	<u>25,775,987</u>
Excess (deficiency) of revenues over (under) expenditures	3,627,478	(1,735,575)	(750,483)	1,141,420
OTHER FINANCING SOURCES (USES)				
Transfers in	203,887	1,903,050	553,960	2,660,897
Transfers out	(3,353,794)		(666,808)	(4,020,602)
Total other financing sources (uses)	<u>(3,149,907)</u>	<u>1,903,050</u>	<u>(112,848)</u>	<u>(1,359,705)</u>
Net change in fund balances	477,571	167,475	(863,331)	(218,285)
Fund balances - beginning	<u>15,341,884</u>	<u>2,216,227</u>	<u>2,789,022</u>	<u>20,347,133</u>
Fund balances - ending	<u>\$ 15,819,455</u>	<u>\$ 2,383,702</u>	<u>\$ 1,925,691</u>	<u>\$ 20,128,848</u>

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds account for the proceeds of specific revenue sources used to finance projects or activities as required by law or contractual agreement. The following funds are currently established:

MUNICIPAL STREET FUND

The Municipal Street fund was established to account for activities of the road appearance program, which was initiated in 1989-90 to provide a uniform standard for all roadside mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City. It is separately funded through Public Act 298 of 1917.

PARKS AND RECREATION FUND

Specific property taxes, grants and user fees are used to operate the ice arena, swimming pool, and activities at parks, playgrounds and other facilities. Golf course activities, which include the Evergreen Hills Golf Course and Pro Shop, Beech Woods Golf Course, Pro Shop and Driving Range, are included in the Parks & Recreation Fund.

CABLE TELEVISION FUND

The Cable Television Fund was established to account for fees received under provisions of the cable television franchise agreement. These fees are used for local programming and certain other purposes.

BLOCK GRANT FUND

Under the Housing and Community Development Act of 1974, as amended, federal grants are targeted for neighborhood beautification, improvement and revitalization and other community improvements; these activities benefit low and moderate income persons in targeted areas as defined by the Department of Housing and Urban Development (HUD).

SECTION 8 HOUSING FUND

Section 8 Housing Fund was established to account for rent subsidies provided by the U.S. Department of Housing and Urban Development which are made available to eligible persons.

DRUG LAW ENFORCEMENT FUND

The Drug Law Enforcement fund was established pursuant to Public Act 135 of 1985. As provided by Article 7 of this Act, property associated with controlled substances may be seized and the proceeds from its sale used to enhance law enforcement related to controlled substances.

SPECIAL REVENUE FUNDS
(continued)

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND

The Grant was authorized under the Omnibus Fiscal Year 1997 Appropriation Act (Public Law 104-208) for the purposes of reducing crime and improving public safety.

GRANTS FUND

This fund accounts for individual grants received from Federal, State or other sources.

LIBRARY FUND

Specific property taxes, grants, user fees, state aide and related revenues are used to purchase books and computers, and to operate programs in the Civic Center and at the John Grace Community Center. The newly built Southfield Public Library was opened June 15, 2003.

MICHIGAN WORKS GRANTS FUND

The Michigan Works Grants are funded by the Michigan Department of Career Development and the Oakland County Workforce Board and are administered by the Southfield Career Center.

AUTO THEFT GRANT FUND

The Auto Theft Grant fund is a State funded program designed to assist local governments in auto theft investigation and prevention.

DONATIONS AND MEMORIAL TRUSTS

This fund accounts for endowments, restricted donations and contributions in memory of City employees and City residents.

**City of Southfield
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2009**

	Municipal Street Fund	Parks and Recreation Fund	Cable Television Fund	Block Grant Fund	Section 8 Housing Fund	Drug Law Enforcement Fund
ASSETS						
Cash and cash equivalents	\$ 110,438	\$ 1,573,448	\$ 246,495	\$ 707,877	\$ 658,970	\$ 781,422
Investments		3,797,805	846,580			
Receivables:						
Special assessments						
Other	77,423	574,056	345,214	109,662	28	1,833
Prepays		32,300	1,312			3,545
Due from other funds	100,000	76,873	2,655	135,910		
Due from component units	10,532	52,386				
Due from other governmental units						
Total assets	<u>\$ 298,393</u>	<u>\$ 6,106,868</u>	<u>\$ 1,442,256</u>	<u>\$ 953,449</u>	<u>\$ 658,998</u>	<u>\$ 786,800</u>

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	104,884	166,001	1,406	202,994	5,391	32,218
Accrued payroll		76,700	3,858	724	137	
Due to other funds	1,095	31,364	1,825	476,453	12,000	26,744
Deferred revenue	71,707	359,379		365,927	401,705	
Other short-term liabilities		20		87,530		1,500
Advances from local improvement revolving fund						
Total liabilities	<u>177,686</u>	<u>633,464</u>	<u>7,089</u>	<u>1,133,628</u>	<u>419,233</u>	<u>60,462</u>

Fund balance (deficit):

Reserved for:						
Encumbrances		142,028	26,665			109,121
Unreserved,						
Designated for:						
Specific programs		513,955	250,000			
Undesignated	120,707	4,817,421	1,158,502	(180,179)	239,765	617,217
Total fund balances (deficit)	<u>120,707</u>	<u>5,473,404</u>	<u>1,435,167</u>	<u>(180,179)</u>	<u>239,765</u>	<u>726,338</u>
Total liabilities and fund balances	<u>\$ 298,393</u>	<u>\$ 6,106,868</u>	<u>\$ 1,442,256</u>	<u>\$ 953,449</u>	<u>\$ 658,998</u>	<u>\$ 786,800</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2009

	Grants Fund	Library Fund	Michigan Works Fund	Auto Theft Grant Fund	Donations and Memorial Trusts	Total
ASSETS						
Cash and cash equivalents	\$ 298,197	\$ 494,564	\$ 73,570	\$ 3,868	\$ 279,029	\$ 5,227,878
Investments		5,371,112			1,183,607	11,199,104
Receivables:						
Special assessments	40,038					40,038
Other	235	698,628		35,538	13,213	1,855,830
Prepays		106,334			200	143,691
Due from other funds		66,367				315,438
Due from component units						129,285
Due from other governmental units			993,100			993,100
Total assets	\$ 338,470	\$ 6,737,005	\$ 1,066,670	\$ 39,406	\$ 1,476,049	\$ 19,904,364

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	990	93,326	142,702		2,457	752,369
Accrued payroll		15,942	30,489			127,850
Due to other funds		23,249	691,632	12,640		1,277,002
Deferred revenue	37,448	452,472				1,688,638
Other short-term liabilities						89,050
Advances from local improvement revolving fund	150,000					150,000
Total liabilities	<u>188,438</u>	<u>584,989</u>	<u>864,823</u>	<u>12,640</u>	<u>2,457</u>	<u>4,084,909</u>

Fund balance:

Reserved for:						
Encumbrances		4,135	16,274		1,473,592	298,223
Specific programs						1,473,592
Unreserved,						
Designated for:						
Specific programs		1,196,094				1,960,049
Undesignated	150,032	4,951,787	185,573	26,766		12,087,591
Total fund balances	<u>150,032</u>	<u>6,152,016</u>	<u>201,847</u>	<u>26,766</u>	<u>1,473,592</u>	<u>15,819,455</u>
Total liabilities and fund balances	\$ 338,470	\$ 6,737,005	\$ 1,066,670	\$ 39,406	\$ 1,476,049	\$ 19,904,364

The notes to the financial statements are an integral part of this statement.

(continued)

City of Southfield
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2009

	Municipal Street Fund	Parks and Recreation Fund	Cable Television Fund	Block Grant Fund	Section 8 Housing Fund	Drug Law Enforcement Fund
REVENUES						
Property taxes	\$ 1,145,851	\$ 5,688,514				
Charges for services		2,287,055				
Special assessments						
Fines and forfeitures						\$ 162,910
Federal forfeitures						126,814
Franchise fees			\$ 1,241,083			
Intergovernmental:						
Federal		49,250		\$ 398,499	\$ 2,063,373	3,621
State		18,500				
Contributions and donations		312,830	32,291	8,112	9,839	19,651
Investment earnings	33,757	314,446	7,343	76,408		
Other	10,532					
Total revenues	1,190,140	8,670,595	1,280,717	483,019	2,073,212	312,996
EXPENDITURES						
Current:						
Public safety						410,901
Highways and streets	118,276					
Community improvement				648,764		
Social services					2,064,868	
Culture and recreation		7,753,358	820,990	256,974		
Other						
Debt service:						
Interest and fiscal charges		137,099				
Total expenditures	118,276	7,890,457	820,990	905,738	2,064,868	410,901
Excess (deficiency) of revenues over (under) expenditures	1,071,864	780,138	459,727	(422,719)	8,344	(97,905)
OTHER FINANCING USES						
Transfers in	100,000					
Transfers out	(1,186,377)	(169,736)	(7,424)	(80,892)		
Total other financing sources (uses)	(1,086,377)	(169,736)	(7,424)	(80,892)	-	-
Net change in fund balances	(14,513)	610,402	452,303	(503,611)	8,344	(97,905)
Fund balances - beginning	135,220	4,863,002	982,864	323,432	231,421	824,243
Fund balances (deficit) - ending	\$ 120,707	\$ 5,473,404	\$ 1,435,167	\$ (180,179)	\$ 239,765	\$ 726,338

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2009

	Local Law Enforcement Block Grant Fund	Grants Fund	Library Fund	Michigan Works Grants Fund	Auto Theft Grant Fund	Donations and Memorial Trusts	Total
REVENUES							
Property taxes		\$	7,205,653			\$	14,040,018
Charges for services			508,251				2,795,306
Special assessments		\$	5,742				5,742
Fines and forfeitures							162,910
Federal forfeitures							126,814
Franchise fees							1,241,083
Intergovernmental:							
Federal				\$			5,567,191
State			51,844	3,052,448	\$		198,689
Contributions and donations					146,845	104,015	122,515
Investment earnings	\$	7,128	401,263	812	493	59,099	885,398
Other		64	71,096				479,889
Total revenues	123	12,934	8,238,107	3,053,260	147,338	163,114	25,625,555
EXPENDITURES							
Current:							
Public safety	14,594				259,419		684,914
Highways and streets							118,276
Community improvement		43,565					692,329
Social services				3,092,092			5,156,960
Culture and recreation			6,176,795			200,382	14,951,525
Other							256,974
Debt service:							
Interest and fiscal charges							137,099
Total expenditures	14,594	43,565	6,176,795	3,092,092	259,419	200,382	21,998,077
Excess (deficiency) of revenues over (under) expenditures	(14,471)	(30,631)	2,061,312	(38,832)	(112,081)	(37,268)	3,627,478
OTHER FINANCING SOURCES (USES)							
Transfers in					103,887		203,887
Transfers out			(1,903,050)	(6,315)			(3,353,794)
Total other financing sources (uses)	-	-	(1,903,050)	(6,315)	103,887	-	(3,149,907)
Net change in fund balances	(14,471)	(30,631)	158,262	(45,147)	(8,194)	(37,268)	477,571
Fund balances - beginning	14,471	180,663	5,993,754	246,994	34,960	1,510,860	15,341,884
Fund balances - ending	\$ -	\$ 150,032	\$ 6,152,016	\$ 201,847	\$ 26,766	\$ 1,473,592	\$ 15,819,455

The notes to the financial statements are an integral part of this statement.

(continued)

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Municipal Street Fund

For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 1,207,109	\$ 1,145,851	\$ (61,258)
Investment earnings	13,185	33,757	20,572
Other	-	10,532	10,532
Total revenues	<u>1,220,294</u>	<u>1,190,140</u>	<u>(30,154)</u>
EXPENDITURES			
Highways and streets	<u>133,917</u>	<u>118,276</u>	<u>15,641</u>
Excess (deficiency) of revenues over (under) expenditures	1,086,377	1,071,864	(14,513)
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	-
Transfers out	<u>(1,186,377)</u>	<u>(1,186,377)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,086,377)</u>	<u>(1,086,377)</u>	<u>-</u>
Net change in fund balances	-	(14,513)	(14,513)
Fund balances - beginning	<u>135,220</u>	<u>135,220</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 135,220</u></u>	<u><u>\$ 120,707</u></u>	<u><u>\$ (14,513)</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Final Budget and Actual - Parks and Recreation Fund
For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 6,004,298	\$ 5,688,514	\$ (315,784)
Charges for services	2,550,890	2,287,055	(263,835)
Intergovernmental:			
Federal		49,250	49,250
Contributions and donations		18,500	18,500
Investment earnings	45,000	312,830	267,830
Other revenue	209,910	314,446	104,536
Total revenues	<u>8,810,098</u>	<u>8,670,595</u>	<u>(139,503)</u>
EXPENDITURES			
Culture and recreation:			
Administration	3,179,704	2,698,606	481,098
Recreation division	1,168,381	1,158,988	9,393
Cultural arts division	184,052	179,937	4,115
Senior center division	340,830	337,911	2,919
Parks, forestry & environmental division	2,775,677	2,467,527	308,150
Golf	895,849	910,389	(14,540)
Debt service:			
Interest and fiscal charges	137,099	137,099	-
Total expenditures	<u>8,681,592</u>	<u>7,890,457</u>	<u>791,135</u>
Excess of revenues over expenditures	128,506	780,138	651,632
OTHER FINANCING USES			
Transfers out	<u>(169,736)</u>	<u>(169,736)</u>	<u>-</u>
Net change in fund balances	(41,230)	610,402	651,632
Fund balances - beginning	<u>4,863,002</u>	<u>4,863,002</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 4,821,772</u></u>	<u><u>\$ 5,473,404</u></u>	<u><u>\$ 651,632</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Cable Television Fund

For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Franchise fees	\$ 911,180	\$ 1,241,083	\$ 329,903
Investment earnings	5,000	32,291	27,291
Other	8,000	7,343	(657)
Total revenues	<u>924,180</u>	<u>1,280,717</u>	<u>356,537</u>
EXPENDITURES			
Culture and recreation	<u>1,122,133</u>	<u>820,990</u>	<u>301,143</u>
Excess (deficiency) of revenues over (under) expenditures	(197,953)	459,727	657,680
OTHER FINANCING USES			
Transfers out	<u>(7,424)</u>	<u>(7,424)</u>	<u>-</u>
Net change in fund balances	(205,377)	452,303	657,680
Fund balances - beginning	<u>982,864</u>	<u>982,864</u>	<u>-</u>
Fund balances - ending	<u>\$ 777,487</u>	<u>\$ 1,435,167</u>	<u>\$ 657,680</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Final Budget and Actual - Block Grant Fund
For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 554,769	\$ 398,499	\$ (156,270)
Investment earnings		8,112	8,112
Other		76,408	76,408
Total revenues	<u>554,769</u>	<u>483,019</u>	<u>(71,750)</u>
EXPENDITURES			
Community improvement	554,769	648,764	(93,995)
Other		256,974	(256,974)
Total expenditures	<u>554,769</u>	<u>905,738</u>	<u>(350,969)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(422,719)	(422,719)
OTHER FINANCING USES			
Transfers out	<u>(100,000)</u>	<u>(80,892)</u>	<u>19,108</u>
Net change in fund balances	(100,000)	(503,611)	(403,611)
Fund balances - beginning	<u>323,432</u>	<u>323,432</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 223,432</u>	<u>\$ (180,179)</u>	<u>\$ (403,611)</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Section 8 Housing Fund

For the Year Ended June 30, 2009

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Intergovernmental:			
Federal	\$ 1,783,200	\$ 2,063,373	\$ 280,173
Investment earnings		9,839	9,839
Total revenues	<u>1,783,200</u>	<u>2,073,212</u>	<u>290,012</u>
EXPENDITURES			
Social services	<u>1,783,200</u>	<u>2,064,868</u>	<u>(281,668)</u>
Net change in fund balances	-	8,344	8,344
Fund balances - beginning	<u>231,421</u>	<u>231,421</u>	-
Fund balances - ending	<u>\$ 231,421</u>	<u>\$ 239,765</u>	<u>\$ 8,344</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Drug Law Enforcement Fund

For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 43,671	\$ 162,910	\$ 119,239
Federal forfeitures	200,000	126,814	(73,186)
Intergovernmental:			
Federal		3,621	3,621
Investment earnings	7,000	19,651	12,651
Total revenues	<u>250,671</u>	<u>312,996</u>	<u>62,325</u>
EXPENDITURES			
Public safety	<u>651,873</u>	<u>410,901</u>	<u>240,972</u>
Net change in fund balances	(401,202)	(97,905)	303,297
Fund balances - beginning	<u>824,243</u>	<u>824,243</u>	<u>-</u>
Fund balances - ending	<u>\$ 423,041</u>	<u>\$ 726,338</u>	<u>\$ 303,297</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Library Fund

For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 7,606,752	\$ 7,205,653	\$ (401,099)
Charges for services	517,390	508,251	(9,139)
Intergovernmental:			
State	66,026	51,844	(14,182)
Investment earnings	175,000	401,263	226,263
Other	83,088	71,096	(11,992)
Total revenues	<u>8,448,256</u>	<u>8,238,107</u>	<u>(210,149)</u>
EXPENDITURES			
Culture and recreation:			
Administration	2,221,087	2,110,853	110,234
Adult reference	1,483,011	1,394,338	88,673
Children's division	779,410	699,370	80,040
Circulation division	990,213	1,141,045	(150,832)
Support services division	1,242,202	831,189	411,013
Total expenditures	<u>6,715,923</u>	<u>6,176,795</u>	<u>539,128</u>
Excess of revenues over expenditures	1,732,333	2,061,312	328,979
OTHER FINANCING USES			
Transfers out	<u>(1,902,913)</u>	<u>(1,903,050)</u>	<u>(137)</u>
Net change in fund balances	(170,580)	158,262	328,842
Fund balances - beginning	<u>5,993,754</u>	<u>5,993,754</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 5,823,174</u></u>	<u><u>\$ 6,152,016</u></u>	<u><u>\$ 328,842</u></u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Michigan Works Grants Fund

For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Federal	\$ 3,800,000	\$ 3,052,448	\$ (747,552)
Investment earnings		812	812
Total revenues	<u>3,800,000</u>	<u>3,053,260</u>	<u>(746,740)</u>
EXPENDITURES			
Social services	<u>3,801,685</u>	<u>3,092,092</u>	<u>709,593</u>
Total expenditures	<u>3,801,685</u>	<u>3,092,092</u>	<u>709,593</u>
Excess of revenues over expenditures	(1,685)	(38,832)	(37,147)
OTHER FINANCING USES			
Transfers out	<u>(6,315)</u>	<u>(6,315)</u>	<u>-</u>
Net change in fund balances	(8,000)	(45,147)	(37,147)
Fund balances - beginning	<u>246,994</u>	<u>246,994</u>	<u>-</u>
Fund balances - ending	<u>\$ 238,994</u>	<u>\$ 201,847</u>	<u>\$ (37,147)</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Final Budget and Actual - Auto Theft Grant Fund

For the Year Ended June 30, 2009

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
State	\$ 155,061	\$ 146,845	\$ (8,216)
Investment earnings	1,000	493	(507)
Total revenues	<u>156,061</u>	<u>147,338</u>	<u>(8,723)</u>
EXPENDITURES			
Public Safety	<u>259,948</u>	<u>259,419</u>	<u>529</u>
Deficiency of revenues under expenditures	(103,887)	(112,081)	(8,194)
OTHER FINANCING SOURCES			
Transfers in	<u>103,887</u>	<u>103,887</u>	<u>-</u>
Net change in fund balances	-	(8,194)	(8,194)
Fund balances - beginning	<u>34,960</u>	<u>34,960</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 34,960</u></u>	<u><u>\$ 26,766</u></u>	<u><u>\$ (8,194)</u></u>

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

These funds account for the payment of interest and principal on long-term bonded debt. The City has contracted with Oakland County for indirect repayment of bonds issued for sewers and drains.

LIBRARY BUILDING AUTHORITY DEBT FUND

General Library taxes are provided, through operating fund rent payments to pay debt service for construction.

DRAINS-AT-LARGE FUND

An at-large assessment is levied upon all property to cover debt service for drains and storm sewers built in the City by Oakland County.

BUILDING AUTHORITY DEBT FUND

General property taxes are provided, through operating fund rent payments, to pay debt service for construction or renovation of various municipal buildings.

SPECIAL ASSESSMENT DEBT FUND

Special assessments collected by this fund are used to pay internal loans borrowed for specific local improvements which benefit property owners.

**City of Southfield
Combining Balance Sheet
Nonmajor Governmental Funds
Debt Service Funds
June 30, 2009**

	<u>Drains-at- Large Debt Fund</u>	<u>Special Assessment Debt Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 544,301	\$ 1,699,608	\$ 2,243,909
Receivables:			
Special assessments		829,181	829,181
Other	69,318	282	69,600
Due from other funds	128,385		128,385
Due from component units	5,848		5,848
Total assets	<u>\$ 747,852</u>	<u>\$ 2,529,071</u>	<u>\$ 3,276,923</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	<u>64,040</u>	<u>829,181</u>	<u>893,221</u>
Fund balance:			
Reserved for Debt Service	<u>683,812</u>	<u>1,699,890</u>	<u>2,383,702</u>
Total liabilities and fund balances	<u>\$ 747,852</u>	<u>\$ 2,529,071</u>	<u>\$ 3,276,923</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Debt Service Funds
For the Year Ended June 30, 2009

	Library Building Authority Debt Fund	Drains-at- Large Debt Fund	Building Authority Debt Fund	Special Assessment Debt Fund	Total
REVENUES					
Property taxes	\$	616,599			\$ 616,599
Special assessments				139,740	139,740
Investment earnings (loss)		1,543	36	(3,601)	(2,022)
Other		10,171		44,117	54,288
Total revenues	\$	628,313	36	180,256	808,605
EXPENDITURES					
Other	138	79	1,544		1,761
Debt service:					
Principal retirement	500,000	405,775			905,775
Interest and fiscal charges	1,402,912	233,732			1,636,644
Total expenditures	1,903,050	639,586	1,544	-	2,544,180
Excess (deficiency) of revenues over (under) expenditures	(1,903,050)	(11,273)	(1,508)	180,256	(1,735,575)
OTHER FINANCING SOURCES					
Transfers in	1,903,050				1,903,050
Net change in fund balances	-	(11,273)	(1,508)	180,256	167,475
Fund balances - beginning	-	695,085	1,508	1,519,634	2,216,227
Fund balances - ending	\$	683,812	-	1,699,890	\$ 2,383,702

The notes to the financial statements are an integral part of this statement.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

These funds account for resources used for the acquisition or major renovation of capital facilities. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major financing sources are bond proceeds, transfers from other City funds, internal loans and grants.

ROAD CONSTRUCTION FUND: The Road Construction Fund accounts for proceeds from the sale of Michigan Transportation fund bonds.

LIBRARY BUILDING AUTHORITY FUND

The Southfield Library Building Authority was incorporated June 14, 1999 under the provisions of Act 31, Public Acts of 1948, to purchase or construct, furnish, equip and maintain a Southfield public library building. As provided in Act 31, the Library Building Authority may also issue negotiable bonds to be repaid through rental payments of the Library to the City. The Authority's Debt Service Funds are presented in the preceding section.

CIVIC CENTER IMPROVEMENT FUND

This fund was created for maintenance and improvement of the City Civic Center.

BUILDING AUTHORITY FUND

The Southfield Building Authority was incorporated October 16, 1962 under the provisions of Act 31, Public Acts of 1948, to purchase or construct facilities for use by the City. Building Authority bonds are issued to finance large-scale projects, while internal financing is used to fund other construction projects. The Authority's Debt Service Funds are presented in the preceding section.

SPECIAL ASSESSMENT CONSTRUCTION FUND

This fund accounts for the construction phase of local improvements which benefit specific property owners and are ultimately financed through special assessments. Any debt service related to these projects is presented in the preceding section.

**City of Southfield
Combining Balance Sheet
Nonmajor Governmental Funds
Capital Project Funds
June 30, 2009**

	Road Construction Fund	Library Building Authority Construction Fund	Civic Center Improvement Fund	Building Authority Construction Fund	Special Assessment Construction Fund	Total
ASSETS						
Cash and cash equivalents	\$	120,100	\$ 11,466	\$	744,230	\$ 875,796
Investments		1,315,618			965,137	2,280,755
Receivables:						
Special assessments						
Other	\$ 6,650	11,672	8	11	27,347	27,347
Due from other funds				201,388	8,487	26,828
Restricted assets:						
Cash and cash equivalents	132,066			15,882		147,948
Investments	432,724					432,724
Total assets	\$ 571,440	\$ 1,447,390	\$ 11,474	\$ 217,281	\$ 1,745,201	\$ 3,992,786
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable				197,932	22,665	227,989
Due to other funds	135,910	7,392			75,000	210,910
Deferred revenue					27,347	27,347
Advances from local improvement revolving fund					1,600,849	1,600,849
Total liabilities	<u>135,910</u>	<u>7,392</u>	<u>-</u>	<u>197,932</u>	<u>1,725,861</u>	<u>2,067,095</u>
Fund balances:						
Reserved for restricted assets				15,882		580,672
Unreserved:						
Undesignated	(129,260)	1,439,998	11,474	3,467	19,340	1,345,019
Total fund balances	<u>435,530</u>	<u>1,439,998</u>	<u>11,474</u>	<u>19,349</u>	<u>19,340</u>	<u>1,925,691</u>
Total liabilities and fund balances	\$ 571,440	\$ 1,447,390	\$ 11,474	\$ 217,281	\$ 1,745,201	\$ 3,992,786

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Capital Project Funds
For the Year Ended June 30, 2009

	Road Construction Fund	Library Building Authority Construction Fund	Civic Center Improvement Fund	Building Authority Construction Fund	Special Assessment Construction Fund	Total
REVENUES						
Special assessments	\$ 52,069	\$ 64,208	\$ 242	\$ 335	\$ 161,878	\$ 161,878
Investment earnings	140,780				54,770	171,624
Other	192,849	64,208	242	335	8,965	149,745
Total revenues					225,613	483,247
EXPENDITURES						
Capital outlay, construction and other costs		194,321		553,960	433,258	1,181,539
Debt service:						
Interest charges					52,191	52,191
Total expenditures	-	194,321	-	553,960	485,449	1,233,730
Excess (deficiency) of revenues over (under) expenditures	192,849	(130,113)	242	(553,625)	(259,836)	(750,483)
OTHER FINANCING SOURCES (USES)						
Transfers in				553,960		553,960
Transfers out	(666,808)					(666,808)
Total other financing sources (uses)	(666,808)	-	-	553,960	-	(112,848)
Net change in fund balances	(473,959)	(130,113)	242	335	(259,836)	(863,331)
Fund balances - beginning	909,489	1,570,111	11,232	19,014	279,176	2,789,022
Fund balances - ending	<u>\$ 435,530</u>	<u>\$ 1,439,998</u>	<u>\$ 11,474</u>	<u>\$ 19,349</u>	<u>\$ 19,340</u>	<u>\$ 1,925,691</u>

The notes to the financial statements are an integral part of this statement.

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INTERNAL SERVICE FUNDS

These funds are cost control centers that operate on a full accrual basis to account for the financing of specific equipment and services provided to other City operations based on user charges.

FACILITIES MAINTENANCE FUND

This fund accounts for the ongoing maintenance of the City's physical plant, as well as construction projects carried out by in-house staff. Annual pro-rated maintenance charges and non-recurring special project billings are collected from operating departments in support of this fund's activities.

MOTOR POOL FUND

This fund acquires and maintains vehicles and equipment, including heavy construction & maintenance items and police & fire vehicles.

EQUIPMENT REVOLVING FUND

This fund acquires and maintains office equipment for all operations and provides for replacement of fire equipment, parks and recreation equipment and library equipment.

INSURANCE RISK RETENTION FUND

This fund is utilized to account for retroactive premium adjustments, as a provision for claims in excess of the City's insurance coverage, and for loss prevention and risk management initiatives.

LOCAL IMPROVEMENT REVOLVING FUND

This fund was established to provide a means for the internal financing of public improvements, where appropriate. Most monies loaned to other funds are to be repaid with interest.

EMPLOYEE INCENTIVE LOAN PROGRAM FUND

This fund was created to encourage City employees to choose Southfield as their city of residence and to support the City's goals of neighborhood stability and redevelopment. Monies loaned to employees as an incentive to purchase a home in Southfield are repaid over a period not to exceed seven years.

City of Southfield
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Facilities Maintenance Fund	Motor Pool Fund	Equipment Revolving Fund	Insurance Risk Retention Fund	Local Improvement Revolving Fund	Employee Incentive Loan Program Fund	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,007,724	\$ 1,012,280	\$ 4,682,628	\$ 508,777	\$ 503,235	\$ 162,099	\$ 9,876,743
Investments			1,545,818	7,607,394	8,806,218		17,959,430
Receivables, net	2,531	905	51,696	64,344	80,393	14	199,883
Prepays		14,948					14,948
Due from other funds	16,202	1,654,671	3,000,000				4,670,873
Inventory		334,619					334,619
Total current assets	<u>3,026,457</u>	<u>3,017,423</u>	<u>9,280,142</u>	<u>8,180,515</u>	<u>9,389,846</u>	<u>162,113</u>	<u>33,056,496</u>
Noncurrent assets:							
Restricted cash and cash equivalents				1,609,827			1,609,827
Long-term advances to other funds			10,474,604		5,331,363		5,331,363
Long-term advances to component units			(5,617,521)		3,711,603		3,711,603
Long-term advances to employees			4,857,083			57,333	57,333
Capital assets:							
Machinery and equipment	379,442	12,795,610	10,474,604				23,649,656
Less accumulated depreciation	(170,229)	(9,852,632)	(5,617,521)				(15,640,382)
Net capital assets	209,213	2,942,978	4,857,083				8,009,274
Total noncurrent assets	209,213	2,942,978	4,857,083	1,609,827	9,042,966	57,333	18,719,400
Total assets	<u>3,235,670</u>	<u>5,960,401</u>	<u>14,137,225</u>	<u>9,790,342</u>	<u>18,432,812</u>	<u>219,446</u>	<u>51,775,896</u>
LIABILITIES							
Current liabilities:							
Accounts payable	241,858	343,764	34,850				620,472
Accrued payroll	12,130	5,254					17,384
Insurance payable				643,623			643,623
Workers' compensation payable				1,078,686			1,078,686
Due to other funds	151,427			541,908			693,335
Total current liabilities	<u>405,415</u>	<u>349,018</u>	<u>34,850</u>	<u>2,264,217</u>	<u>-</u>	<u>-</u>	<u>3,053,500</u>
Noncurrent liabilities:							
Accrued compensated absences	344,431	181,182					525,613
Other post-employment benefits	29,321	13,128		1,314			43,763
Total non current liabilities	<u>373,752</u>	<u>194,310</u>	<u>-</u>	<u>1,314</u>	<u>-</u>	<u>-</u>	<u>569,376</u>
Total liabilities	<u>779,167</u>	<u>543,328</u>	<u>34,850</u>	<u>2,265,531</u>	<u>-</u>	<u>-</u>	<u>3,622,876</u>
NET ASSETS							
Invested in capital assets, net of related debt	209,213	2,942,978	4,857,083				8,009,274
Restricted for claims	2,247,290	2,474,095	9,245,292	1,609,827	18,432,812	219,446	1,609,827
Unrestricted	<u>2,456,503</u>	<u>5,417,073</u>	<u>14,102,375</u>	<u>7,524,811</u>	<u>18,432,812</u>	<u>219,446</u>	<u>38,533,919</u>
Total net assets	<u>\$ 2,456,503</u>	<u>\$ 5,417,073</u>	<u>\$ 14,102,375</u>	<u>\$ 7,524,811</u>	<u>\$ 18,432,812</u>	<u>\$ 219,446</u>	<u>\$ 48,153,020</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Facilities Maintenance Fund	Motor Pool Fund	Equipment Revolving Fund	Insurance Risk Retention Fund	Local Improvement Revolving Fund	Employee Incentive Loan Program Fund	Total
OPERATING REVENUES							
Charges for consumption and service:							
Charges to other funds	\$ 5,827,227	\$ 3,604,575	\$ 614,116		\$ 288,695		\$ 10,045,918
Other	5,827,227	2,459	614,116	-	288,695	-	291,154
Total operating revenue		3,607,034	614,116		288,695		10,337,072
OPERATING EXPENSES							
Administration	2,321,807	60,700					2,382,507
Equipment and facility operation:							
Equipment maintenance		2,551,623	155,138				2,706,761
Communications		442,628					442,628
Maintenance staff	1,268,453						1,268,453
Custodial staff	1,803,382						1,803,382
Depreciation and capital adjustments	29,756	824,645	694,736				1,549,137
Other			5,533	1,040,253	8,972	82	1,054,840
Total operating expenses	5,423,398	3,879,596	855,407	1,040,253	8,972	82	11,207,708
Operating income (loss)	403,829	(272,562)	(241,291)	(1,040,253)	279,723	(82)	(870,636)
NONOPERATING REVENUES							
Gain (loss) on disposition of assets	(45,299)	474,521					429,222
Investment earnings (loss)	9,853	(5,021)	317,829	358,823	459,207	1,330	1,142,021
Other	3,698	78,227	869,203	827,430			1,778,558
Total nonoperating revenues	(31,748)	547,727	1,187,032	1,186,253	459,207	1,330	3,349,801
Income (Loss) before transfers	372,081	275,165	945,741	146,000	738,930	1,248	2,479,165
OTHER FINANCING USES							
Transfers out	(479,846)	(2,582)		(150,000)	(300,000)		(932,428)
Change in net assets	(107,765)	272,583	945,741	(4,000)	438,930	1,248	1,546,737
Total net assets - beginning	2,564,268	5,144,490	13,156,634	7,528,811	17,993,882	218,198	46,606,283
Total net assets - ending	\$ 2,456,503	\$ 5,417,073	\$ 14,102,375	\$ 7,524,811	\$ 18,432,812	\$ 219,446	\$ 48,153,020

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Facilities Maintenance Fund	Motor Pool Fund	Equipment Revolving Fund	Insurance Risk Retention Fund	Local Improvement Revolving Fund	Employee Incentive Loan Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from users	\$ 5,827,473	\$ 3,634,381	\$ 614,116	\$	\$ 311,031	\$	\$ 10,387,001
Cash paid to employees	(2,555,113)	(1,211,072)	(665,589)				(4,431,774)
Cash paid to suppliers	(2,786,353)	(1,592,001)	492,626	(1,406,475)	(8,972)	(82)	(5,301,257)
Net cash provided by (used in) operating activities	486,007	831,308	441,153	(1,406,475)	302,059	(82)	653,970
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Advance (payment) within an interfund	2,979,828	741,962	(2,764,391)	385,911	(809,114)		534,196
Retroactive premium adjustments				827,430			827,430
Long-term payments					(1,278)		(1,278)
Payment of long-term advances received from component units					652,900		652,900
Long-term payments to employees						(8,840)	(8,840)
Transfers out	(479,846)	(2,582)		(150,000)	(300,000)		(932,428)
Net cash provided by (used in) noncapital and related financing activities	2,499,982	739,380	(2,764,391)	1,063,341	(457,492)	(8,840)	1,071,980
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of property and equipment	(1,302)	(1,038,163)	(1,645,513)				(2,684,978)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from Sale of investments, net of purchases	2,104	231,198	8,191,641	297,739	(108,059)		8,614,623
Investment earnings	8,916	6,080	333,708	388,262	483,888	1,573	1,222,427
Net cash provided by investing activities	11,020	237,278	8,525,349	686,001	375,829	1,573	9,837,050
Net increase (decrease) in cash, cash equivalents	2,995,707	769,803	4,556,598	342,867	220,396	(7,349)	8,878,022
Cash, cash equivalents, beginning of year	12,017	242,477	126,030	1,775,737	282,839	169,448	2,608,548
Cash, cash equivalents, end of year	\$ 3,007,724	\$ 1,012,280	\$ 4,682,628	\$ 2,118,604	\$ 503,235	\$ 162,099	\$ 11,486,570
Balance sheet reconciliation of cash & cash equivalents							
Cash, cash equivalents	\$ 3,007,724	\$ 1,012,280	\$ 4,682,628	\$ 508,777	\$ 503,235	\$ 162,099	\$ 9,876,743
Restricted cash, cash equivalents				1,609,827			1,609,827
Total cash, cash equivalents	\$ 3,007,724	\$ 1,012,280	\$ 4,682,628	\$ 2,118,604	\$ 503,235	\$ 162,099	\$ 11,486,570
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 403,829	\$ (272,562)	\$ (241,291)	\$ (1,040,253)	\$ 279,723	\$ (82)	\$ (870,636)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:							
Depreciation and capital adjustments	29,756	824,645	694,736				1,549,137
Receivables	246	100					346
Prepays		11,195			22,336		11,195
Due from component units							22,336
Inventory							16,052
Accounts payable	47,436	219,899					255,043
Accrued payroll	(14,757)	(4,395)	(12,292)				(19,152)
Accrued compensated absences	(9,824)	23,246					13,422
OPEB obligation	29,321	13,128		1,314			43,763
Insurance payable				(527,941)			(527,941)
Workers' compensation payable				160,405			160,405
Net cash provided by (used in) operating activities	\$ 486,007	\$ 831,308	\$ 441,153	\$ (1,406,475)	\$ 302,059	\$ (82)	\$ 653,970

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

Fiduciary Funds or Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other City funds. These include Expendable, Nonexpendable, and Pension Trust Funds and Agency Funds. Expendable Trust and Agency Funds are accounted for and reported as Governmental Funds.

TRUST

PENSION TRUST

This fund accounts for employee and employer pension contributions, accumulated assets, administrative expenses, investment income and payments to beneficiaries.

RETIREE HEALTH CARE BENEFITS PLAN & TRUST

The fund accounts for employer post retirement health care contributions, accumulated assets, administrative expenses and investment income. Payments for beneficiaries are not anticipated until the reserves for post retirement health care benefits have been depleted in the pension trusts.

City of Southfield
Combining Statement of Fiduciary Net Assets
Pension and Other Post-Employment Benefits Trust Funds
June 30, 2009

	Pension		Other Post- Employment Benefits	Totals
	Employee Retirement	Fire and Police	Retiree Health Care Benefits Plan & Trust	
ASSETS				
Cash and cash equivalents	\$ 2,303,682	\$ 4,056,812	\$ 197,256	\$ 6,557,750
Investments, at fair value:				
Government obligations	4,050,202	4,384,604	3,248,618	11,683,424
Corporate bonds	7,779,268	26,460,924	9,557,858	43,798,050
Common stock	54,222,821	103,542,023	12,039,618	169,804,462
Real estate and other	6,054,450	30,131,655		36,186,105
Cash and investments held as collateral for securities				
lending - short term investments pools	4,915,069	18,781,594		23,696,663
Total investments	77,021,810	183,300,800	24,846,094	285,168,704
Receivables, net	200,698	-	35,639	236,337
Total assets	79,526,190	187,357,612	25,078,989	291,962,791
LIABILITIES				
Accounts payable	93,276			93,276
Due to other governmental units	1,460,174			1,460,174
Due to fiduciary		133,392		133,392
Obligations under securities				
lending agreements	4,915,069	18,781,594		23,696,663
Total liabilities	6,468,519	18,914,986	-	25,383,505
NET ASSETS				
Reserved for pension benefits	73,057,671	155,031,881		228,089,552
Reserved for post-retirement health care benefits		13,410,745	25,078,989	38,489,734
Total net assets	\$ 73,057,671	\$ 168,442,626	\$ 25,078,989	\$ 266,579,286

The notes to the financial statements are an integral part of this statement.

City of Southfield

Combining Statement of Changes in Fiduciary Net Assets Pension and Other Post-Employment Benefits Trust Funds For the Year Ended June 30, 2009

	Pension		Other Post- Employment Benefits	
	Employee Retirement	Fire and Police	Retiree Health Care Benefits Plan & Trust	Totals
ADDITIONS				
Contributions:				
Plan members	\$ 15,851	\$ 927,924	\$ 1,048,826	\$ 1,992,601
Employer	<u>2,809,926</u>	<u>3,066,652</u>	<u>4,805,289</u>	<u>10,681,867</u>
Total contributions	2,825,777	3,994,576	5,854,115	12,674,468
Investment activity or loss:				
Net decrease in fair value of investments	(18,834,770)	(51,361,767)	(2,414,225)	(72,610,762)
Investment earnings	1,254,695	3,878,001	2,935	5,135,631
Dividends	1,304,864	1,824,932	1,168,177	4,297,973
Other			<u>19,069</u>	<u>19,069</u>
Total investment loss	(16,275,211)	(45,658,834)	(1,224,044)	(63,158,089)
Less investment expense:	354,828	597,784	30,950	983,562
Net investment loss	<u>(16,630,039)</u>	<u>(46,256,618)</u>	<u>(1,254,994)</u>	<u>(64,141,651)</u>
Total additions	<u>(13,804,262)</u>	<u>(42,262,042)</u>	<u>4,599,121</u>	<u>(51,467,183)</u>
DEDUCTIONS				
Benefits	6,216,661	14,125,569		20,342,230
Health care expense		3,029,748		3,029,748
Administrative expense	<u>192,898</u>	<u>475,263</u>	<u>57,954</u>	<u>726,115</u>
Total deductions	<u>6,409,559</u>	<u>17,630,580</u>	<u>57,954</u>	<u>24,098,093</u>
Net increase (decrease)	(20,213,821)	(59,892,622)	4,541,167	(75,565,276)
Net assets - beginning	<u>93,271,492</u>	<u>228,335,248</u>	<u>20,537,822</u>	<u>342,144,562</u>
Net assets - ending	<u>\$ 73,057,671</u>	<u>\$ 168,442,626</u>	<u>\$ 25,078,989</u>	<u>\$ 266,579,286</u>

The notes to the financial statements are an integral part of this statement.

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FIDUCIARY FUNDS

AGENCY

DEPOSITS AND ESCROW

This fund is for builders' cash bonds and similar escrow deposits or prepaid taxes.

IMPREST PAYROLL

This fund is a clearing-account for payroll disbursements which is replenished from other funds.

46TH DISTRICT COURT

This fund is for the activity of adjoining municipalities served by the 46th District Court of the State of Michigan. The City acts as district control unit for the 46th District Court.

City of Southfield
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2009

	<u>Imprest Payroll</u>	<u>Deposits and Escrow</u>	<u>46th District Court</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 692,405	\$ 604,251	\$ 1,100,968	\$ 2,397,624
Investments		3,246,576		3,246,576
Receivables, net		20,903		20,903
Due from fiduciary	<u>133,392</u>			<u>133,392</u>
Total assets	<u>\$ 825,797</u>	<u>\$ 3,871,730</u>	<u>\$ 1,100,968</u>	<u>\$ 5,798,495</u>
LIABILITIES				
Accounts payable	\$ 825,469	\$ 13,200		\$ 838,669
Deposits and escrow		3,856,520	\$ 256,265	4,112,785
Interest payable	328	2,010		2,338
Due to other governmental units			<u>844,703</u>	<u>844,703</u>
Total liabilities	<u>\$ 825,797</u>	<u>\$ 3,871,730</u>	<u>\$ 1,100,968</u>	<u>\$ 5,798,495</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
IMPREST PAYROLL				
ASSETS				
Cash and cash equivalents	\$ 446,507	\$ 150,536,392	\$ 150,290,494	\$ 692,405
Due from fiduciary	<u>60,021</u>	<u>89,339</u>	<u>15,968</u>	<u>133,392</u>
TOTAL ASSETS	<u>\$ 506,528</u>	<u>\$ 150,625,731</u>	<u>\$ 150,306,462</u>	<u>\$ 825,797</u>
LIABILITIES				
Accounts payable	\$ 503,855	\$ 70,955,816	\$ 70,634,202	\$ 825,469
Interest payable	<u>2,673</u>	<u>23,045</u>	<u>25,390</u>	<u>328</u>
TOTAL LIABILITIES	<u>\$ 506,528</u>	<u>\$ 70,978,861</u>	<u>\$ 70,659,592</u>	<u>\$ 825,797</u>
DEPOSITS AND ESCROW				
ASSETS				
Cash and cash equivalents	\$ 489,852	\$ 408,818,157	\$ 408,703,759	\$ 604,250
Investments	3,612,692	778,071	1,144,186	3,246,577
Receivables, net	<u>43,879</u>	<u>7,110</u>	<u>30,086</u>	<u>20,903</u>
TOTAL ASSETS	<u>\$ 4,146,423</u>	<u>\$ 409,603,338</u>	<u>\$ 409,878,031</u>	<u>\$ 3,871,730</u>
LIABILITIES				
Accounts payable	\$ 15,218	\$ 1,570,711	\$ 1,572,729	\$ 13,200
Deposits and escrow	4,115,113	197,645,842	197,904,435	3,856,520
Interest payable	<u>16,092</u>	<u>82,606</u>	<u>96,688</u>	<u>2,010</u>
TOTAL LIABILITIES	<u>\$ 4,146,423</u>	<u>\$ 199,299,159</u>	<u>\$ 199,573,852</u>	<u>\$ 3,871,730</u>

The notes to the financial statements are an integral part of this statement.

City of Southfield
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
46th DISTRICT COURT				
ASSETS				
Cash and cash equivalents	\$ 1,171,110	\$ 1,424,172	\$ 1,494,314	\$ 1,100,968
TOTAL ASSETS	<u>\$ 1,171,110</u>	<u>\$ 1,424,172</u>	<u>\$ 1,494,314</u>	<u>\$ 1,100,968</u>
LIABILITIES				
Deposits and escrow	\$ 248,073	\$ 217,344	\$ 209,152	\$ 256,265
Due to other governmental units	<u>923,037</u>	<u>1,206,828</u>	<u>1,285,162</u>	<u>844,703</u>
TOTAL LIABILITIES	<u>\$ 1,171,110</u>	<u>\$ 1,424,172</u>	<u>\$ 1,494,314</u>	<u>\$ 1,100,968</u>
 TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,107,469	\$ 560,778,721	\$ 560,488,567	\$ 2,397,623
Investments	3,612,692	778,071	1,144,186	3,246,577
Receivables, net	43,879	7,110	30,086	20,903
Due from fiduciary	<u>60,021</u>	<u>89,339</u>	<u>15,968</u>	<u>133,392</u>
TOTAL ASSETS	<u>\$ 5,824,061</u>	<u>\$ 561,653,241</u>	<u>\$ 561,678,807</u>	<u>\$ 5,798,495</u>
LIABILITIES				
Accounts payable	\$ 519,073	\$ 72,526,527	\$ 72,206,931	\$ 838,669
Deposits and escrow	4,363,186	197,863,186	198,113,587	4,112,785
Interest payable	18,765	105,651	122,078	2,338
Due to other governmental units	<u>923,037</u>	<u>1,206,828</u>	<u>1,285,162</u>	<u>844,703</u>
TOTAL LIABILITIES	<u>\$ 5,824,061</u>	<u>\$ 271,702,192</u>	<u>\$ 271,727,758</u>	<u>\$ 5,798,495</u>

The notes to the financial statements are an integral part of this statement.

(continued)

City of Southfield, Michigan

Statistical Section

June 30, 2009

This part of the City of Southfield's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	135
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	139
Demographic and Economic Information	
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Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	149
Continuing Disclosure	
Information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market.	152

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

City Of Southfield, Michigan

Net Assets By Component
Last Five Fiscal Years

	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 50,359,729	\$ 43,981,356	\$ 96,622,538	\$ 95,788,777	\$ 99,498,443
Restricted	26,773,622	21,977,261	17,123,664	21,381,750	17,184,888
Unrestricted	39,644,151	46,210,673	52,521,113	51,018,061	53,090,157
Total governmental activities net assets	<u>\$ 116,777,502</u>	<u>\$ 112,169,290</u>	<u>\$ 166,267,315</u>	<u>\$ 168,188,588</u>	<u>\$ 169,773,488</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 48,116,846	\$ 39,807,997	\$ 41,433,296	\$ 42,298,075	\$ 44,285,188
Unrestricted	6,552,361	9,487,867	12,588,656	17,331,934	19,768,774
Total business-type activities net assets	<u>\$ 54,669,207</u>	<u>\$ 49,295,864</u>	<u>\$ 54,021,952</u>	<u>\$ 59,630,009</u>	<u>\$ 64,053,962</u>
Primary government					
Invested in capital assets, net of related debt	\$ 98,476,575	\$ 83,789,353	\$ 138,055,834	\$ 138,086,852	\$ 143,783,631
Restricted	26,773,622	21,977,261	17,123,664	21,381,750	17,188,888
Unrestricted	46,196,512	55,698,540	65,109,769	68,349,995	72,858,931
Total primary government net assets	<u>\$ 171,446,709</u>	<u>\$ 161,465,154</u>	<u>\$ 220,289,267</u>	<u>\$ 227,818,597</u>	<u>\$ 233,831,450</u>

City Of Southfield, Michigan

Changes In Net Assets
Last Five Fiscal Years

	Fiscal Year Ended				
	6/30/2005	6/30/2006	6/30/2007	6/30/2008	6/30/2009
Expenses					
Governmental activities:					
General government	\$ 17,131,210	\$ 19,532,789	\$ 18,524,088	\$ 19,428,469	\$ 13,922,094
Public safety	43,371,039	43,865,374	44,430,868	45,984,377	46,895,967
Highway and streets	9,364,726	6,620,471	8,917,020	9,997,853	10,813,836
Public services	1,071,101	1,269,836	1,767,535	1,628,937	534,227
Sanitation	3,098,198	3,005,450	3,135,037	3,318,995	3,114,136
Community improvement	805,130	688,507	983,371	765,710	1,849,575
Social services	3,074,478	3,259,447	3,928,231	4,260,962	5,820,354
Culture and recreation	15,629,319	15,624,153	12,270,136	16,951,218	15,754,194
Interest on long-term debt	2,855,648	2,677,980	2,442,534	2,526,544	2,485,853
Total governmental activities expenses	<u>96,400,849</u>	<u>96,544,007</u>	<u>96,398,820</u>	<u>104,863,065</u>	<u>101,190,236</u>
Business-type activities:					
Water and sewer	24,983,288	26,181,432	27,337,692	27,583,980	27,080,634
Total primary government expenses	<u>\$ 121,384,137</u>	<u>\$ 122,725,439</u>	<u>\$ 123,736,512</u>	<u>\$ 132,447,045</u>	<u>\$ 128,270,870</u>
Program revenues					
Charges for services:					
General government	\$ 957,943	\$ 1,049,757	\$ 1,263,737	\$ 1,217,147	\$ 1,185,978
Public safety	6,237,345	8,193,658	8,100,022	7,982,449	7,184,088
Public services	1,266,861	749,867	780,328	724,340	1,000,017
Sanitation	2,891,792	3,174,219	3,288,850	3,298,391	2,788,701
Social Services	216,055	-	-	-	-
Community improvement	-	351,650	391,333	582,288	307,361
Culture and recreation	4,387,126	3,865,955	3,893,893	3,825,297	4,036,391
Operating grants and contributions	19,171,434	11,375,671	11,018,576	8,175,429	11,774,151
Capital grants and contributions	-	-	1,252,893	354,025	506,150
Total governmental activities program revenues	<u>35,128,556</u>	<u>28,760,777</u>	<u>29,989,632</u>	<u>26,159,366</u>	<u>28,782,837</u>
Business-type activities:					
Charges for services:					
Water and sewer	28,270,555	30,360,684	31,726,037	32,648,690	30,990,998
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>\$ 28,270,555</u>	<u>\$ 30,360,684</u>	<u>\$ 31,726,037</u>	<u>\$ 32,648,690</u>	<u>\$ 30,990,998</u>
Total primary government program revenues	<u>\$ 63,399,111</u>	<u>\$ 59,121,461</u>	<u>\$ 61,715,669</u>	<u>\$ 58,808,056</u>	<u>\$ 59,773,835</u>
Net (Expense)/Revenue					
Governmental activities	\$ (61,272,293)	\$ (67,783,230)	\$ (66,409,188)	\$ (78,703,699)	\$ (72,407,399)
Business-type activities	3,287,267	4,179,252	4,388,345	5,064,710	3,910,364
Total primary government net expense	<u>\$ (57,985,026)</u>	<u>\$ (63,603,978)</u>	<u>\$ (62,020,843)</u>	<u>\$ (73,638,989)</u>	<u>\$ (68,497,035)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 56,580,394	\$ 57,438,780	\$ 59,906,757	\$ 62,138,583	\$ 62,427,297
Unrestricted state shared revenues	-	7,529,602	5,659,838	11,894,554	6,997,030
Unrestricted investment earnings	1,290,051	2,128,092	3,718,849	4,341,955	2,246,603
Gain on sale of capital assets	-	-	-	-	498,175
Miscellaneous	372,111	1,497,723	2,072,421	2,204,425	1,769,203
Transfers	1,088,969	984,112	337,882	45,455	53,991
Total governmental activities	<u>59,331,525</u>	<u>69,578,309</u>	<u>71,695,747</u>	<u>80,624,972</u>	<u>73,992,299</u>
Business-type activities:					
Interest and investment earnings	46,536	91,887	413,912	496,176	459,454
Miscellaneous	-	452,581	261,713	92,626	108,126
Transfers	(1,088,969)	(984,112)	(337,882)	(45,455)	(53,991)
Total business-type activities	<u>(1,042,433)</u>	<u>(439,644)</u>	<u>337,743</u>	<u>543,347</u>	<u>513,589</u>
Total primary government	<u>\$ 58,289,092</u>	<u>\$ 69,138,665</u>	<u>\$ 72,033,490</u>	<u>\$ 81,168,319</u>	<u>\$ 74,505,888</u>
Change in Net Assets					
Governmental activities	\$ (1,940,768)	\$ 1,795,079	\$ 5,286,559	\$ 1,921,273	\$ 1,584,900
Business-type activities	2,244,834	3,739,608	4,726,088	5,608,057	4,423,953
Total primary government	<u>\$ 304,066</u>	<u>\$ 5,534,687</u>	<u>\$ 10,012,647</u>	<u>\$ 7,529,330</u>	<u>\$ 6,008,853</u>

City of Southfield, Michigan

Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year Ended									
	<u>6/30/2000</u>	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>
General Fund Reserved	\$ 852,050	\$ 789,103	\$ 546,382	\$ 367,957	\$ 117,690	\$ 189,208	\$ 550,489	\$ 525,041	\$ 1,217,099	\$ 1,147,909
Unreserved	21,485,393	22,496,809	22,798,687	20,710,151	16,624,098	14,548,555	13,724,612	14,455,735	16,089,446	14,298,511
Total general fund	<u>\$22,337,443</u>	<u>\$23,285,912</u>	<u>\$23,345,069</u>	<u>\$21,078,108</u>	<u>\$ 16,741,788</u>	<u>\$ 14,737,763</u>	<u>\$ 14,275,101</u>	<u>\$ 14,980,776</u>	<u>\$ 17,306,545</u>	<u>\$ 15,446,420</u>
All Other Governmental Funds Reserved	\$ 6,271,871	\$ 5,719,969	\$10,437,297	\$ 4,718,800	\$ 3,407,858	\$ 18,675,070	\$ 9,284,327	\$ 7,805,333	\$ 9,488,625	\$ 7,025,900
Unreserved, reported in:										
Special revenue funds	10,392,135	13,390,789	6,844,964	7,334,047	10,445,192	11,817,766	16,311,683	19,117,959	16,124,569	17,854,293
Capital projects funds	(1,036,347)	27,781,377	17,573,417	3,719,988	7,206,768	1,682,220	651,713	(70,062)	403,056	1,345,019
Total all other governmental funds	<u>\$15,627,659</u>	<u>\$46,892,135</u>	<u>\$34,855,678</u>	<u>\$15,772,835</u>	<u>\$ 21,059,818</u>	<u>\$ 32,175,056</u>	<u>\$ 26,247,723</u>	<u>\$ 26,853,230</u>	<u>\$ 26,016,250</u>	<u>\$ 26,225,212</u>

City of Southfield, Michigan
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	<u>6/30/2000</u>	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2006</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2009</u>
Revenues										
Property taxes	\$ 46,702,630	\$ 48,692,539	\$ 50,467,346	\$ 53,484,423	\$ 54,873,260	\$ 56,580,394	\$ 57,438,780	\$ 59,906,757	\$ 62,138,582	\$ 58,479,539
Special assessments	213,204	130,542	139,465	144,711	256,106	226,617	351,650	391,334	582,286	307,360
Charges for services	9,203,793	8,358,482	8,536,445	4,925,841	4,840,769	5,724,118	6,105,995	6,161,016	5,773,170	5,962,325
Sanitation	-	-	-	2,635,950	2,796,697	2,891,792	3,174,219	3,288,850	3,298,391	2,788,701
Licenses and permits	2,321,821	2,338,782	2,504,585	2,138,586	2,139,257	2,284,166	2,415,319	2,266,707	2,303,092	1,929,428
Fines and forfeitures	3,187,397	3,223,027	3,879,502	3,285,295	3,654,601	3,448,333	4,541,759	4,676,288	4,630,338	4,301,060
Franchise fees	-	-	-	632,589	794,955	784,539	796,165	933,968	1,042,624	1,241,083
Intergovernmental:	17,658,307	19,999,755	19,827,155	17,900,570	21,151,052	19,171,434	-	-	-	-
Federal	-	-	-	-	-	-	3,425,270	5,262,829	5,140,874	5,720,885
State	-	-	-	-	-	-	13,460,688	11,591,002	10,822,057	15,974,466
Local	-	-	-	-	-	-	1,865,718	877,146	842,908	792,977
Contributions and donations	-	-	-	139,316	164,355	145,494	153,597	200,330	163,091	122,515
Investment earnings	3,219,563	6,101,892	6,274,486	1,852,586	391,341	1,290,051	2,128,092	3,718,849	4,341,970	2,246,593
Other	1,533,802	1,236,773	1,065,532	1,578,738	4,358,997	1,094,619	1,497,722	2,072,421	2,199,173	1,868,587
Total revenues	<u>84,040,517</u>	<u>90,081,792</u>	<u>92,694,516</u>	<u>88,718,615</u>	<u>95,421,390</u>	<u>93,641,557</u>	<u>97,354,974</u>	<u>101,347,497</u>	<u>103,278,556</u>	<u>101,735,519</u>
Expenditures										
General government	9,294,822	9,691,121	10,190,386	12,520,374	13,181,000	10,450,600	12,902,435	14,237,883	10,087,795	10,987,723
Public safety	34,579,263	36,041,768	36,985,614	39,300,653	40,913,571	42,957,930	43,448,812	43,818,743	46,039,407	45,968,224
Highways and streets	7,088,625	10,062,567	12,124,101	15,905,920	9,368,064	8,366,140	15,962,775	11,224,023	9,979,749	12,277,818
Public services	3,514,649	3,877,770	3,858,964	640,846	666,943	1,071,101	1,141,958	1,244,991	1,016,601	839,089
Sanitation	-	-	-	3,269,942	3,384,947	3,098,198	3,005,450	3,114,136	3,318,995	3,114,136
Community improvement	737,226	981,537	895,391	1,673,691	1,097,284	804,973	688,469	983,888	766,041	1,849,947
Social services	2,597,180	2,774,808	2,697,028	2,868,596	3,070,466	2,883,289	3,059,036	3,626,144	4,044,774	5,559,894
Culture and recreation	11,222,413	12,072,708	13,593,624	28,391,832	16,075,431	14,267,105	15,200,412	14,754,784	15,337,823	14,986,054
Other	5,457,425	5,001,277	4,637,218	30,335	2,147,253	7,403,661	1,913,946	1,505,447	2,162,297	1,440,274
Insurance and bonds	-	-	-	812,074	709,707	632,071	685,698	700,088	601,949	592,966
Support services	-	-	-	4,482,115	5,694,201	3,738,158	4,586,846	3,685,933	5,075,993	3,399,010
Capital outlay	3,880,740	4,266,926	17,228,005	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirement	2,042,589	2,113,985	2,143,970	2,321,134	2,948,637	1,317,119	1,150,655	1,486,950	3,113,402	2,247,151
Interest and fiscal charges	757,770	1,387,466	2,257,588	2,259,677	2,323,407	2,276,831	2,522,495	2,442,607	2,648,689	2,401,280
Total expenditures	<u>81,172,702</u>	<u>88,271,933</u>	<u>106,611,889</u>	<u>114,477,189</u>	<u>102,150,911</u>	<u>99,267,176</u>	<u>106,268,987</u>	<u>102,846,489</u>	<u>104,193,515</u>	<u>105,663,566</u>
Excess of revenues over (under) expenditures	2,867,815	1,809,859	(13,917,373)	(25,758,574)	(6,729,521)	(5,625,619)	(8,914,013)	(1,498,992)	(914,959)	(3,928,047)
Other Financing Sources (Uses)										
Bond/Loan proceeds	-	29,607,050	-	1,975,000	4,851,171	12,441,024	-	-	932,958	792,290
Sale of capital assets	-	-	-	-	-	-	-	-	-	498,175
Transfers in	5,455,178	8,414,056	11,774,656	7,065,795	10,348,811	7,447,155	14,918,362	8,811,134	6,614,191	5,444,907
Transfers out	(4,060,876)	(7,459,203)	(9,711,310)	(5,771,242)	(7,519,798)	(5,151,347)	(13,706,042)	(6,000,960)	(5,143,401)	(4,458,488)
Total other financing sources (uses)	<u>1,394,302</u>	<u>30,561,903</u>	<u>2,063,346</u>	<u>3,269,553</u>	<u>7,680,184</u>	<u>14,736,832</u>	<u>1,212,320</u>	<u>2,810,174</u>	<u>2,403,748</u>	<u>2,276,884</u>
Net change in fund balances	\$ <u>4,262,117</u>	\$ <u>32,371,762</u>	\$ <u>(11,854,027)</u>	\$ <u>(22,489,021)</u>	\$ <u>950,663</u>	\$ <u>9,111,213</u>	\$ <u>(7,701,693)</u>	\$ <u>1,311,182</u>	\$ <u>1,488,789</u>	\$ <u>(1,651,163)</u>

City Of Southfield, Michigan

**General Fund Balance Compared To Annual Expenditures
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Undesignated Fund Balance	Annual Expenditures	Balance As Percent Of Expenditures
2000	\$ 7,246,646	\$ 52,605,432	13.8%
2001	7,316,869	54,206,915	13.5
2002	7,545,390	55,256,370	13.7
2003	3,841,110	58,064,585	06.6
2004	2,972,962	61,147,556	04.9
2005	5,711,531	61,159,478	09.3
2006	5,922,094	61,966,586	09.6
2007	5,946,729	62,582,301	09.5
2008	5,980,632	66,073,509	09.1
2009	4,274,837	64,249,281	07.0

City of Southfield, Michigan

**General Governmental Tax
Revenue By Source
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Funds									
	Major Funds					Non-Major Funds				
	<u>General Fund</u>	<u>Municipal Fund</u>	<u>Parks & Recreation</u>	<u>Library</u>	<u>Local Street</u>	<u>Debt Service</u>	<u>Drains at Large</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Capital</u>
2000	11.1368	0.4551	1.7072	1.3054	0.9754	N/A	N/A	0.4679	N/A	0.4679
2001	10.8427	0.5083	1.6614	2.1048	0.9492	N/A	N/A	0.3804	N/A	0.3804
2002	10.7329	0.5348	1.6524	2.0934	0.9440	N/A	N/A	0.3065	N/A	0.3065
2003	10.7482	0.4401	1.6524	2.0934	0.9440	N/A	N/A	0.2748	N/A	0.2748
2004	10.9002	0.4913	1.6524	2.0934	0.9440	N/A	N/A	0.2615	N/A	0.2615
2005	11.0436	0.4227	1.6524	2.0934	0.9440	0.1590	0.1590	0.0277	0.1590	0.0277
2006	11.1515	0.4227	1.6524	2.0934	0.9440	0.0788	0.0788	N/A	0.0788	N/A
2007	11.1191	0.3361	1.6524	2.0934	0.9440	0.1978	0.1978	N/A	0.1978	N/A
2008	11.2091	0.2539	1.6524	2.0934	0.9440	0.1900	0.1900	N/A	0.1900	N/A
2009	11.1364	0.3322	1.6524	2.0934	0.9440	0.1844	0.1844	N/A	0.1844	N/A

City Of Southfield, Michigan
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending Jun 30	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Real Tax Reimburse	Delinquent Personal Tax Collections	Total Tax Collections	Percent Of Total Tax Collect. To Tax Levy	Out-standing Delinq. Personal Taxes	Percent of Delinq. Taxes To Tax Levy
2000	\$ 44,827,185	\$ 43,086,171	96.1%	\$ 1,531,350	67,295	\$ 44,617,521	99.5%	\$ 209,664	0.5%
2001	47,637,367 *	45,397,597	95.3	1,763,241	25,252	47,160,838	99.0	476,529	1.0
2002	48,423,568	45,844,481	94.7	2,066,704	11,574	47,911,185	98.9	512,383	1.1
2003	50,904,589	47,932,449	94.2	2,372,308	58,622	50,304,756	98.8	599,832	1.2
2004	52,521,185	49,823,413	94.9	2,154,404	40,969	52,018,785	99.0	539,288	1.0
2005	54,916,497	52,142,667	94.9	2,286,487	37,729	54,466,883	99.2	487,285	0.9
2006	56,401,493	53,191,336	94.3	2,775,221	37,174	56,003,731	99.3	385,036	0.7
2007	57,479,365	53,734,965	93.5	3,506,368	64,980	57,306,313	99.7	169,503	0.3
2008	59,298,870	55,100,862	92.9	3,913,538	203,884	59,218,284	99.9	77,138	0.1
2009	59,875,490	56,077,575	93.7	3,520,784	46,599	59,644,958	99.6	225,257	0.4

* Reflects first year of full levy of Library millage approved by the City's voters on March 9, 1999.

City Of Southfield, Michigan

Assessed Value (AV) Of Taxable Property
Last Ten Fiscal Years

State Equalized Valuation (SEV) (1) / Taxable Valuation (TV) (2)

FY Ending 30-Jun	Real Property(AV)	Personal Property(AV)	Total Property(SEV)	TV	Increase
2000	\$ 2,682,684,450	\$ 562,771,170	\$ 3,245,455,620	2,825,989,180 TV	4.4%
2001	2,955,145,140	497,451,340	3,452,596,480	2,929,875,361 TV	3.7
2002	3,159,012,430	513,878,170	3,672,890,600	3,078,615,673 TV	5.1
2003	3,416,720,080	519,877,800	3,936,597,880	3,230,941,830 TV	4.9
2004	3,583,436,040	457,372,200	4,040,808,240	3,268,025,510 TV	1.1
2005	3,727,441,360	452,521,050	4,179,962,410	3,386,748,000 TV	3.6
2006	(3) 3,800,543,077	437,831,900	4,238,374,977	3,482,684,152 TV	2.8
2007	(3) 3,870,636,770	434,458,060	4,305,094,830	3,604,818,967 TV	3.5
2008	(3) 3,928,252,190	443,694,640	4,371,946,830	3,725,952,640 TV	3.4
2009	3,879,379,890	431,953,600 (4)	4,311,333,490 (4)	3,752,556,640 TV	0.7

Notes:

- (1) In accordance with the 1970 State of Michigan Constitution, SEV is 50% of appraised or estimated fair market value.
- (2) On March 15, 1994, Michigan voters approved changes in the property tax system which affects municipal budgets by placing a cap on taxable value (TV) that is used to compute property tax revenues. Under the changes, effective with the 1995-96 fiscal year, real property assessed value (AV) continues to be adjusted to reflect fair market value, while the taxable value adjustment is limited to the lesser of 5% or the rate of inflation provided the property remained in the same ownership. Upon a property transfer, the cap is removed the following year, increasing the taxable value to the same level as the assessed value, thus established a new base for the again capped taxable value. Previously, real property was adjusted to market value for tax purposes on an annual basis and was not subject to a per parcel limitation or cap. Prior to the 1995-96 fiscal year, all assessed value was taxable. Now, and in the future, some growth in assessed value will not be taxable. The traditional terminology of "State Equalized Value" (SEV) still exists. However, since SEV no longer represents the tax revenue producing power of a municipality, the term "taxable value" is now the fiscally relevant terminology.

(3) Assessing department provided corrected data for FY2006 - FY2008.

(4) Source: Oakland County Website

City of Southfield, Michigan

Property Tax Rates (Per \$1,000 of Taxable Assessed Value)

Fiscal Year Ending June 30	General Fund					Special Revenue Funds					Debt Service Funds		
	Operating	Public Safety Expansion	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains At Large	Building Authority	Total All Rates			
2000	6.829	2.927	1.382	1.707	1.305	0.975	0.455		0.468	16.048			
2001	6.645	2.848	1.350	1.661	2.105	0.949	0.508		0.380	16.446			
2002	6.609	2.833	1.291	1.652	2.093	0.944	0.535		0.307	16.264			
2003	6.609	2.833	1.301	1.652	2.093	0.944	0.440		0.275	16.147			
2004	6.609	2.833	1.458	1.652	2.093	0.944	0.491		0.262	16.342			
2005	6.609	2.833	1.602	1.652	2.093	0.944	0.423	0.159	0.028	16.343			
2006	6.609	2.833	1.710	1.652	2.093	0.944	0.423	0.079	0.000	16.343			
2007	6.609	2.833	1.677	1.652	2.093	0.944	0.336	0.198	0.000	16.342			
2008	6.609	2.833	1.767	1.652	2.093	0.944	0.254	0.190	0.000	16.341			
2009	6.609	2.833	1.695	1.652	2.093	0.944	0.332	0.184	0.000	16.342			

ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Total City	Southfield		Oakland County		City % of Total	Birmingham Public School +	Oak Park Public School +
					Public School	Intermediate	Operating Levy	Community College			
2000	11.137	4.443	0.468	16.048 **	29.665	2.100 ++	4.979	1.630	29.5	19.700	14.298
2001	10.843	5.223	0.380	16.446 **	28.909	3.453 ++	4.965	1.595	29.7	18.485	14.272
2002	10.733	5.225	0.307	16.264	28.909	3.453	4.965	1.595	29.2	18.485	14.273
2003	10.748	5.130	0.275	16.153	28.895	3.422	5.252	1.609	29.2	17.751	14.173
2004	10.900	5.181	0.262	16.343	27.895	3.400	5.247	1.598	30.0	16.427	12.310
2005	11.044	5.113	0.187	16.343	27.895	3.379	5.244	1.589	30.0	18.413	13.000
2006	11.152	5.112	0.079	16.343	27.893	3.369	5.241	1.584	30.0	18.210	13.000
2007	11.119	5.025	0.198	16.342	27.893	3.369	5.236	1.584	30.0	17.818	12.890
2008	11.208	4.943	0.190	16.341	27.250	3.369	5.236	1.584	30.4	17.160	12.970
2009	11.137	5.021	0.184	16.342	22.204	3.369	5.236	1.584	33.5	16.742	12.970

* Southfield Public Schools are used in the example because their portion of taxable assessed valuation (\$2,865,225,040) is the largest in the City. Comparative rates are presented for Birmingham and Oak Park Schools.

** Rate includes 6 mills for state education.

+ Homestead rate used.

++ Includes Suburban Mobility Authority Regional Transportation (S.M.A.R.T) tax.

City Of Southfield, Michigan

**History of Constitutional Tax Rate Rollback Factors
Required Under Proposal E (The "Headlee" Amendment)
Ratified November 7, 1978**

Fiscal Year Ending June 30	Preceding Year's TAV	-	Losses	X	CPI =	TAV Ceiling	Actual TAV	-	New TAV	=	Adjusted TAV	Ratio (1) Factor	Rollback Factor (2)
2000	\$ 2,707,964,479	\$	124,212,523	1.016	\$ 2,625,091,987	\$ 2,825,989,180			\$ 173,090,804		\$ 2,652,898,376	0.9895	0.9754
2001	2,825,989,180		137,447,971	1.019	2,739,623,492	2,929,875,361			114,894,355		2,814,981,006	0.9732	0.9492
2002	2,929,875,361		132,984,677	1.032	2,886,391,186	3,078,615,673			176,560,727		2,902,054,946	0.9946	0.9440
2003	3,078,615,673		116,702,592	1.032	3,056,694,300	3,230,941,830			180,893,047		3,050,048,783	1.0022	0.9440
2004	3,230,941,830		137,098,147	1.015	3,140,251,338	3,268,025,510			169,450,040		3,098,575,470	1.0135	0.9440
2005	3,268,025,510		102,696,868	1.023	3,238,131,201	3,386,748,000			197,099,758		3,189,648,242	1.0152	0.9440
2006	3,386,748,000		113,723,281	1.023	3,348,304,288	3,482,084,152			136,257,076		3,345,827,076	1.0007	0.9440
2007	3,482,684,152		86,930,522	1.033	3,507,193,700	3,604,818,967			140,348,534		3,464,470,433	1.0123	0.9440
2008	3,604,818,967		94,159,344	1.037	3,640,554,029	3,725,952,640			129,377,149		3,596,575,491	1.0122	0.9440
2009	3,725,952,640		34,955,818	1.023	3,775,889,749	3,752,219,740			62,794,559		3,689,425,181	1.0234	0.9440

Notes:

- (1) Ratio of TAV ceiling to adjusted TAV.
- (2) The rollback factor is intended to provide local taxing units with a tax revenue ceiling, equal to 1978 authorized millage rates times 1978 assessments increased only by the official Consumer Price Index (CPI) index plus new construction. Any excess property tax authority above this ceiling is "rolled back" through application of a millage reduction fraction. The 1978 base millage reduction fraction was 1.000, which becomes the upper limit for future factors. As a compound millage reduction factor, the factor for one year is the product of the rollback factor of the previous year multiplied by the ratio of inflated taxable assessed value (TAV) divided by adjusted TAV of the current year. The inflated TAV for any year is calculated by multiplying the TAV of the previous year by the consumer price index for that year. This is compared to the adjusted TAV or the actual TAV for that year less net new construction (additions minus losses).

City Of Southfield, Michigan

Computation of Direct and Overlapping Debt at June 30, 2009

	Principal Amount Outstanding	Debt Principal Per Capita (1) (Pop. 78,296)	% Of State Equalized Value \$ 4,311,333,490
DIRECT AND INDIRECT DEBT			
Direct Debt			
General Obligation Bonds-Limited Tax	\$ 4,465,000		
Building Authority Bonds	27,890,000		
Water & Sewer Revenue Bonds	24,968,789		
Michigan Transportation Fund Bonds	10,700,000		
Direct Debt	68,023,789	\$ 868.80	1.58%
Indirect Debt			
Oakland County Contractual Obligations:			
- Drains At Large	\$ 9,073,243		
- Evergreen/Farmington Sewage Disposal	694,222		
Indirect Debt	9,767,465	124.75	0.23
Gross Debt	77,791,254	993.55	1.80
Less Deductions			
Funds on hand to repay principal			
Drains at Large	544,301		
Total Deductions	544,301	6.95	0.01
Net City Debt	77,246,953	986.60	1.79
OVERLAPPING DEBT (2)			
Southfield School District	94.81%	\$ 84,580,001	
Oak Park School District	22.27	5,540,776	
Birmingham School District	2.86	6,430,567	
Oakland County at Large	5.80	5,991,396	
Oakland County Intermediate School District	5.82	3,018,252	
Oakland County Community College	5.84	406,756	
Overlapping Debt		105,967,748	1,353.42
		\$ 183,214,701	\$ 2,340.03
			2.46
			4.25

Note:

(1) Final 2000 census data from the U.S. Census Bureau.

(2) Overlapping debt figures supplied by the Michigan Advisory Council, Detroit, Michigan.

City Of Southfield, Michigan

**Statement of Legal Debt Margin
June 30, 2009**

		Debt Margin Calculation			
	Gross Indebtedness	Statutory (1) Deductions	Net Indebtedness	Applicable Percentage	Statutory Limit
State Equalized Value at 12/31/08				<u>100%</u>	<u>\$ 4,311,333,490</u>
Debt Subject to Statutory Limitation					
General Obligation Bonds-Limited Tax	\$ 4,465,000		\$ 4,465,000		
Building Authority Bonds	27,890,000		27,890,000		
Oakland County Contractual Obligations-Drains	9,073,243		9,073,243		
Oakland County Contractual Obligations-Water	694,222		694,222		
	<u>\$ 42,122,465</u>		<u>42,122,465</u>	10	431,133,349
Michigan Transportation Fund Bond Emergency Bonds Special Assessment Bonds	10,700,000		10,700,000	0.375	16,167,501
	<u>52,822,465</u>		<u>\$ 52,822,465</u>	12	<u>517,360,019</u>
					<u>\$ 964,660,868</u>
State of Michigan Water Supply and Sewage Disposal Revenue Bonds Series to 6/30/02					
1998A (LTGO) 2.25%	1,092,048				
1998B (LTGO) 2.50%	8,800,000				
1999 (LTGO) 2.50%	8,391,741				
2000 (LTGO) 2.50%	6,685,000				
Total Water & Sewage Disposal Revenue Bonds		<u>\$ 24,968,789</u>			
Gross City Debt		<u>\$ 77,791,254</u>			

Notes:

(1) Deductions are allowed for restricted bond and interest redemption deposits held by fiscal agents.

**Ratio of Net General Debt To Assessed Value
And Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Population	Taxable Value	Bonded Debt (1)	Less Funds Available In Debt Service Funds	Net Bonded Debt	Ratio Of Net Bonded Debt To Taxable Value	Net Bonded Debt Per Capita
2000	76,240	\$ 2,825,989,180	\$ 7,040,382	\$ 1,641,133	\$ 5,399,249	0.19%	\$ 70.80
2001	78,296 (2)	2,929,875,361	37,283,425	2,505,457	34,777,968	1.19	444.19
2002	78,296	3,078,615,673	42,991,736	2,283,942	40,707,794	1.32	519.92
2003	78,296	3,230,941,830	41,391,437	1,931,390	39,460,047	1.22	503.99
2004	78,296	3,268,025,510	49,070,764	1,277,020	47,793,744	1.46	610.42
2005	78,296	3,386,748,000	61,849,781	825,031	61,024,750	1.80	779.00
2006	78,296	3,482,084,152	60,180,237	484,670	59,695,567	1.71	762.43
2007	78,296	3,604,818,967	58,071,903	615,315	57,456,588	1.59	733.84
2008	78,296	3,725,952,640	55,114,960	626,862	54,488,098	1.46	695.92
2009	78,296	3,752,556,640	52,822,465	544,301	52,822,465	1.41	674.65

**Ratio of Annual Debt Service Expenditures
For General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Principal	Interest	Total	Total (3) General Expenditures	Ratio Of Debt Service To Expenditures
2000	\$ 2,567,589	\$ 924,497	\$ 3,492,086	\$ 84,105,406	4.2
2001	2,688,985	1,489,067	4,178,052	96,369,159 (4)	4.3
2002	2,143,970	2,320,072	4,464,042	111,434,327 (4)	4.2
2003	2,007,382	2,258,065	4,265,447	115,849,647	3.7
2004	4,108,847 (5)	1,980,810	6,089,657	103,185,170	5.9
2005	1,050,703 (6)	2,124,653	3,175,356	99,418,921	3.2
2006	1,790,844	2,510,103	4,300,947	99,838,380	4.3
2007	2,108,334	2,440,043	4,548,377	102,474,054	4.4
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.5
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.2

Notes:

- (1) Excludes water revenue bonds
- (2) Final census data from U.S. Census Bureau.
- (3) Includes general, special revenue, capital, and component units.
- (4) See S-1, notes 8-10.
- (5) Includes bond call.
- (6) Excludes bonds defeased in the amount of \$27,175,000.

City Of Southfield, Michigan

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year Ending Jun 30	Population (1)	Per Capita Income (2)	Median Age (2)(5)	School Enrollment (3)	Unemployment Rate Percentage (4)	Retail Sales (000) (2)
2000	76,240	24,983	35.7	9,472	2.5	2,802,830
2001	78,296	27,023	35.9	9,878	4.2	2,764,128
2002	78,296	23,835	35.7	10,195	5.9	2,802,830
2003	78,296	27,023	35.9	10,631	5.9	2,764,128
2004	78,296	23,485	36.2	10,007	5.5	2,342,814
2005	78,296	21,990	36.2	10,099	7.9	2,315,321
2006	78,296	22,501	36.8	9,916	7.7	2,029,972
2007	78,296	*	39.8	9,485	8.6	*
2008	78,296	*	38.0	9,205	9.5	*
2009	78,296	*	38.3	8,854	18.1	*

Notes:

- (1) 1990/2000 Census Data From U.S. Census Bureau.
 - (2) Survey of Buying Power: Sales and Marketing Management; New York, N.Y.
 - (3) Southfield Public Schools, Southfield, Michigan.
 - (4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as Michigan Employment Security Commission.
 - (5) U.S. Census American Community Survey (For FY2007 and 2008)
- * Information no longer available

City Of Southfield, Michigan

Construction And Property Value
Last Ten Calendar Years

Annual Construction By Category

--- Commercial & Industrial---			----- Multi-Family -----			----- Single Family -----		
Calendar Year	Number Of Units	Value	Number Of Units	Value	Number Of Units	Value		
2000	10	\$ 26,149,331	16	\$ 6,957,850	64	\$ 8,886,653		
2001	22	72,066,172	16	6,319,025	38	5,129,541		
2002	16	27,292,518	17	8,574,664	53	7,892,462		
2003	13	26,300,486	7	4,695,068	79	15,530,225		
2004	8	16,210,000	8	2,957,145	69	11,613,829		
2005	12	27,060,063	0	0	71	10,531,501		
2006	4	12,496,655	4	2,634,073	39	7,884,206		
2007	16	25,352,632	3	2,820,569	42	9,688,170		
2008 ⁽¹⁾	13	21,505,836	5	5,165,383	17	3,654,450		
2009	9	17,433,423	0	0	16	3,504,592		

Property S.E.V. By Category

Commercial	Industrial	Residential	
2000	1,546,801,740	52,091,540	1,356,251,860
2001	1,603,662,800	55,278,190	1,500,071,440
2002	1,721,234,450	58,111,090	1,637,374,540
2003	1,773,624,540	60,869,190	1,748,942,310
2004	1,807,791,760	64,334,500	1,855,315,100
2005	1,801,405,640	64,725,410	1,934,412,027
2006	1,811,935,070	59,482,360	1,999,219,340
2007	1,807,018,700	78,808,770	2,042,424,720
2008	1,819,991,830	79,359,210	1,980,028,850
2009	1,789,855,022	96,125,570	1,648,195,710

Notes:

(1) Building department corrected data for FY2008.

Source: City of Southfield Building Department
City of Southfield Assessing Department

City Of Southfield, Michigan
Economic and Statistical History
June 30, 2009

AREA

26.7 square miles (since incorporation)

POPULATION

U.S. CENSUS	1980		1990		2000	
<u>Age Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
24 and under	24,701	32.7%	22,101	29.2%	23,089	29.5%
25 through 64	39,775	52.6	40,777	53.8	43,319	55.3
65 and older	11,092	14.7	12,850	17.0	11,888	15.2
Total Persons	75,568	100.0%	75,728	100.0%	78,296	100.0%

<u>Income Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
\$ 5,000 and under	1,652	5.6%	1,097	3.4%		
5,000 - 9,999	2,543	8.6	1,774	5.5	2,242	6.6%
10,000 - 14,999	3,038	10.2	1,951	6.1	1,412	4.2
15,000 - 24,999	6,634	22.4	3,988	12.4	3,495	10.3
25,000 and over	15,798	53.2	23,331	72.6	26,822	78.9
Total Households	29,665	100.0%	32,141	100.0%	33,971	100.0%

BUILDING CONSTRUCTION

Year	Permits	Value	Year	Permits	Value
2000	1,627	95,642,461	2005	1,263	110,358,912
2001	1,460	129,443,898	2006	1,259	80,260,782
2002	1,461	99,472,942	2007	1,030	100,553,384
2003	1,231	109,138,521	2008	1,008	75,367,575
2004	1,368	78,239,744	2009	1,034	67,130,316

WATER & SEWER SERVICES

Users/Consumers: 19,127 Water and Sewer combined; 167 Sewer only and 1,413 Water only.
 Use & Consumption: 492,841,900 cubic feet purchased
 System Capacity: 34 million gallons per day (MGD)
 Distribution System: Southeastern Oakland County Water Authority consisting of 11 communities. Ten are active with their own systems.
 Water Mains: 354.80 miles
 Fire Hydrants: 3,570
 Sewer Mains: 205.19 miles sanitary; 61.38 miles storm; 39.93 miles combined.

STREET FACILITIES

Streets: Total 245.73 miles, with 64.71 miles on the Major Street System and 180.02 miles on the Local Street System. Less than 5 miles remain unpaved.
 Alleys: Total under five miles.
 Sidewalks: Total 201.29 miles including ten miles of paved bike paths.
 Street Lights: Total 1,720.

PUBLIC SAFETY

Public Safety is organized for efficiency into three areas of overall administration and communications (PSA), police and fire.

Vehicles	P.S.A.	Police	1st Line/ Fire Reserve
Cars	2	97	8/0
Trucks	0	1	7/5
Life Support Vans, 4WD, etc.	0	0	5/2
	0	22	9/0
Total	2	120	29/7

Facilities: One main Public Safety Building housing Police, Civilian Support Services and Emergency Management, as well as a 36-cell detention facility operated by the Oakland County Sheriff's Department.

POLICE PROTECTION

Please note that the Southfield Police Department now uses NET RMS program from Oakland County CLEMIS for reporting incidents and calls for service.

Under this system crime is reported using Michigan Incident Crime Reporting (MICR) guidelines:

Group A Offenses: (serious incidents, which carry maximum penalty under the law: murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft,

POLICE PROTECTION (continued)

arson, kidnapping/abduction, forgery, fraud, embezzlement, receiving and concealing stolen property, vandalism, weapons violations, commercialized sex, drug law violations, gambling).

Group B Offenses: (fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic).

Law Violations: Group A Offenses - 6,263
 Group B Offenses - 3,347

Traffic Violations: 17,383

Incidents Handled: 60,300

FIRE PROTECTION

Alarms Answered: 11,359 runs
Medical Emergency: 9,251 runs

PARKS & RECREATION

The Parks and Recreation Department is responsible for 780 acres of park land and open space at 33 sites within the City. The newly-opened Carpenter Lake Nature Preserve features 42 acres of woodlands, forested wetlands and native meadows overlooking the beautiful five-acre Carpenter Lake. The Department offers over 1,000 recreation programs at facilities which include 2 nine-hole golf courses, a lighted driving range, a 50-meter outdoor swimming pool, a senior adult center, an indoor athletic field house, and a neighborhood recreation center. There are numerous ball fields, tennis and handball courts, picnic areas and shelters. Soccer fields, play lots and sand volleyball courts are located throughout the City for residents' enjoyment. A heated tee facility at the Beech Woods Driving Range opened in the winter of 2009 to offer residents year-round opportunities to improve their golf game. The City recently partnered with the Little Caesars Amateur Sports Foundation to take over the administration of the ice arena portion of the Southfield Sports Arena.

The Department is also responsible for a number of historical properties including the Burgh Historical Park, the Miller Barn at Inglenook Park and the Mary Thompson Farmhouse. The Burgh Historical Park includes an outdoor gazebo and six historic buildings which bustle with activities, including concerts, weddings, and a variety of other family and community events. The Burgh's 1854 Methodist Church is home to the City's SRO Productions civic theater company, now in its twenty-first season. The Mary Thompson Farmhouse was restored as a museum and is home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provide plots to over 100 enthusiastic gardeners who offer tours to school and scouting groups. The Senior Gardens has been recognized as one of the best community gardens in the nation and have received numerous awards from the Michigan State Fair.

PARKS & RECREATION (continued)

The Department offers many programs for disabled athletes including the Miracle League, a baseball program for disabled youth, and the Jr. Thunderbirds Wheelchair Basketball Program. Golf programs have been expanded to include youth programs such as Michigan First Tee and Midnight Golf, along with the PGA sponsored GAIN program for disabled golfers.

In addition to day-to-day programming for all Southfield residents, the Parks and Recreation Department is also focused when it comes to special events, including the Star Spangled Southfield fireworks event and Southfield Sports Festival. Quality entertainment is offered year-round with a variety of concert series including the popular free outdoor concerts held throughout the summer at the Burgh Gazebo and Eat to the Beat noontime series at City Centre. The Department has received many national awards for excellence in recreational programming, as well as for beautification and environmental maintenance and programming.

LIBRARY

The Southfield Public Library has something for everyone. We welcome over 2,000 guests each day to utilize our collection of over 250,000 items including books, movies, music and more. More than 175 public use computers are divided between all three levels of the building and wi-fi is available everywhere in the building.

Visit our children's area and experience the sense of discovery. The colorful carpet icons greet and direct you to special features including the Readers' Tree house and Fireplace, a Storybook Castle with a Dragon's Den and Puppet Theater, the Space Station Program Room and the Imaginarium Garden. The first level houses books and magazines for children and young adults, family movies, music and audio books. Children's programs are available throughout the year: story times, Battle of the Books, Summer Library Program and more have something for every one's interests. Teens have Club Q & A filled with graphic novels, books, music and movies.

The second and third levels provide a place where adults feel comfortable. Fireplaces, outdoor terraces, a quiet study room, a computer lab, group study rooms and a variety of seating ensure that there is a place for everyone. Printers, copiers and fax machines are available on each level.

We offer books, magazines and newspapers in standard and large print. The Library has a great book collection to fulfill your pleasure reading and your research. For your entertainment and education we offer lots of movies, documentaries, music and specialized online research sources. The collection includes items in several languages to meet the needs of our diverse community.

For the business community we have our Business StartUp Center which is dedicated to helping small businesses and non-profits plan, finance, manage and grow.

We preserve the tradition of the Library as a community center and gathering place. Special features include the Southfield History Room, a large meeting room, an auditorium and group study rooms. Throughout the year we host authors, artists, performers and experts on a variety of topics to enlighten and entertain you.

Economic and Statistical History (continued)

LIBRARY (continued)

The Library is a living symbol in the community, reflecting its values. It provides benefits to the community: as a meeting place, a gathering place, a learning place. The value of the Library is immeasurable – it touches all who desire to make education, literacy and culture a vital part of their lives. Like reading a book, the magic of the Southfield Public Library and its unique environment unfold before you. Discover it for yourself!

City of Southfield, Michigan

Capital Asset Statistics By
Function/Program
Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
<u>Police</u>										
Stations	2	3	3	3	3	3	3	3	3	3
<u>Streets</u>										
Miles of improved	290.01	290.01	290.01	290.01	290.01	290.01	290.01	290.01	290.01	290.01
Miles of unimproved	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5	less than 5
<u>Sewers</u>										
Miles of combination storm/sanitary	54.47	54.47	54.47	54.47	54.47	54.47	54.47	54.47	54.47	54.47
Miles of sanitary	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46
Miles of storm	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09
<u>Street Lights</u>										
Detroit Edison owned	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221
City owned	161	161	190	190	190	190	190	190	190	190
<u>Water</u>										
Annual distribution in million cubic feet	0	0	623,557,628	635,942,331	576,904,844	559,549,232	576,499,344	504,851,000	523,052,200	482,841,900
Miles of watermains	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73
Number of hydrants	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026
<u>Parks and Recreation</u>										
Number of developed parks	23	23	23	23	23	23	23	23	23	23
Acres of public parks	744 ⁽¹⁾	734	734 ⁽²⁾	787	787	787	787 ⁽³⁾	766	766	766
Number of tennis courts	22	20	20	20	20	20	20	20	16 ⁽⁴⁾	16 ⁽⁴⁾
Outdoor education center/farm	1	1	1	1	1	1	1	1	1	1
18-hole golf course	2	2	2	2	2	2	2	2	2	2
Ice arena	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1

(1) Deducted 10 acres from sale of the Centre for the Arts

(2) Added 16 acres to Valley Woods Nature Preserve from purchase of 16 acre Berberian Woods, 42 acres of Carpenter Lake Nature Preserve

(3) Deducted 5 acres from sale of Optimist Park

(4) Removed 4 tennis courts at Beech Woods (Some to be replaced at a later date)

Source: City of Southfield

City of Southfield, Michigan

**Authorized Full-Time Positions
Last Ten Fiscal Years**

Department	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Accounting	9.00	9.00	9.00	9.00	8.40	8.40	8.40	7.50	7.50	7.50
Administration	5.00	5.00	5.00	5.00	4.00	4.00	2.00	2.00	2.00	2.00
Assessing	11.50	11.50	11.50	11.50	11.15	11.15	10.65	10.65	9.65	9.65
Building	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	20.00	20.00
Cable TV	7.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	6.50
Central Services	4.00	4.00	4.00	6.00	6.00	6.00	7.00	7.00	6.00	6.00
City Clerk	9.50	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civilian Operations/Commun. ⁽¹⁾	25.00	25.00	25.00	25.00	25.00	25.00	24.00	24.00	-	-
Community Develop. Admin. ⁽²⁾	12.50	16.50	16.50	16.50	14.00	15.00	13.00	13.00	13.00	12.00
Community Relations	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
District Court	40.00	40.00	40.00	40.00	40.00	40.00	39.00	39.50	39.50	39.50
Emergency Management ⁽³⁾	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Engineering	10.00	10.00	10.00	11.00	10.00	11.00	11.00	10.00	11.00	11.00
Facilities Maintenance	40.26	39.26	39.26	39.26	44.26	44.26	44.26	42.26	42.26	42.26
Fiscal Services/OMB	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00	4.00	113.00
Fire	113.00	114.00	114.00	114.00	114.00	114.00	113.00	113.00	113.00	4.00
Human Resources ⁽⁴⁾⁽⁵⁾	9.50	17.75	17.75	17.75	18.75	11.00	9.00	9.00	8.50	10.00
Human Services	6.50	6.50	6.50	5.50	5.50	5.50	4.50	4.50	4.50	4.50
Labor Relations ⁽⁵⁾	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Legal	10.00	10.00	10.00	10.00	10.00	10.00	9.00	8.00	8.00	8.00
Library	39.00	40.50	40.50	40.50	64.50	64.50	64.50	61.50	61.50	61.50
Mayor	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	15.00	14.00	14.00	14.00	14.00	14.00	15.00	15.00	15.00	14.75
Parks And Recreation	112.27	112.27	112.27	112.27	110.27	101.80	93.80	92.80	92.80	91.05
Planning	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00
Police ⁽¹⁾⁽⁶⁾	181.89	185.89	186.89	186.89	186.89	186.89	182.89	177.66	201.66	202.16
Public Works Admin.	8.50	8.50	8.50	7.50	7.00	7.00	7.00	6.00	6.00	6.00
Purchasing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50
Retirement Administration ⁽⁷⁾	-	-	-	-	1.00	1.00	-	-	-	-
Streets And Highways	28.62	31.62	31.62	31.62	31.62	31.62	36.62	36.62	36.62	36.62
Support Services	-	-	-	-	-	-	-	-	-	-
Technology Services ⁽⁸⁾	10.50	10.50	10.50	11.50	11.50	11.50	11.50	11.00	11.00	11.00
Transportation	5.76	5.76	5.76	5.76	4.76	4.76	4.76	4.76	4.76	4.76
Treasurer	10.00	10.00	10.00	10.00	8.60	8.60	8.60	8.50	8.50	8.50
Water And Sewer	<u>29.08</u>	<u>31.08</u>	<u>32.08</u>	<u>32.08</u>	<u>31.08</u>	<u>31.08</u>	<u>31.08</u>	<u>30.08</u>	<u>30.08</u>	<u>30.08</u>
Totals	<u>806.88</u>	<u>832.13</u>	<u>834.13</u>	<u>833.13</u>	<u>851.78</u>	<u>837.56</u>	<u>820.06</u>	<u>803.83</u>	<u>801.33</u>	<u>798.33</u>

Notes:

- ⁽¹⁾ Effective July 1, 2007, Civilian Operations/Communications Department became part of Police budget.
- ⁽²⁾ Four contractual grants administration positions were recognized as career positions in 2000-01.
- ⁽³⁾ New Department in 2000-01. Function was previously a part of the Police Department.
- ⁽⁴⁾ Eight contractual daycare positions were recognized as career positions in 2000-01. In 2004-05, those eight positions were eliminated upon the closing of the daycare.
- ⁽⁵⁾ Three grants funded police officer positions were recognized as permanent career positions in 2000-01.
- ⁽⁶⁾ Three grants-funded police officer positions were recognized as permanent career positions in 2000-01.
- ⁽⁷⁾ New Department in 2003-04.
- ⁽⁸⁾ Effective July 1, 2003, department title was changed from Information Services to Technology Services

City of Southfield, Michigan

Management Group (Exempt) Personnel
Salary Schedule July, 2008

<p>Grade E - U, \$98,949 - \$133,872 Deputy City Administrator/Fiscal Services Director</p>
<p>Grade E - T, \$92,757 - \$125,496</p>
<p>Grade E - S, \$88,555 - \$119,815 Director of Public Works Director of Planning & Economic Development Police Chief</p>
<p>Grade E - R, \$82,575 - \$111,719 Deputy Director - Public Works/Operations Director of Community Relations Director of Parks and Recreation Director of Staff Services/Human Resources Fire Chief</p>
<p>Grade E - Q, \$78,447 - \$106,135 City Librarian City Controller/Deputy City Treasurer Director of Technology Services</p>
<p>Grade E - P, \$74,876 - \$101,302 Attorney IV City Assessor City Engineer Human Services Director</p>
<p>Grade E - O, \$68,239 - \$92,321</p>
<p>Grade E - N, \$62,411 - \$84,438 Attorney III Deputy City Assessor Deputy City Clerk Deputy City Librarian Deputy City Planner Deputy City Treasurer Labor Relations Director Purchasing Agent</p>
<p>Grade E - M, \$57,393 - \$77,653 Attorney II</p>
<p>Grade E - L, \$52,968 - \$71,664 Attorney I</p>

City of Southfield, Michigan

**State Shared Revenues
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>State Shared Revenue</u>
2000	\$ 9,040,200
2001	9,507,024
2002	9,180,112
2003	8,357,169
2004	7,744,680
2005	8,968,087
2006	7,483,714
2007	5,612,524
2008	8,383,945
2009	7,476,776

**Gas and Weight Taxes
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Type of Street</u>		<u>Total Gas and Weight Tax (Act 51) Receipts</u>
	<u>Major Road</u>	<u>Local Road</u>	
2000	\$ 3,786,633	\$ 1,127,948	\$ 4,914,581
2001	3,766,569	1,122,653	4,889,222
2002	3,861,911	1,153,277	5,015,188
2003	3,908,950	1,168,476	5,077,426
2004	4,210,673	1,264,156	5,474,829
2005	4,060,585	1,222,393	5,282,978
2006	4,009,988	1,207,717	5,217,705
2007	3,964,295	1,193,146	5,157,441
2008	1,647,039	495,743	2,142,782
2009	6,023,732	1,809,212	7,832,944

Source: City of Southfield

**City of Southfield, Michigan
Labor Agreements**

Name	Expiration Date	Number of employees covered
American Federation of State, County and Municipal Employees AFSCME, Public Works and Parks & Recreation	6/30/2009	82
AFSCME, Supervisors	6/30/2009	38
Technical, Professional, and Office Worker Association TPOAM	6/30/2009	155
Fire SFFA	6/30/2006	102
Police SPOA	6/30/2006	116
Public Safety Communication Supervisors MAP	6/30/2005	6
Public Safety Technicians POAM	6/30/2005	15
Southfield Police Command Officers' Association SPCOA	6/30/2006	30