

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

---

for the year ended June 30, 2012  
**SOUTHFIELD, MICHIGAN**

# **City of Southfield, Michigan**

## **Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2012**

**Fiscal Services Division  
Accounting Department**

# Table of Contents

PAGE

## **I. INTRODUCTORY SECTION**

LETTER OF TRANSMITTAL .....	1
ORGANIZATIONAL CHART .....	21
ELECTED OFFICIALS AND CITY ADMINISTRATOR .....	22

## **II. FINANCIAL SECTION**

REPORT OF INDEPENDENT AUDITORS.....	24
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	26

### **BASIC FINANCIAL STATEMENTS:**

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS:**

Statement of Net Assets.....	40
Statement of Activities .....	41

#### **GOVERNMENTAL FUNDS:**

Balance Sheet-Governmental Funds .....	42
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets .....	43
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds .....	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, to the Statement of Activities.....	45

#### **PROPRIETARY FUNDS:**

Statement of Net Assets.....	46
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	47
Statement of Cash Flows .....	48

#### **FIDUCIARY FUNDS:**

Statement of Fiduciary Net Assets .....	50
Statement of Changes in Fiduciary Net Assets.....	51

#### **COMPONENT UNITS:**

Statement of Net Assets – Discretely Presented Component Units .....	52
Statement of Activities – Discretely Presented Component Units.....	53

### **NOTES TO THE FINANCIAL STATEMENTS:**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	54
A. Reporting Entity.....	54
B. Basis of Presentation .....	57
C. Basis of Accounting.....	60
D. Assets, Liabilities, and Equity .....	61
2. COMPLIANCE AND ACCOUNTABILITY .....	65
A. Budgetary Data .....	65
B. Budget Variances .....	66
C. Individual Fund Deficit Disclosures.....	72
3. DETAILED NOTES ON ALL FUNDS .....	72
A. Deposits and Investments .....	72
B. Receivables and Deferred Revenues .....	82

## Table of Contents

	<b>PAGE</b>
<b><u>NOTES TO THE FINANCIAL STATEMENTS (continued):</u></b>	
C. Capital Assets.....	84
D. Long-term Debt and Other Obligations.....	86
E. Reconciliation of the Adopted Budget to Final Presentation.....	88
F. Interfund balances and Transfers.....	90
4. OTHER INFORMATION.....	91
A. Fund Balance Constraints.....	91
B. Property Taxes.....	93
C. Contingencies.....	94
D. Pension Trusts.....	95
E. Other Post-employment Benefits.....	101
F. Deferred Compensation Plan.....	104
G. Upcoming Accounting Pronouncements.....	105
<b><u>REQUIRED SUPPLEMENTARY INFORMATION:</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	108
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Local Streets.....	109
Schedule of Funding Progress.....	110
Schedule of Employer Contributions.....	112
<b><u>OTHER SUPPLEMENTAL INFORMATION:</u></b>	
<b><u>Non-Major Governmental Funds:</u></b>	
<b><i>Combining Fund Statements and Schedules:</i></b>	
Combining Balance Sheet – Non-major Governmental Funds.....	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds.....	115
<b><i>Individual Fund Statements and Schedules:</i></b>	
Combining Balance Sheet – Non-major Governmental Funds – Special Revenue Funds.....	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Special Revenue Funds.....	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds – Final Budget and Actual:	
Major Streets.....	122
Parks and Recreation.....	123
Cable Television.....	124
Block Grant.....	125
Section 8 Housing.....	126
Neighborhood Stabilization Program.....	127
Drug Law Enforcement.....	128
Grants.....	129
Library.....	130
Michigan Works.....	131
Auto Theft.....	132
Donations, Memorial Trusts & Sponsorships.....	133

## Table of Contents

	<b>PAGE</b>
<b><i>Individual Fund Statements and Schedules (continued):</i></b>	
Combining Balance Sheet – Non-major Governmental Funds – Debt Service Funds .....	135
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Debt Service Funds.....	136
Combining Balance Sheet – Non-major Governmental Funds – Capital Project Funds.....	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Capital Project Funds .....	139
<b><u>INTERNAL SERVICE FUNDS:</u></b>	
Combining Statement of Net Assets.....	141
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	142
Combining Statement of Cash Flows.....	143
<b><u>FIDUCIARY FUNDS:</u></b>	
<b>Trust:</b>	
Combining Statement of Fiduciary Net Assets – Pension and Other Post Employment Benefits Trust Funds .....	145
Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Post Employment Benefits Trust Funds .....	146
<b>Agency:</b>	
Combining Statement of Fiduciary Net Assets – Agency Funds.....	149
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	150
<b>III. STATISTICAL SECTION</b>	
<b>FINANCIAL TRENDS:</b>	
Net Assets by Component .....	153
Changes in Net Assets.....	154
Fund Balances, Governmental Funds .....	155
Changes in Fund Balances, Governmental Funds.....	156
General Fund Balance Compared to Annual Expenditures .....	157
General Governmental Tax Revenue by Source.....	158
<b>REVENUE CAPACITY:</b>	
Property Tax Levies and Collections .....	159
Largest Taxpayers .....	160
Assessed Value of Taxable Property.....	161
Property Tax Rates.....	162
History of Constitutional Tax Rate Rollback Factors Required Under Proposal E (The “Headlee” Amendment).....	163

## Table of Contents

PAGE

### III. STATISTICAL SECTION (continued)

#### **DEBT CAPACITY:**

Computation of Direct and Overlapping Debt .....	164
Statement of Legal Debt Margin .....	165
Ratio of Net General Debt to Taxable Value and Net Bonded Debt Per Capita .....	166

#### **DEMOGRAPHIC AND ECONOMIC INFORMATION:**

Demographic Statistics .....	167
Principal Employers .....	168
Construction and Property Value .....	169
Economic and Statistical History .....	170

#### **OPERATING INFORMATION:**

Operating Indicators by Function/Program .....	175
Capital Assets Statistics by Function/Program .....	176
Authorized Full-Time Positions.....	177
Management Group (Exempt) Personnel Salary Schedule .....	178

#### **CONTINUING DISCLOSURE:**

State Shared Revenues and Gas & Weight Taxes.....	179
Labor Agreements .....	180

**(This page left intentionally blank.)**



# City of Southfield

26000 Evergreen Rd. • P.O. Box 2055 • Southfield, MI 48037-2055 • [www.cityofsouthfield.com](http://www.cityofsouthfield.com)

January 14, 2013

Honorable Mayor and Council  
Municipal Building  
Southfield, Michigan

RE: 2011-12 COMPREHENSIVE ANNUAL FINANCIAL REPORT LETTER OF TRANSMITTAL

The Comprehensive Annual Financial Report of the City of Southfield, Michigan, for the fiscal year ended June 30, 2012, 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 52 and 53). 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 Re-development Authority and the Non-Profit Housing Authority. Descriptions of each component unit appear in Note "1A" on pages 55 - 56 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.

---

<b>Mayor</b> Brenda L. Lawrence	<b>Council President</b> Joan Seymour	<b>City Clerk</b> Nancy L. M. Banks	<b>City Treasurer</b> Irv M. Lowenberg
------------------------------------	--	--	---

**City Council**

Donald F. Fracassi	Myron A. Frasier	Sylvia Jordan	Sidney Lantz	Jeremy Moss	Kenson J. Siver
--------------------	------------------	---------------	--------------	-------------	-----------------



## **City of Southfield**

### **Letter of Transmittal**

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.

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 is comprised of over 26 square miles of abundant natural beauty, well-maintained homes and neighborhoods and majestic skyscrapers. Southfield offers a complete living community, featuring a nationally recognized public school system, several private and parochial schools and numerous colleges and universities. Conveniently located in Oakland County, Southfield is not only the Center of It All™ geographically, but also the business center of southeast Michigan. With a daytime population nearing 175,000, over 27 million square feet of office space, and over seven million square feet of retail and industrial space, Southfield is truly Michigan's business center. In fact, Southfield boasts more office space than the central business districts of Cleveland, Cincinnati, Detroit, Indianapolis or Kansas City. Approximately 9,000 businesses call Southfield home, including over 100 "Fortune 500" companies spanning several industries. An impressive 98 percent of the City is accessible to high-speed fiber optics, broadband and satellite services with several backbones traversing the community. Over the years, Southfield has steadily grown to be one of the premier business and residential addresses in Michigan—a center of commerce nestled among quaint, tree-lined neighborhoods.

Intersected by I-696, U.S. 10, U.S. 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 places Southfield just 20 minutes away from almost anywhere in metro Detroit, including Metropolitan Airport, downtown Detroit, and the international borders of Canada. 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. Southfield is also proud to be home to more than 71,000 residents and a wide variety of housing options, from single-family homes and condominiums to townhomes and apartments. Residents, businesses and visitors alike come to Southfield for its central location, great recreational opportunities and easy access to all of southeastern Michigan. It is no coincidence that the City of Southfield was named one of the nation's most livable metro-area suburbs by Forbes magazine for its large commercial district, affordable housing, quality schools and safe neighborhoods.

Southfield's modern infrastructure, diverse mix of residential and business cultures, focus on beautification and appearance, and excellent City services have created a statewide model of a successful community that has helped to provide a solid foundation for the City's long-term sustainability. City leaders continue to maintain a constant focus on providing quality city services while doing so with unprecedented reductions in property tax revenues, state shared revenues and state road funding (Act 51) as a result of the great recession and a stagnant state economy. Despite these major

## **City of Southfield**

### **Letter of Transmittal**

challenges, the City of Southfield stands ready to serve as a leader in the economic comeback of this region and the State of 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.

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.

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. City Council members average more than 10 years of service while the Mayor, City Treasurer and City Clerk typically average even longer terms. The average tenure of the City's management groups is more than 20 years, providing stability and proven leadership for City operations. Within the group, many hold advanced academic degrees, numerous professional designations and professional certifications 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.

## **City of Southfield**

### **Letter of Transmittal**

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.

The City of Southfield was also recognized for a fourth consecutive year in a study by researchers at the University of Michigan-Dearborn's Center for Innovation Research (iLabs) as a Five-Star Community that fosters entrepreneurial growth and economic development. The 2011 "eCities" study or "the Entrepreneurial Cities Index" found that several southeast Michigan municipalities "are hard at work attracting, cultivating, building and retaining entrepreneurial firms." The study, conducted by iLabs, the Center for Innovation Research in the UM-Dearborn School of Management, 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 eCities research surveyed over 100 communities in the State of Michigan who are home to 36 percent of Michigan residents and 44 percent of its college graduates. These communities also had more than \$1 billion in commercial construction last year and more than half of them share services with other communities

The City of Southfield's 2011 Annual Report/Calendar won the Savvy Award, the first place designation, in the 23rd annual national Savvy Awards Competition sponsored by the City-County Communications and Marketing Association (3CMA). The award was given in the category of printed publications for communities in the population group 16,000-78,296. The competition judges commented that the calendar represented "a good use of funds – using advertising to offset the printing cost in a tight economy," and "a balance of a great product with limited funds." Additionally, judges cited an appreciation for the calendar's inclusion of a vast array of budget and service information in addition to more traditional event entries. The Southfield 2011 Annual Report/Calendar was produced entirely in-house by the City's Community Relations Department. The City of Southfield's entry was one of more than 850 submitted from municipalities and counties from across the country. The Savvy Awards are held annually in cooperation with the National League of Cities to recognize outstanding local government achievements in communications, public sector marketing, and citizen-government relationships. Each year the number of entries in 3CMA's Savvy Awards competition continues to increase in quantity, quality, and scope of programs submitted.

The City of Southfield was also selected for its third Oak Land Award from Oakland County Planning & Economic Development Services (OCPEDS) for its continuing efforts to sustain the City's green infrastructure. Southfield was recognized for having over 780 acres of park land and open spaces at 33 sites throughout the city, including 333 acres of dedicated nature preserves, particularly Southfield's Carpenter Lake Nature Preserve which won a 2010 Park Design Award from the Michigan Recreation and Park Association. Southfield was also recognized for partnering with OCPEDS on the Rouge Green Corridor - Urban Habitat Conservation & Stewardship Project that was created to protect and improve the Rouge River watershed. The Oak Land Award is designed to be passed on year after year from one recipient to the next. The nominee must have made outstanding contributions and demonstrated successful efforts toward the planning, promotion, design, development, or support of Green Infrastructure in Oakland County.

## **City of Southfield**

### **Letter of Transmittal**

The City of Southfield was selected to take part in the Detroit Institute of Arts' (DIA) Inside|Out outdoor art exhibition in the spring of 2012 at several locations throughout the City. The Inside|Out program brings reproductions of masterpieces from the DIA's collection to the streets and parks of the metro area, pleasantly surprising and delighting residents of the participating communities. In late March, the DIA installed seven reproductions of some of their most famous works throughout Southfield that were on display until late June.

Inside|Out was sponsored through the John S. and James L. Knight Foundation's Random Acts of Culture Grant for the purpose of weaving the arts into the fabric of communities to inspire the people who live there. Southfield was among 16 other communities that were chosen for exhibitions. As part of the program, the Detroit Institute of Arts also offered free museum admission to residents of participating communities. Southfield residents enjoyed a free day at the DIA on June 3. Detailed maps outlining the location of each reproduction were available in City Hall, in the Southfield Living city newsletter, or online at [www.cityofsouthfield.com](http://www.cityofsouthfield.com).

The DIA also worked with the City's Community Relations and Parks & Recreation departments and the Southfield Public Library to offer several educational opportunities and other fun activities as part of the initiative. Residents were also able to utilize the Inside|Out Facebook page where users interacted with one another online to share their Inside|Out experiences through messages, photos, videos and more.

The City of Southfield and the Southfield Public School District partnered together to sponsor the 2nd annual Southfield Real Estate Open House Saturday, June 23 and Sunday, June 24 throughout all of Southfield. Many homes listed for sale were open for showings throughout numerous Southfield neighborhoods across the city. Potential homebuyers were encouraged to come see all that Southfield has to offer their family through extensive promotion, advertising and media coverage. Open house listings were available at City hall, at most Southfield real estate offices, and on the City's Web. An informational meeting and subsequent bus tour of Southfield neighborhoods were also offered to metro area realtors with almost 100 agents in attendance.

Southfield residents have 93 homeowners associations and 48 condominium associations representing their collective interests. The community offers over 17,000 single-family homes and nearly 17,000 multi-family apartments and townhouses. Within Southfield's 26.7 square miles, residential zoning comprises 64 percent of land use, yet 65 percent of the community's tax revenues are generated from business properties. Though considered nearly fully developed, Southfield continues to evolve to meet the ever-changing needs of the community.

The City of Southfield was one of the first cities to be certified as a "Redevelopment Ready Community" by the Michigan Suburban Alliance. 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 perceptions of older communities by streamlining local government administrative processes and removing redevelopment barriers through a certification system that encourages redevelopment. This system for certifying communities as "redevelopment ready" benefits both older communities and developers by creating a more efficient and predictable redevelopment process. The program evaluates and certifies cities that integrate transparency, predictability and efficiency into their daily development

## **City of Southfield**

### **Letter of Transmittal**

practices. The first of its kind in the nation, RRC supports and accelerates the adoption of professional practices that cities, developers, business leaders and citizens alike can count on. Using a set of nationally-vetted best practices and standards, RRC helps municipalities build deliberate, fair and consistent development processes from the inside out--and to effectively communicate them to potential investors.

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 City of Southfield signed an official cooperation agreement with the Michigan Economic Development Corporation (MEDC) designed to encourage collaboration, 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.

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.

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, Detroit Fox Sports Network and Infinity Broadcasting, parent company of five metro-area radio stations. Healthcare and life science-based businesses also abound in Southfield, including Blue Care Network, St. John's Providence Hospital, Housey Pharmaceuticals, Lumigen and several others.

## **City of Southfield**

### **Letter of Transmittal**

Some of the world's leading research and development firms are also 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, ThyssenKrupp, and many others.

Like many cities throughout Michigan and the nation, Southfield continues to deal with a record number of foreclosures and double digit property value losses as a result of the great recession. To help address this issue, the City applied for a Neighborhood Stabilization Program (NSP) grant through the U.S. Department of Housing and Urban Development (HUD). The City of Southfield was subsequently awarded a \$3.2 million Neighborhood Stabilization Program Grant to purchase foreclosed or abandoned homes in order to rehabilitate, resell, or redevelop them in an effort to stabilize neighborhoods and reduce the decline in property values. The NSP grant is actually an amendment to the City's Community Development Block Grant Program. The NSP provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. Moreover, the program provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

The Southfield Neighborhood Stabilization Program continued to be recognized as one of the most successful programs in fiscal year 2011-2012. To further the efforts of purchasing foreclosed or abandoned homes in order to rehabilitate and resell them an additional \$1.1 million in grant funds was awarded to the City of Southfield through HUD last year. To date, more than 60 families and homes have been positively impacted through the program and additional revenues are anticipated upon the sale of properties to existing clients. Southfield's NSP is one of the top performing programs in the country and has exceeded all program goals and requirements.

The Southfield City Council adopted Ordinance 1569 in August 2009 to address vacant and foreclosed properties in the city. The ordinance requires owners of vacant property, both commercial and residential, to register the property with the City and to have the property inspected to ensure compliance with the City's building and maintenance codes. The ordinance further requires that all code violations be resolved – exemplifying the City's commitment to quality housing and community appearance standards.

The City of Southfield saw a wide variety of development and redevelopment projects completed or initiated throughout the City in fiscal year 2011-12. Credit Acceptance Corporation (CAC), headquartered in the City, received a \$1.8 million Michigan Business Development Program incentive in May of 2012 to add employees at its two Southfield locations in order to meet future staffing needs of the entire organization. As a result, Credit Acceptance will invest up to \$10.2 million in Southfield, creating 274 new jobs. The City of Southfield was chosen over current locations in Nevada, India and Costa Rica.

CAC is currently in the process of fully occupying their North American Headquarters located at 25505 West Twelve Mile Road. Additionally, they are expanding their presence at Oakland Commons, 20700 Civic Center Drive, to occupy up to 15,000 square feet. The proposal includes the investment of an additional \$11.1 million in information technology, furniture and fixtures, and leasehold improvements over the next six years. CAC currently has 685 employees in Southfield and they anticipate hiring the additional 247 new employees over the next few years.

## **City of Southfield**

### **Letter of Transmittal**

CFI is an all encompassing consulting and systems integration firm that works exclusively with real estate and facility management. CFI is uniquely structured to meet the needs of both a mid-sized business looking for a single, specific service offering or a multi-million dollar corporation that needs a full circle, end-to-end package of services including consulting, implementation and support. CFI is in the process of expanding their operations to the seventh floor (approximately 17,500 square feet) of 18000 W. Nine Mile Road with the assistance of a three year personal property tax exemption. The expansion includes the leasing of existing furnished office space and investment of \$575,000 in additional office furniture, fixtures and computers over a three-year period. It is anticipated that approximately 79 new jobs will be created adding to CFI's current 46 employees.

Secure-24, an expanding IT solutions firm, has moved its growing team to a larger headquarters facility at located at 26955 Northwestern Highway. Secure-24 delivers IT solutions to a large base of clients in growing industry segments, including manufacturing, technology, consumer goods, chemicals, financial services, construction, healthcare, pharmaceuticals and transportation. The company serves hundreds of global corporations with revenues in the \$500 million to \$10 billion range, including numerous Fortune 100 enterprises.

Over the past twelve months, Secure-24 has seen a five-fold increase in business, which has prompted aggressive employee recruitment, strengthening partnerships with leading IT companies, data center investment, and the need for a bigger corporate headquarters. Since April of last year, Secure-24 has experienced a 61 percent increase in employees– creating hundreds of new IT jobs in Michigan. The company expects to continue this hiring trend for the next few years, with the anticipation of an additional 250 employees by 2015. A total of 257 employees are now fully in place at their new Southfield headquarters.

Hantz Benefit Services (HBS) is a fully integrated insurance and financial services agency specializing in employee benefits. HBS recently purchased the 65,000-square-foot property located at 26200 American Drive and relocated their business operations in addition to opening a new bank branch.

Pepper Hamilton LLP, a multi-practice law firm with more than 500 lawyers nationally, recently leased more than 25,000 square feet of office space in the Travelers Tower located at 26555 Evergreen Road. The firm provides corporate, litigation and regulatory legal services to leading businesses, governmental entities, nonprofit organizations and individuals throughout the nation and the world.

Other projects completed or approved in the City in FY2011-12 include:

Glassman Automotive Dealership, 28000 Telegraph Road, completed elevation changes and construction of a new canopy; AT&T, 16025 Northland Drive, completed façade changes and improvements to their front entrance in addition to renewing their lease for more than 61,000 square feet of office space; Faurecia Interior Systems leased more than 47,000 square feet of office space in the Travelers Tower located at 26555 Evergreen Road; GlobalHue, a leading minority marketing and advertising agency, renewed their lease for more than 109,000 square feet of office space in 4000 Town Center; Sun Communities, the nation's premier provider of manufactured home communities, renewed their lease for more than 84,000 square feet of office space at 27777 Franklin Road; Comau, 21175 Telegraph Road, installed pedestrian walkway improvements, including a new brick paver walkway, landscaping, and garden wall; Taco Bell, demolished the existing Taco Bell restaurant located at 24024

## **City of Southfield**

### **Letter of Transmittal**

W. Nine Mile Road and constructed a new Taco Bell restaurant with associated parking; Billy Sims BBQ constructed a new free-standing restaurant with associated parking at 25025 Telegraph Road; and Lear Corporation, 21700 Telegraph Road, converted the former Syms building into a new Lear manufacturing and showroom facility.

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 brownfield redevelopment incentives enables Southfield to entice new development to areas that may otherwise be overlooked due to the additional costs of redevelopment.

The City of Southfield Downtown Development Authority, formerly known as the Cornerstone Development Authority, was established in 1988 to reverse the trend of declining property values and conditions in southeastern Southfield. The DDA is an active member of the City’s Business Development Team as well as the Southfield Area Chamber of Commerce. The Southfield Downtown Development Authority consists of a 13-member Board of Directors and is staffed by two full-time employees. The DDA acts as a catalyst in the development and redevelopment of the district. Major stakeholders in the district, such as Providence Hospital, Northland Mall, and Oakland Community College offer the potential for growth.

The DDA launched an ambitious new initiative in January of 2011, the Healthcare Corridor economic development strategy, to actively recruit and promote new healthcare-related development in the area. The district already is supported by a strong healthcare infrastructure, highlighted by Providence Medical Center, the booming healthcare curriculum offered at the Oakland Community College Southfield campus, the seven-floor office housing 450 Health Alliance Plan (HAP) employees, the 10,000-square-foot Northland Park Dialysis Center, and CSL Plasma Center. The region’s many amenities that attract healthcare investors range from physician groups to outpatient clinics to medical equipment companies, in addition to available land, professional office space, proximity to Wayne State University and University of Michigan medical schools, nearby highways and available skilled labor. Led by the City’s Downtown Development Authority, these efforts are in partnership with Oakland County’s Medical Main Street initiative, site location consultants and real estate developers that are all working together to attract healthcare and other investment to the city and county. One of the selling points of Southfield being a hub of healthcare activity and investment is the qualified workforce that lives in close proximity. Southfield’s 48034 zip code is in the United States’ top 101 zip codes for corporate employment. The City will be actively communicating with a range of healthcare stakeholders and administrators from around Michigan and the Midwest. Developers who are looking to construct medical complexes and facilities will also be targeted. Southfield leaders feel that by attracting healthcare employers to the region around 8 Mile Road and M-10 (Lodge Freeway), there will also be opportunities to attract supporting big-box retailers and a range of restaurants to service that immediate working population.

Also in the district, St. John’s Providence Hospital continues to be a world-class healthcare institution, again ranked as one of the nation’s top 15 major teaching hospitals by one of the country’s leading sources of health care information and research. The recognition from Thomson Reuters recognizes hospitals that achieve or exceed national benchmark scores for hospital-wide performance. Providence



## **City of Southfield**

### **Letter of Transmittal**

was the only hospital in Michigan to be selected in the Major Teaching Hospital category of Thomson's 100 Top Hospital's list. This is Providence's fourth appearance on the list. Providence was also one of only 23 hospitals in the country to be named a winner of Thomson's Everest Award. The award honors an elite special group of the National award winners. Everest Award winners have reached the highest level of accomplishment on the national Balanced Scorecard and have the fastest rates of long-term improvement.

Curb appeal is important in maintaining the City's image and character. Public Works strives to ensure the City's streets, sidewalks, neighborhoods, and business districts remain safe, clean and appealing. Steps include the continuation of programs for ice and snow 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, cemetery, and park mowing; and cleaning of ramps and side slopes during freeway road closures. The Public Works Department also works with the Neighborhood Associations to assist with the maintenance of neighborhood entranceways.

The Southfield Public Works Department continues to maintain and improve the City's infrastructure to ensure the safety and well-being of Southfield residents and businesses. In fiscal year 2011-12, the department continued the addition, upgrade and conversion of the SCADA system which monitors the City's sanitary sewage pump stations. The program has enabled the City's Water & Sewer Department to monitor and troubleshoot problems at these locations remotely, providing a higher level of protection from sewage backups. These improvements will continue to ensure that Southfield's water & sewer system remains safe and efficient for years to come.

The Public Works Department continued to move forward with upgrades to the water system in FY 2011-12 to ensure that Southfield's water remains safe for the community. Engineering plans have been completed for future water main installation upgrades in Sections 12 and 13. The department also continues the Drinking Water Cross Connection Contamination Program as mandated by the Michigan Department of Environmental Quality (MDEQ). This program requires regular inspections of facilities to ensure avoidance of cross contamination of potable water, thus protecting public health and the environment.

The Water & Sewer Department, in conjunction with the Oakland County Water Resource Commission, continues to conduct an Infiltration and Inflow Project to remove storm water from the city sanitary sewer system. A Closed Circuit (CC) TV Camera was used to locate problems throughout the City's sanitary sewer system. Removing the storm water from the system will also reduce the billable charges to the City for sewage treatment. The Water & Sewer Department also lined a total of 24,000 feet of sewer main and conducted sewer video main inspection on more than 62,000 feet of line.

The City of Southfield launched the Southfield Goes Green environmental awareness campaign to raise awareness about the environment while providing practical ideas that both residents and businesses can employ in their daily lives and operations. 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 to address this important issue. As a proud Tree City USA Award recipient for the past 26 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

## **City of Southfield**

### **Letter of Transmittal**

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 campaign continues to receive a positive response from the community, generating significant interest and support from Southfield residents and businesses.

The City of Southfield Planning Department adopted new Low Impact Design (LID) Guidelines to help reduce the environmental impact of development and redevelopment projects throughout the city. The City’s new Low Impact Design Guidelines promote building policies designed to improve the health of both the residents and the environment to ensure sustainability and long term economic vitality. The Southfield Planning Department also recently updated the City’s Site Plan Review, Special Use Review and Property Rezoning forms to make them more streamlined and user-friendly. All of the new and revised forms are now available on the City’s Web site.

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 the 2011-12 fiscal year, 11 entranceway projects were funded to improve neighborhood entranceway signs and landscaping based on a dollar-to-dollar match. Additionally, 46 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 Southfield Parks & Garden Club, a new grassroots effort led by volunteers, assisted with the judging in addition to working on several other beautification projects throughout the year. The City also sponsored the 10th annual Southfield Flower Day in May of 2012 to promote beautification efforts by providing residents the opportunity to shop for plants and flowers from several local vendors in one convenient location. Each year, the event continues to grow to attract more Southfield residents who share the City’s commitment to curb appeal and beautification efforts.

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 on 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 almost 1,400 calls and subsequent resolutions throughout fiscal year 2011-12.

Southfield remains safe and secure as a result of the dedicated, highly trained and well equipped members of the City’s award-winning police, fire and emergency management departments. Southfield’s public safety personnel are committed to providing residents with the best possible service, protection and prevention through ongoing training for staff and staying current with the needs of the community. Residents have the opportunity to assist in keeping their community safe and secure

## **City of Southfield**

### **Letter of Transmittal**

through Neighborhood Watch and community policing projects. Emergency Management volunteers provide a variety of services during weather-related and other hazardous conditions; and by assisting with parking enforcement during community events.

The Southfield Police Department continues to be a national leader in developing effective community policing programs that are designed to augment the department's traditional police activities. The Southfield Police Department hosted a free Senior Safety Seminar in December 2011 to share how senior citizens can help to protect themselves and their homes, including: personal safety tips; how to be alert when out and about; information on Oakland County's free Senior Cell Phone Program; and how to schedule a free home safety inspection to inspect all doors, locks, windows, lighting and landscaping to ensure that properties are safe and secure. The event was well attended with dozens of Southfield seniors participating.

A detective was assigned to the Southeast Michigan Crimes Against Children Task Force in FY 2011-12 to address prostitution in and around the metropolitan Detroit area with a particular focus on underage prostitution. Southfield's membership in the task force maximizes inter-agency cooperation and provides for a rapid, proactive, and intelligence-driven investigative response into sexual victimization of children and other crimes.

The police department completed installation of an emergency backup generator in FY 2011-12 which is now capable of powering the entire Southfield Municipal Complex if needed. The department also improved the Closed Circuit Television (CCTV) security camera system for the Southfield Municipal Complex in FY 2011-12.

The police department continued the research, development, testing and evaluation of new In Car Video System cameras for the entire uniform Police Patrol Division Fleet over the past year. This is a major advancement for the department – demonstrating continued professionalism to the community, management of responsibility and authority, and risk management.

The department also implemented new crime analysis software which allows the police to evaluate and track current crime trends and tendencies and allocate resources more effectively and efficiently. This software was purchased through the award of a 2012 Justice Assistance Grant (JAG) offered through the Bureau of Justice Assistance (BJA) that is administered by the State of Michigan.

The police department also recently purchased and trained two new police K9 units in addition to reorganizing the patrol division work schedule to provide more resources to the community for service calls. The reorganization includes directed and specialized patrols for targeted areas that are experiencing higher levels of activity requiring police presence. This activity was accomplished with an overall reduction in staff without additional overtime or the elimination of other services.

The Southfield Police Records Bureau maintains crime reporting statistics and records that meet or exceed State and FBI standards. In September of 2011, the Southfield Police Department migrated to the Oakland County CLEMIS' Clear records reporting system from the former CLEMIS NetRMS. This new program has reduced the amount of reports that have to be evaluated by records staff to ensure proper

## **City of Southfield**

### **Letter of Transmittal**

reporting continues to the State and FBI. This valuable piece of technology is helping staff continue to operate with greater efficiency and reduced staffing.

The Southfield Fire Department is comprised of highly trained men and women ready to respond to emergencies from five fire stations strategically located throughout the City. The services provided by the Southfield Fire Department include: fire prevention, fire suppression, basic and advanced life support, high-angle rescue, trench collapse rescue, building collapse rescue, confined space rescue, hazardous materials response, public fire education, and CPR and first aid training. The department is a customer service organization dedicated to preserving the lives and property of Southfield citizens and visitors.

The City of Southfield 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 Southfield Fire Department continues their commitment to the safety and security of Southfield residents, businesses and all those who enter the City on any given day despite increasing demands for service and finite resources. The Southfield Fire Department experienced another record setting year for emergency calls for service in 2011, responding to 12,531 total calls: 2,095 fire runs and 10,436 calls for emergency medical service. The department also experienced a record number of technical rescue and hazardous material calls in FY 2011-12. The Southfield Fire Prevention Bureau remained busy presenting fire safety education in the local schools, reviewing site plans and plans for major building modifications, inspecting buildings, investigating fires and enforcing the International Fire Code.

Training continued to be a high priority for the fire department in FY 2011-12. The department frequently utilized the City's technical rescue training field in collaboration with numerous other Oakland, Macomb and Washtenaw County fire departments as well as Michigan State University's Michigan Urban Search & Rescue team. The department also continued to improve and expand the City's hazardous material response capabilities at the local and regional level through large scale training deployments. Grant procurement remained another high priority for the department with work continuing on reconfiguring the SAFER grant in addition to applying for the 2011 Assistance to Firefighter Grant (AFG) worth more than \$40,000 in equipment and training for the fire department and City.

In addition to all Michigan counties, the City of Southfield is one of only approximately 20 cities in the State of Michigan that provides its residents with a dedicated Emergency Management Program (EMP). The Southfield EMP is the lead local governmental agency concerned with planning and preparing Southfield for potential disasters before they occur and to coordinate efforts during actual disaster responses. Since 2002, Southfield Emergency Management has received over \$850,000 in federal grants to better prepare and safe-guard our community. Since 2004, the division has trained thousands of persons in all forms of Disaster Preparedness using Homeland Security funding. Southfield EMP also actively maintains a 'Volunteer Program' consisting of up to 40 uniformed, trained and equipped persons available to enhance public safety in the community. The City benefits from a 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 Southfield Amateur Radio Service (SARS) is available for emergency communications should conventional channels fail.

## **City of Southfield**

### **Letter of Transmittal**

At the direction of the Southfield City Council, the police department reinstated the position of animal warden to more comprehensively enforce Chapter 113, ANIMALS, of the City Code. The Animal Warden assists Southfield residents with most animal-related problems or issues on their property or within their immediate living space. Animal warden services include: animal bite complaints, vicious, stray or wild animal concerns, barking dogs, dead animal removal, and animal cruelty cases.

The Southfield City Council also adopted an ordinance to amend the Southfield City Code in July 2010 by adding new Section 9.88 to Chapter 113, Animals, of Title IX, Police Regulations, regarding electronic pet fences. The new Electronic Pet Fence Ordinance mandates that a sign must be placed at each corner of any property upon which such a fence is installed that is abutting a street. The signs ("Electronic Pet Fence in Use") are available free-of-charge to residents at the City's Neighborhood and Information Center.

The City of Southfield launched the Southfield Feral Cat Trap, Neuter & Return (TNR) Program in July 2011 to address the overpopulation of feral cat colonies throughout Oakland County. The TNR program is funded through a PetSmart Charities grant that is administered by Oakland County and the Michigan Pet Fund Alliance. Southfield was selected as a pilot community to participate in this program. An effective trap-neuter-release program has been shown to reduce not only cat colony populations, but also communicable illnesses and the number of cats taken to already overwhelmed animal shelters.

The City of Southfield's Human Services Department provides a number of programs and services designed to meet the specialized needs of our residents. These include Southfield-Lathrup Counseling Services, Legal Aid, Social Work Outreach Services, Older Adult Services, Services for the Disabled, Southfield Career Center, and the Southfield Human Services Providers. The department's primary focus is to help residents and families cope with difficult economic and life situations by providing foreclosure prevention counseling, direct assistance and/or referrals, crisis intervention, and coordination of special programs and services. In FY 2011-12, the Human Services Department also coordinated several forums and workshops that addressed home retention, home ownership, services for senior adults and programs and services available to low-income families.

The City of Southfield recently launched Destination Southfield, a collection of Geographic Information System (GIS) -based sites that provide up-to-date interactive maps and information about city services, parks and polling locations.

The City of Southfield became one of the first communities in the country to take advantage of Environmental Systems Research Institute's (ESRI) new ArcGIS for Local Government common information model. ArcGIS for Local Government includes a series of maps and applications built on a common information model that is designed to work together across various city departments. This new GIS-based Internet mapping portal has been integrated into the City's existing GIS infrastructure to provide a wealth of geospatial information, including core GIS tools, templates, and applications. These new interactive maps and layers will help the City improve operations and communicate more effectively with the public while saving both time and money. Destination Southfield will also help to promote the growth of existing business and attract new investments into the city while providing vital information to citizens. Residents and nonresidents alike are now able to view property ownership, zoning, voting districts, refuse and recycling information and many other commonly used data layers.

## **City of Southfield**

### **Letter of Transmittal**

The City of Southfield GIS Group deployed the apps and maps gallery template, Destination Southfield, in early 2012 which includes the City's existing application "City Map Viewer" as well as the new applications "Polling Places" and "Parks & Rec. Finder" with future plans for additional apps to be added in the coming months.

The City Map Viewer application provides a wealth of geospatial information to residents and businesses, supporting interactive public service delivery around the clock. Resources like the City's Map Viewer reflect the type of investments Southfield is making to ensure a vibrant business climate exists. This site helps promote the growth of existing business while also attracting new investments into the city by providing vital information to the community. Residents and nonresidents alike are now able to view property ownership, zoning, voting districts, refuse and recycling information and many more commonly used data layers 24-hours-a-day, seven-days-a-week.

The Election Polling Places application helps citizens to locate their election polling place and obtain information about current elected officials. This application is typically used by citizens during an election season, although it can be used throughout the year as well. To locate a polling place, simply click on the map or enter an address in the search box. The polling place and respective voting precinct will then be highlighted on the map and relevant information about the polling place will be presented in two tabs at the bottom of the application. The application will also provide directions from the searched address to the associated polling place location.

The Park and Recreation Finder application helps residents locate a park and obtain information about recreation activities in the community. This application is typically used by residents in a community; however, it can also be used by visitors to locate a park or recreation area near them, or one that offers the activity they are interested in. To locate a park, simply enter an address or activity in the search box. The park(s) or recreation area(s) will then be highlighted on the map and relevant information about available recreation activities are then presented to the user.

In keeping with the City's tradition of transparency, Southfield strives to maintain open lines of communication with the community through a variety of award-winning communication vehicles, including a comprehensive municipal Web site, city cable channel, and several informative publications and newsletters. Taking advantage of the latest technology, the City of Southfield launched a new e-mail/text instant alert system for residents and businesses in 2009. The service is one of the newest, fastest and most cost-effective ways to update the community about current City news and information via e-mail or wireless device.

The instant alert system is provided free-of-charge to both the City and the community by Oakland County through GovDelivery, the world's leading provider of government-to-citizen communication solutions. Sign-up is quick and easy right from the City's Web site. Southfield residents or businesses simply log on to [www.cityofsouthfield.com](http://www.cityofsouthfield.com) and enter their e-mail address. From here users verify their e-mail address (and/or wireless information) and set their preferences. Registered users then begin receiving updates as they are released from the City via their preferred method. The instant alert system is a quick, convenient and free way to keep the community apprised of any breaking news in the city.

## **City of Southfield**

### **Letter of Transmittal**

The City of Southfield utilizes the latest social media to communicate with the community through the City of Southfield LinkedIn profile page and the City of Southfield, Michigan USA Facebook fan page. Both sites are used to disseminate information about the City to targeted audiences in a convenient and cost-effective manner. The City has received overwhelmingly positive feedback from users on both sites, with the City's Facebook fan page growing to encompass well over 4,000 "fans" of the City – a clear indication of its effectiveness.

The 2011 International Festival kicked-off with a U.S. Citizenship & Immigration Services (CIS) swearing-in ceremony of 239 new citizens from 58 different countries on October 15. The City of Southfield, in partnership with the International Institute of Metropolitan Detroit, Inc., sponsored the International Festival October 15-October 17 in the Southfield Pavilion. The event featured a fun, affordable and enriching weekend for the entire family, including: international music and dance performances; children's hands-on activities and crafts; and ethnic art and craft demonstrations. Guests were also able to purchase a wide variety of imported products, authentic handmade arts and crafts, jewelry, books and other unique gifts from over 30 vendors from around the world. A wide variety of ethnic food and beverages was also available for purchase. The event was a great success, with thousands of guests from Southfield and all of metro Detroit attending throughout the entire weekend.

The City's Parks & Recreation Department provides numerous recreation programs for both residents and business people of all ages and interests at facilities throughout the City. The Parks and Recreation department continues to offer innovative new programs and community partnerships to provide a wide range of recreation opportunities. Southfield's many parks remain extremely popular throughout the entire year, hosting a wide range of athletic competitions and events such as little league games, adult softball, tennis and sand volleyball leagues and soccer games. Over 150 families rented one of three picnic shelters in the City in the 2011-12 fiscal year for their family and school reunions, church and business picnics or other special events. More than 10,000 visitors enjoyed the new kiddie pool and climbing wall toys at the Southfield Sports Arena pool, and over 18,000 rounds of golf were played at Beech Woods Golf Course in addition to almost 26,000 rounds played at Evergreen Hills Golf Course.

Consistent with sound principles of municipal finance, the City continues to invest in infrastructure major maintenance and improvement projects, while closely limiting daily operating costs to earmark resources for capital project funding. City leaders keep the long-range sustainability of the City as an important priority. As a result, during the off season of 2011, updates to the pool and ice arena were accomplished. Improvements to the ice arena portion included a new hot water heater, cooling tower and ice compressor in addition to updates to the team room shower areas. Improvements to the pool involved adding a climbing wall in the deep end of the main pool, the addition of two new interactive toys for the kiddie pool, and the placement of two new permanent umbrellas on the lower pool deck to provide shade. These projects enhance recreational opportunities while helping to reduce day-to-day maintenance costs and improving water efficiency in the team shower rooms.

The Burgh Historical Park was the site of 16 weddings throughout the spring and summer in addition to numerous showers and other gatherings. The beautiful gardens, outdoor gazebo, and new Thomas N. Frommeyer Gardens and courtyard at The Burgh offer guests a unique, relaxing and beautiful setting for any special occasion. The Mary Thompson Farmhouse was restored as a museum and is now home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provide plots to close

## **City of Southfield**

### **Letter of Transmittal**

to 100 enthusiastic gardeners who offer tours to schools and scouting groups. An additional 55 people are on the waiting list for a garden plot as they become available.

In addition to the many P&R classes, activities and facilities, the department also sponsors several special events for the community. In January 2011, Parks & Recreation celebrated its 26th Daddy-Daughter Dinner Dance with almost 500 young ladies and their special guests. The department brought back the popular Princess & Super Hero Day event in FY2011-12 with more than 200 children and their parents attending. The Department also worked extensively with the Southfield Police and Fire Departments to create events such as the Family Fun and Safety Night and Movie Under the Stars on June 27 with over 6,500 residents in attendance. Working with the City Centre Advisory Board, the Parks & Recreation Department was also able to offer another season of the Eat to the Beat lunchtime concerts at the City Centre. These concerts give area business people a chance to experience a relaxing lunch outdoors while enjoying quality, area musical acts once a month. The weekly Burgh Gazebo Concert series also continued to play to large audiences at the Burgh Historical Park.

Approximately 2,000 children participated in one of Southfield P&R's several summer camps throughout the summer of 2011. Camps Tadpole (ages 5-6 years), Wildwood (ages 7-8 years) and Evergreen (ages 9-12 years) were held at the Civic Center Complex, while Camp Kaleidoscope (ages 5-12 years) was held at the Beech Woods Recreation Center.

The Department offers many programs for disabled athletes including the Miracle League, a baseball program played on a specialized field allowing for the use of wheelchairs and other walking devices, and the Jr. Michigan Thunderbirds Wheelchair Basketball program. Beech Woods Recreation Center hosted the 2012 North Eastern United States Regional Wheelchair Basketball Tournament January 4-6 with 21 teams from five different states participating.

The Suburban Mobility Authority for Regional Transportation (SMART) and the Parks & Recreation Department provided on average 250 people per week with transportation to doctors' offices, medical appointments, banking, grocery shopping, and daytrips in fiscal year 2011-12 through the TOSS program. TOSS (Transportation of Southfield Seniors) is a program that helps Southfield seniors maintain their independence without a car. The program receives funding from a number of sources such as SMART, Community Block Grant, Providence Hospital, Beaumont Hospital and Comerica Bank.

The Southfield Public Library continues to serve the community by providing unparalleled services, resources, programs and numerous public meeting spaces. The Southfield Public Library is a state-of-the-art facility that on average receives over 2,000 visitors daily. During these difficult economic times, the Library has grown in importance as a source of information and entertainment for families who increasingly find themselves with often limited resources. The Southfield Public Library's many amenities include two computer labs; a 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 Southfield Public Library also offers several computer classes monthly, ranging from Computer Fundamentals to Microsoft Office software training for people at all levels of computer literacy. Additionally, the Library recently completed the renovation of the youth room, added new early



## **City of Southfield**

### **Letter of Transmittal**

literacy computer stations, expanded shelving in the picture book collection and young adult areas, and added two new learning manipulatives to the Storybook Castle.

The Southfield Public Library also continues to offer residents innovative programming, including the Genealogy Lock-In which allowed participants uninterrupted access to the library's genealogical resources as well as the assistance of Library staff, and Reading with Kassie – a program that helps children improve their reading skills by reading aloud to Kassie the therapy dog. The Library's annual Battle of the Books programs continue to be very popular, with over 450 students from 23 different schools and numerous coaches participating in 2012. Several other library programs such as the Jazz & Blues series, Poetry, Pages & Scribes and the Local Author Book Fairs also continue to be very popular. In fiscal year 2011-12, 642,000 items were checked out to patrons; over 22,000 new items were added to the collection; 17,500 items were processed for MelCat inter-library loan; and more than 7,800 new library cards were issued.

Southfield remains a model of multiculturalism as the home to large concentrations of African-American, Armenian, Chaldean (Catholic Iraqi), Jewish, Korean, and Russian Orthodox residents. Southfield is one of the most diverse communities in Michigan, and perhaps the Midwest. 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 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. 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, focus on beautification and appearance, and excellent City services have created a statewide model of a successful community that has helped to provide a solid foundation for the City's continued long-term

## **City of Southfield**

### **Letter of Transmittal**

sustainability. Through careful strategic planning, City Council and Administration have adhered to the City's budget plan while developing a road map to ensure the City's long-term financial future. City leaders continue to maintain a constant focus on providing quality city services while doing so with reduced revenues and unprecedented declines in property values, state shared revenues and state road funding (Act 51). Despite these major challenges, the City of Southfield stands ready to serve as a leader in the economic comeback of this region and the State of Michigan.

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.

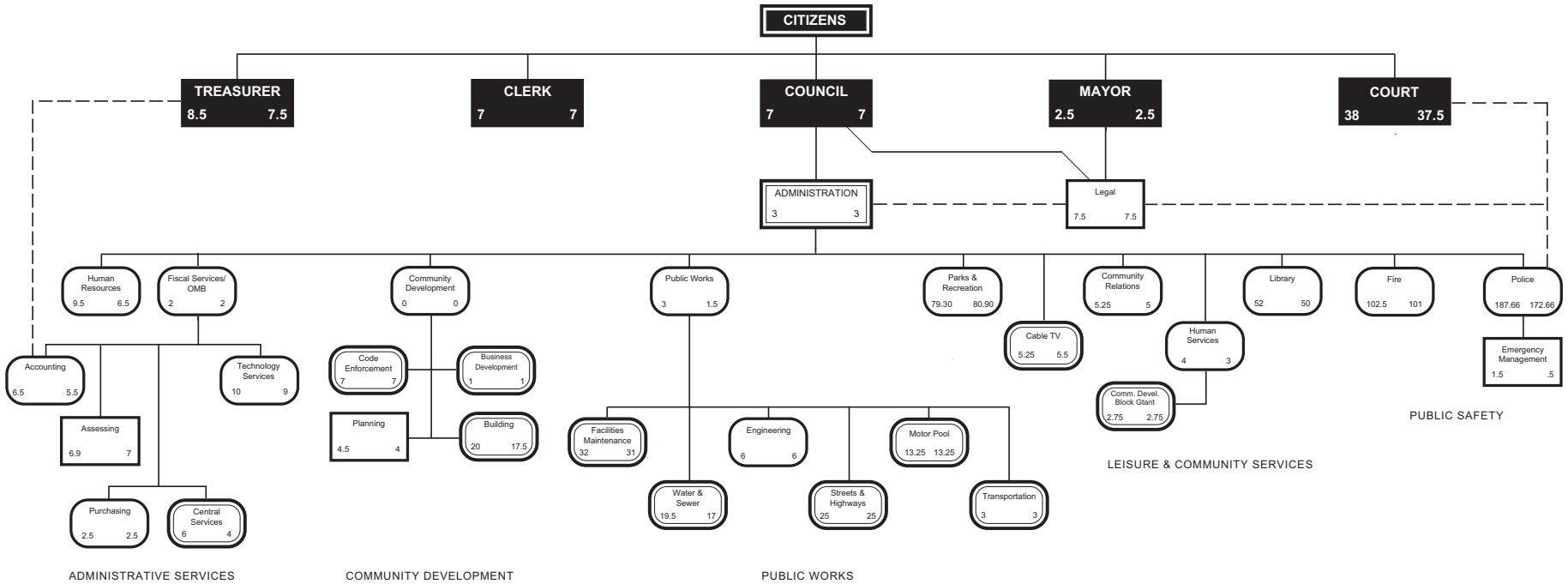
Respectfully submitted,

A handwritten signature in black ink, reading "James G. Scharret". The signature is written in a cursive style with a large, stylized initial "J".

James G. Scharret  
City Administrator

**(This page left intentionally blank.)**

# Organizational Chart



Number to left of department gives 2010-11 filled positions;  
 number to right gives 2011-12 complement.  
 Approved Total 2010-11: 691.36  
 Approved Total 2011-12: 656.06

**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

# **CITY OF SOUTHFIELD, MICHIGAN**

**June 30, 2012**

**-MAYOR-**

***Brenda L. Lawrence***

**-CITY COUNCIL-**

***Joan Seymour, President***

***Sidney Lantz, President Pro Tem***

***Donald F. Fracassi***

***Myron A. Frasier***

***Sylvia Jordan***

***Jeremy Moss***

***Kenson J. Siver***

**-CITY CLERK-**

***Nancy L. M. Banks***

**-CITY TREASURER-**

***Irv M. Lowenberg***

**-CITY ADMINISTRATOR-**

***James G. Scharret***

**(This page left intentionally blank.)**

## 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, Michigan (the "City") as of and for the year ended June 30, 2012, 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 47 percent, 49 percent, and 62 percent of the assets, net assets, and revenue, 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan as of June 30, 2012 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedule for the General Fund and Local Streets Fund, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, Michigan's basic financial statements. The other supplemental information, including the budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance for the nonmajor governmental funds, internal service funds and fiduciary funds as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it. The City has not adopted the provisions of GASB No. 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 will also issue our report on our consideration of the City of Southfield, Michigan'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*

January 14, 2013



# 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, 2012. 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 \$14.3 million, or 6.3%, from \$226.8 million to \$241.1 million.
- Governmental activities net assets increased by \$6.9 million to \$157.3 million.
- Business-type activities net assets increased by \$7.4 million to \$83.8 million.

#### Fund Level:

- At the close of the fiscal year, the City's governmental funds reported combined ending fund balance of \$40.8 million, with \$1.1 million being non-spendable, \$24.2 million being restricted, \$10.0 million being committed for specific purposes and \$5.5 million being allocated between assigned or unassigned.
- The fiscal year 2012 governmental funds combined ending fund balance reflects an increase of \$5.5 million from the prior fiscal year. This combined increase, however, is made up of an increase in the General Fund ending balance of \$4.1 million, a decrease in the Local streets fund ending balance of \$1.3 million, a decrease in the Parks and recreation fund ending balance of \$.7 million, an increase in the Major streets fund ending balance of \$1.5 million, an increase of \$.8 million in the Cable television fund and an increase in the Library fund ending balance of \$.3 million. The rest of the change is spread out amongst the various other governmental funds.
- The increase in the General Fund balance was due to mainly two things. First, an additional millage was approved by voters which enabled the General Fund to generate new revenues to overcome some of the losses incurred over the past few years. The General Fund also maintained its fiscally responsible stance of not filling vacancies which garnered considerable savings from departments. The Local streets fund balance decrease was due to an operating transfer of \$2.5 million to Major streets with offsetting savings from lower than projected expenditures. The Major streets fund balance increase was due to the operating transfer from Local streets which were not fully expended in the current fiscal year.

#### Capital and Long-term Debt Activities:

- The City's statutorily authorized debt limit excluding revenue, emergency and special assessment bonds is \$285.9 million. The City is \$248.7 million below this 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 2012. 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.

# City of Southfield

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

**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 Cornerstone 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.

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.

# City of Southfield

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

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.

**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, Other Post-Employment Benefits 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.

# City of Southfield

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

#### 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.

#### FINANCIAL ANALYSIS

As previously stated, the City's combined net assets increased by \$14.3 million over the course of this fiscal year's operations. The net assets of the governmental activities increased in the amount of \$6.9 million; the net assets of the business-type activities increased by \$7.4 million.

The following is a condensed Statement of Net Assets for the period ending June 30, 2012:

	<b>Net Assets</b>					
	<b>June 30, 2012</b>					
	(in millions of dollars)					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>						
Current and other assets	\$ 86.6	\$ 76.7	\$ 45.5	\$ 37.8	\$ 132.1	\$ 114.5
Capital assets	138.5	144.1	62.3	64.8	200.8	208.9
Other long term assets	1.6	6.0			1.6	6.0
Total assets	<u>226.7</u>	<u>226.8</u>	<u>107.8</u>	<u>102.6</u>	<u>334.5</u>	<u>329.4</u>
<b>LIABILITIES</b>						
Current liabilities	9.2	9.2	4.5	6.7	13.7	15.9
Other liabilities	60.2	67.2	19.5	19.5	79.7	86.7
Total liabilities	<u>69.4</u>	<u>76.4</u>	<u>24.0</u>	<u>26.2</u>	<u>93.4</u>	<u>102.6</u>
<b>NET ASSETS</b>						
Invested in capital assets net of related debt	93.4	96.6	42.9	43.5	136.3	140.1
Restricted	27.5	26.8			27.5	26.8
Unrestricted	36.4	27.0	40.9	32.9	77.3	59.9
<b>Total Net Assets</b>	<u>\$ 157.3</u>	<u>\$ 150.4</u>	<u>\$ 83.8</u>	<u>\$ 76.4</u>	<u>\$ 241.1</u>	<u>\$ 226.8</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, 2012**  
(in millions of dollars)

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 18.0	\$ 17.6	\$ 38.0	\$ 35.0	\$ 56.0	\$ 52.6
Grants and contributions	13.1	11.4	0.2		13.3	11.4
General revenues						
Property taxes	60.7	50.8			60.7	50.8
Unrestricted state shared	6.0	6.2			6.0	6.2
Investment earnings	0.6	0.5	0.4	0.1	1.0	0.6
Other	1.8	2.3	0.2	0.1	2.0	2.4
<b>Total revenues</b>	<u>100.2</u>	<u>88.8</u>	<u>38.8</u>	<u>35.2</u>	<u>139.0</u>	<u>124.0</u>
<b>EXPENSES</b>						
General government	14.2	18.7			14.2	18.7
Public safety	41.7	44.1			41.7	44.1
Highway and streets	9.8	8.7			9.8	8.7
Public services	1.4	1.2			1.4	1.2
Sanitation	3.1	3.1			3.1	3.1
Community improvement	0.8	1.6			0.8	1.6
Social services	4.8	4.8			4.8	4.8
Culture and recreation	15.4	15.6			15.4	15.6
Water and sewer			31.3	29.0	31.3	29.0
Interest on long term debt	2.2	2.3			2.2	2.3
<b>Total expenses</b>	<u>93.4</u>	<u>100.1</u>	<u>31.3</u>	<u>29.0</u>	<u>124.7</u>	<u>129.1</u>
Excess (deficiency) before transfers	6.8	(11.3)	7.5	6.2	14.3	(5.1)
Transfers in	0.1				0.1	
Transfers out			(0.1)		(0.1)	
<b>Increase (decrease) in net assets</b>	6.9	(11.3)	7.4	6.2	14.3	(5.1)
Beginning net assets	<u>150.4</u>	<u>161.7</u>	<u>76.4</u>	<u>70.2</u>	<u>226.8</u>	<u>231.9</u>
<b>Ending net assets</b>	<u>\$ 157.3</u>	<u>\$ 150.4</u>	<u>\$ 83.8</u>	<u>\$ 76.4</u>	<u>\$ 241.1</u>	<u>\$ 226.8</u>

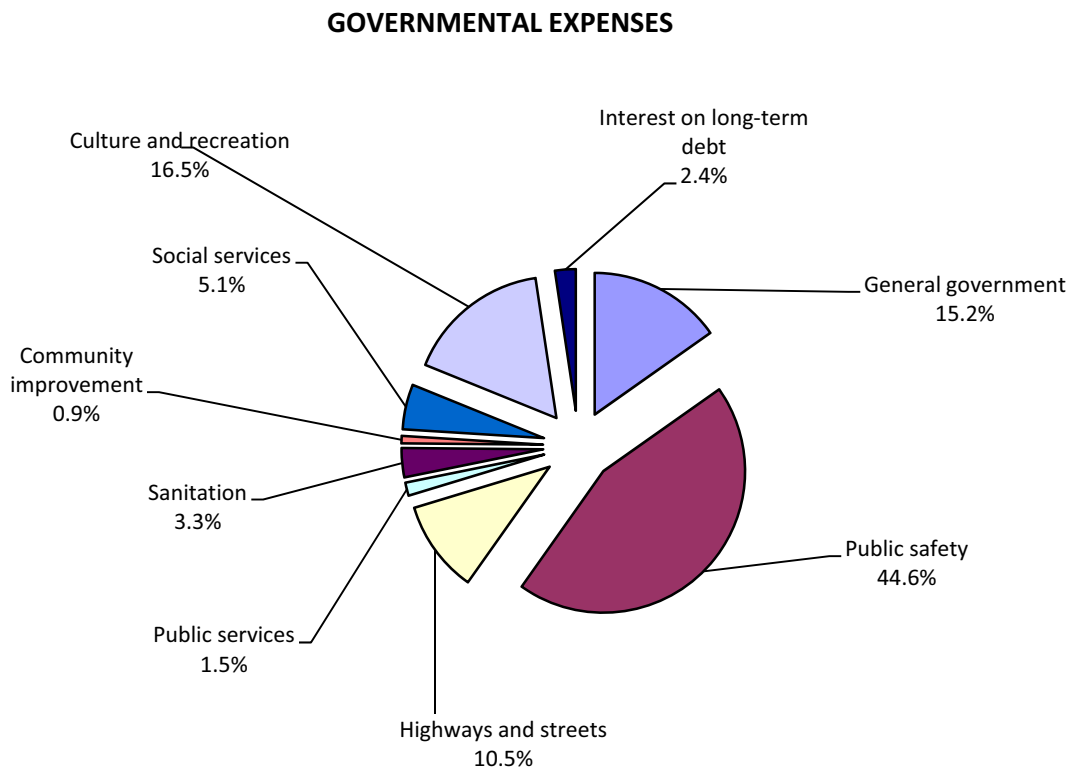
# City of Southfield

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS (continued)

The result of 2012 fiscal year's governmental activity was an increase of \$6.9 million and an ending net assets balance of \$157.3 million. Of this total, \$93.4 million is invested in capital assets less related debt, \$27.5 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 \$36.4 million is listed as unrestricted, having no legal commitment.

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



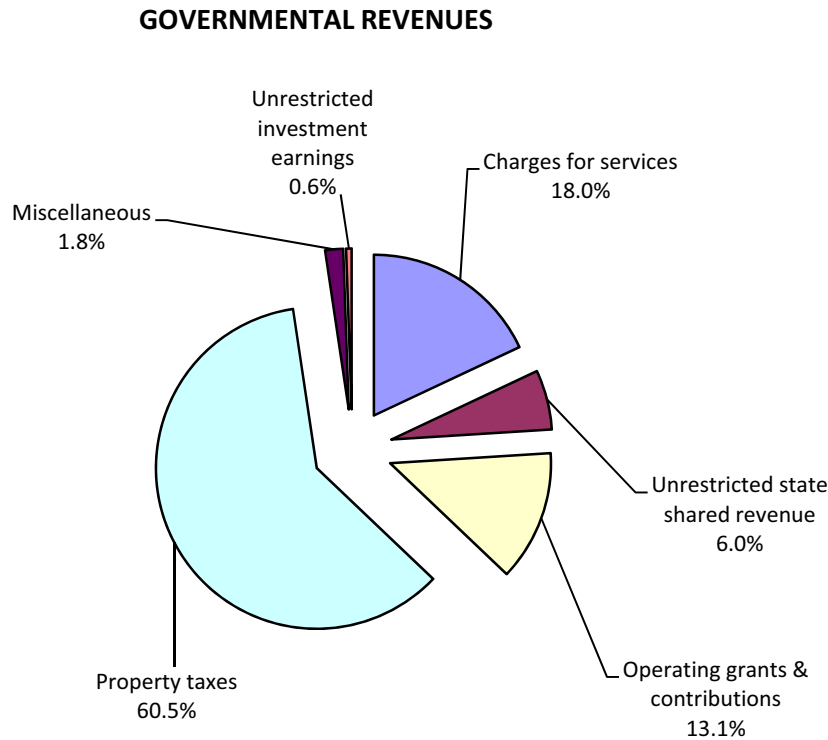
Governmental activity expenses for the fiscal year decreased by \$6.7 million. Public safety is the largest governmental activity, expending \$41.7 million of the governmental activities total expenses of \$93.4 million. It comprises 44.6% of total governmental expenses. This activity decreased by \$2.4 million. Cultural and recreation is the second largest governmental activity with total expenses of \$15.4 million, expending 16.5% of total governmental expenses. This activity decreased by \$.2 million. General government is the third largest governmental activity with a total expense of \$14.2 million, expending 15.2% of total governmental expenses. This activity decreased by \$4.5 million. The main reason for the above decreases is continued cost cutting efforts necessitated by falling taxable values and tax tribunal settlements. These three categories comprised 76.3% 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 had a net increase in fiscal year 2012 by \$11.4 million. This increase primarily derived from a \$9.9 million increase in property taxes and a \$1.7 million 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 22.8611 mills increased due to a property tax millage election. Property tax revenue generated \$60.7 million in 2012. It represented 60.5% of all available sources of revenue. Charges for services comprise the second largest source of governmental activity revenue. It represented 18.0% of all available sources of revenue for governmental activities. This source increased by \$.4 million. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, represented 6.0% of all available sources of revenue. The Grants and contributions figure represents 13.1% of all available sources of revenue. Over 97.6% 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 \$7.4 million during fiscal year 2012. Overall charges for services increased from 2011 by \$3.0 million or 8.6%. Operating expenses increased by \$2.3 million or 7.9%.

Of the total \$83.8 million of net assets in the business type activities, \$40.9 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, 2012 the General Fund reported a fund balance of \$13.1 million. This amount is an increase of \$4.1 million from the prior June 30. Of the total fund balance, \$1.0 million is non-spendable, \$1.5 million is restricted, \$6.4 million is committed and \$4.2 being allocated between assigned or unassigned.

#### General Fund Budgetary Highlights:

The General Fund revenue budget was adjusted for a FEMA grant during fiscal year 2012, with an original budget of \$64.3 million and final budget amount of \$64.5 million. General Fund revenue totaled \$66.7 million. Property tax revenues were below budget projections by \$.4 million due to greater than anticipated tax appeals. Intergovernmental state revenues were greater than budgeted by \$.9 million due to cautious budget projections regarding anticipated changes to the state shared revenue allocation. Intergovernmental other revenues were greater than budgeted by \$.5 million mainly due to the recognition of a deferred revenue budgeted in the prior fiscal year. Charges for services and Fines and forfeitures both exceeded budget projections by \$.3 million and \$.4 million respectively.

The General Fund expenditure budget was increased marginally during fiscal year 2012 to a final budget of \$64.4 million. Actual expenditures for fiscal year 2012 were \$62.4 million which was \$2.0 million under budget due to departmental savings from holding all vacancies open in all departments.

In summary, the fiscal year 2012 final amended budget anticipated using \$.1 million of prior year's fund balance. The actual net change in fund balance was an increase of \$4.1 million; greatly outperforming original projections.

# City of Southfield

## Management's Discussion and Analysis

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

#### Local Streets Fund

The Local streets fund is a special revenue fund used to account for financial resources which are specifically earmarked for roads primarily in the residential community. As of June 30, 2012, the fund reported a fund balance of \$3.9 million. This amount reflects a decrease of \$1.3 million from the prior June 30. The funds final budget anticipated a decrease of \$3.1 million in fund balance. The funds final revenue budget totaled \$4.0 million. Actual revenues totaled \$4.1 million which marginally exceeded this projection. The funds final expenditure budget totaled \$4.5 million. Actual expenditures totaled \$2.8 million, \$1.7 million below projections. This was achieved through savings due to holding vacancies open resulting in less maintenance and appearance expenditures and lower than anticipated snowfall.

#### Capital Improvements Fund

The Capital improvements 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 were continued in 2012. The Capital improvements fund had an ending fund balance of \$1.3 million.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2012, the City of Southfield had invested \$200.8 million, net of accumulated depreciation, in a broad range of capital assets. This reflects a decrease of \$8.1 million from 2011. Refer to Note 3C for additional capital asset information.

Long Term Debt – At the end of 2012, the City of Southfield had \$64.8 million in bonds outstanding. The amount of bonds with limited taxing authority in 2012 is \$29.7 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 among the most difficult in the City's 54-year history. The elements include:

- June 2012 state unemployment, at 8.6%, remains in the upper one-third of the 50 states with the US average standing at 8.2%.
- 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 \$5.3 million anticipated for 2012-13. This represents a decline of \$4.5 million or 46% over the eleven-year period.

# 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 stagnant general economic conditions, state budgetary challenges, 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, prior to 2009-10, reflect a decline—1.6% in 1983-84 and 0.6% in 1994-95. Yet, the tax base decreased 3.0% in 2009-10, 14.5% in 2010-11, and 13.02% in 2011-12. 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 after just having been granted one in a special election on May 3, 2011; or c) reduce the size and cost of government. The City of Southfield must adhere to option (c): the most disciplined, realistic, 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.
- 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 (unprecedented double-digit declines 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; however, current reserves alone cannot sustain current service levels long-term.
- 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 six years, we have reduced the workforce by some 200 positions or nearly 25%, 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 in recent 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 65% of the tax base, is served by the business retention and expansion efforts of the City's business development team. 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 has 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. Since 2004-05, grant funding has more than doubled from \$3.5 million in 2004-05 to \$7.7 million in the 2012-13 approved budget. This increase includes \$3.3 million, or 106%, in Career Center grant funding for job training and placement, from \$1.6 million in 2004-05 to \$3.3 million in the approved 2012-13 budget. 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)**

To help fight the effects of the great recession, the City has been awarded a total of \$4.6 million in federal funds for our Neighborhood Stabilization Program to address the residential foreclosure problem that has gripped 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 and Highway, Water and Sewer, and Facilities related projects). We remain "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 great. Yet, past actions taken to maintain or 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 DIVISION**

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.

**(This page left intentionally blank.)**

**City of Southfield**  
**Government-Wide Statement of Net Assets**  
**June 30, 2012**

	Primary Government			Component Units	
	Governmental	Business-type	Total	Governmental	Proprietary
	Activities	Activities		Component Units	Nonprofit Housing Corporation *
<b>ASSETS</b>					
Cash and cash equivalents (Note 3A)	\$ 63,951,501	\$ 30,759,628	\$ 94,711,129	\$ 12,952,213	\$ 1,033,357
Investments (Note 3A)	6,513,489	825,194	7,338,683	3,336,126	
Receivables, net (Note 3B)	6,513,967	13,738,827	20,252,794	240,174	78,355
Property investments	1,239,311		1,239,311	1,505,000	
Prepays	875,282	17,224	892,506	4,747	153,215
Internal balances (Note 3F)	301,486	(301,486)	-		
Due from primary government				293,874	
Due from component units	2,757,873		2,757,873		
Due from other governmental units	756,621		756,621		
Inventories	892,265	472,624	1,364,889		
Restricted assets: (Note 3A)					
Cash and cash equivalents	2,753,513		2,753,513		7,087,783
Long-term advances	1,585,686		1,585,686		
Capital assets: (Note 3C)					
Non-depreciable	13,131,093	1,252,069	14,383,162		2,543,410
Depreciable-net	125,406,880	61,039,283	186,446,163	258,439	5,742,723
Total assets	<u>226,678,967</u>	<u>107,803,363</u>	<u>334,482,330</u>	<u>18,590,573</u>	<u>16,638,843</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	6,440,451	4,355,028	10,795,479	143,520	238,494
Interest payable	390,858	117,291	508,149		
Insurance payable	1,286,021		1,286,021		
Workers' compensation payable	499,040		499,040		
Due to primary government				2,757,873	
Due to component units	293,874		293,874		
Due to other governmental units				4,107,382	
Long-term advances from primary government				1,585,686	
Unearned revenue (Note 3B)	323,272		323,272	47,837	
Noncurrent liabilities: (Note 3D)					
Due within one year	5,884,379	1,960,000	7,844,379		667,403
Due in more than one year	52,839,204	17,517,380	70,356,584	180,697	6,224,518
Net OPEB obligation: (Note 4E)	1,441,873	29,427	1,471,300		
Total liabilities	<u>69,398,972</u>	<u>23,979,126</u>	<u>93,378,098</u>	<u>8,822,995</u>	<u>7,130,415</u>
<b>NET ASSETS (Note 4A)</b>					
Invested in capital assets, net of related debt	93,389,840	42,942,563	136,332,403	258,439	1,394,212
Restricted					
Right-of-way funds/metro authority	1,520,237		1,520,237		
Highways and streets	6,730,815		6,730,815		
Cable PEG fees	897,200		897,200		
Culture and recreation	9,591,268		9,591,268		
Community improvement	785,287		785,287		
Social services	1,972,364		1,972,364		7,087,783
Grants (other)	188,282		188,282		
Public safety	802,541		802,541		
Debt service	2,720		2,720		
Capital projects	2,506,776		2,506,776		
Claims	2,530,132		2,530,132		
Unrestricted	36,362,533	40,881,674	77,244,207	9,509,139	1,026,433
Total net assets	<u>\$ 157,279,995</u>	<u>\$ 83,824,237</u>	<u>\$ 241,104,232</u>	<u>\$ 9,767,578</u>	<u>\$ 9,508,428</u>

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

\* Audited as of 12/31/11

**City of Southfield**  
**Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2012**

	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	Total	Governmental Component Units	Proprietary Nonprofit Housing Corporation *
Functions/programs									
Primary government:									
Governmental activities:									
General government	\$ 14,231,933	\$ 1,157,454	\$ 893,900		\$ (12,180,579)		\$ (12,180,579)		
Public safety	41,684,855	8,432,922	1,417,392		(31,834,541)		(31,834,541)		
Highways and streets	9,785,950		5,425,090		(4,360,860)		(4,360,860)		
Public services	1,388,114	745,171		\$ 3,500	(639,443)		(639,443)		
Sanitation	3,146,562	3,135,091			(11,471)		(11,471)		
Community improvement	754,452	322,502	655,951		224,001		224,001		
Social services	4,802,279		4,493,689		(308,590)		(308,590)		
Culture and recreation	15,413,138	4,174,246	138,942	71,386	(11,028,564)		(11,028,564)		
Interest on long-term debt	2,246,976				(2,246,976)		(2,246,976)		
Total governmental activities	<u>93,454,259</u>	<u>17,967,386</u>	<u>13,024,964</u>	<u>74,886</u>	<u>(62,387,023)</u>		<u>(62,387,023)</u>		
Business-type activities:									
Water and sewer	<u>31,348,426</u>	<u>38,002,545</u>		<u>161,652</u>		\$ <u>6,815,771</u>	<u>6,815,771</u>		
Total primary government	<u>\$ 124,802,685</u>	<u>\$ 55,969,931</u>	<u>\$ 13,024,964</u>	<u>\$ 236,538</u>			<u>(55,571,252)</u>		
Component units activities:									
Governmental	<u>\$ 2,550,580</u>	<u>\$ -</u>	<u>\$ 12,623</u>	<u>\$ 14,224</u>			<u>\$ (2,523,733)</u>		
Proprietary activities:	<u>\$ 3,120,096</u>	<u>\$ 2,931,647</u>	<u>\$ 24,898</u>	<u>\$ -</u>				<u>\$ (163,551)</u>	
General revenues:									
Property taxes					60,710,702		60,710,702	1,885,623	
Unrestricted state shared revenues					6,016,116		6,016,116		
Unrestricted investment earnings					627,531	395,840	1,023,371	217,821	883,509
Miscellaneous					1,870,282	235,690	2,105,972	202,883	24,065
Transfers (Note 3F)					57,386	(57,386)	-		
Total general revenues and transfers					<u>69,282,017</u>	<u>574,144</u>	<u>69,856,161</u>	<u>2,306,327</u>	<u>907,574</u>
Change in net assets					6,894,994	7,389,915	14,284,909	(217,406)	744,023
Net assets - beginning					150,385,001	76,434,322	226,819,323	9,984,984	8,764,405
Net assets - ending					<u>\$ 157,279,995</u>	<u>\$ 83,824,237</u>	<u>\$ 241,104,232</u>	<u>\$ 9,767,578</u>	<u>\$ 9,508,428</u>

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

\* Audited as of 12/31/11



**City of Southfield**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	Major Funds			Non-Major Funds	
	General	Local Streets	Capital Improvements	Other Governmental	Total Governmental
<b>ASSETS</b>					
Cash and cash equivalents (Note 3A)	\$ 9,947,658	\$ 5,403,865	\$ 3,625,275	\$ 20,834,778	\$ 39,811,576
Investments (Note 3A)	770,406	1,294,404	362,771	1,701,961	4,129,542
Receivables, net (Note 3B)	3,940,850	230,236	2,886	2,325,931	6,499,903
Property investments				1,239,311	1,239,311
Prepays	391,495			112,180	503,675
Due from other funds (Note 3F)	2,027,163	167,706	51,562	3,782,317	6,028,748
Due from component units	735,614	48,341		223,918	1,007,873
Due from other governmental units				756,621	756,621
Inventories	531,968				531,968
Restricted assets: (Note 3A)					
Cash and cash equivalents			211,391	11,990	223,381
<b>Total assets</b>	<b>\$ 18,345,154</b>	<b>\$ 7,144,552</b>	<b>\$ 4,253,885</b>	<b>\$ 30,989,007</b>	<b>\$ 60,732,598</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	1,912,259	263,292	8,090	1,155,802	3,339,443
Accrued payroll	1,086,180			319,550	1,405,730
Due to other funds (Note 3F)	1,078,911	2,920,113	72	3,540,024	7,539,120
Due to component units				293,874	293,874
Deferred revenue (Note 3B)	238,809	21,032		1,056,021	1,315,862
Other short-term liabilities	915,785	49,589		208,267	1,173,641
Advances from local improvement revolving fund (Note 3F)			2,945,344	1,907,807	4,853,151
<b>Total liabilities</b>	<b>5,231,944</b>	<b>3,254,026</b>	<b>2,953,506</b>	<b>8,481,345</b>	<b>19,920,821</b>
<b>Fund balances (deficit): (Note 4A)</b>					
Non-spendable	952,872			112,180	1,065,052
Restricted	1,520,237	3,635,875	665,137	18,352,980	24,174,229
Committed	6,365,392	254,651		3,396,257	10,016,300
Assigned	2,565,093		635,242	1,534,454	4,734,789
Unassigned	1,709,616			(888,209)	821,407
<b>Total fund balances</b>	<b>13,113,210</b>	<b>3,890,526</b>	<b>1,300,379</b>	<b>22,507,662</b>	<b>40,811,777</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,345,154</b>	<b>\$ 7,144,552</b>	<b>\$ 4,253,885</b>	<b>\$ 30,989,007</b>	<b>\$ 60,732,598</b>

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, 2012**

Fund balance for governmental activities	\$ 40,811,777
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.	133,450,582
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(390,858)
Bonds payable	(45,371,514)
Compensated absences	(8,179,615)
Michigan tax tribunal liability	(4,631,018)
Other long-term assets are not available to pay for current- period expenditures and, therefore, are deferred in the funds	992,590
Other post-employment benefits (OPEB)	(1,383,023)
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.	<u>41,981,074</u>
Government-wide net assets of governmental activities	<u>\$ 157,279,995</u>

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, 2012

	Major Funds			Non-Major Funds	Total
	General	Local Streets	Capital Improvements	Other Governmental	
<b>REVENUES</b>					
Property taxes	\$ 44,974,595	\$ 2,801,703		\$ 12,934,404	\$ 60,710,702
Special assessments				322,503	322,503
Program earnings				46,432	46,432
Charges for services	3,262,207			2,543,729	5,805,936
Sanitation	3,135,091				3,135,091
Licenses and permits	2,133,162				2,133,162
Fines and forfeitures	4,459,258			254,983	4,714,241
Federal forfeitures				225,931	225,931
Cable royalties				1,630,516	1,630,516
Intergovernmental:					
Federal	160,453			6,370,263	6,530,716
State	6,045,753	1,132,407		3,942,624	11,120,784
Other	1,156,780			96,996	1,253,776
Contributions and donations			\$ 3,500	160,757	164,257
Investment earnings	261,680	82,352	45,295	238,204	627,531
Other	1,079,959	56,861	20,491	538,347	1,695,658
Total revenues	<u>66,668,938</u>	<u>4,073,323</u>	<u>69,286</u>	<u>29,305,689</u>	<u>100,117,236</u>
<b>EXPENDITURES</b>					
Current:					
General government	8,406,904		2,278	295,242	8,704,424
Public safety	43,565,985			647,896	44,213,881
Highways and streets		2,648,527		3,646,203	6,294,730
Public services	696,105				696,105
Sanitation	3,146,562				3,146,562
Community improvement				755,660	755,660
Social services	337,689			4,218,801	4,556,490
Culture and recreation			15,858	13,186,221	13,202,079
Insurance and bonds	529,578				529,578
Support services	4,998,157				4,998,157
Capital outlay	297,668		3,225	2,973,091	3,273,984
Other				556,950	556,950
Debt service:					
Principal retirement	240,000	83,221		2,028,854	2,352,075
Interest and fiscal charges	155,460	46,071		2,056,786	2,258,317
Total expenditures	<u>62,374,108</u>	<u>2,777,819</u>	<u>21,361</u>	<u>30,365,704</u>	<u>95,538,992</u>
Excess (deficiency) of revenues over (under) expenditures	4,294,830	1,295,504	47,925	(1,060,015)	4,578,244
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>					
Transfers in			224,174	3,699,753	3,923,927
Sale of land				174,627	174,627
Transfers out	(171,823)	(2,554,136)		(480,819)	(3,206,778)
Total other financing sources (uses)	<u>(171,823)</u>	<u>(2,554,136)</u>	<u>224,174</u>	<u>3,393,561</u>	<u>891,776</u>
Net change in fund balances	4,123,007	(1,258,632)	272,099	2,333,546	5,470,020
Fund balances - beginning (Note 4A)	8,990,203	5,149,158	1,028,280	20,174,116	35,341,757
<b>Fund balances - ending</b>	<u>\$ 13,113,210</u>	<u>\$ 3,890,526</u>	<u>\$ 1,300,379</u>	<u>\$ 22,507,662</u>	<u>\$ 40,811,777</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, 2012

Net change in fund balances – total governmental funds	\$	5,470,020
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		3,271,170
Governmental activities allocate the cost of capital assets over their estimated useful lives as depreciation expense.		(7,938,790)
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.		2,352,075
Current year's amortization for discounts payable.		(6,373)
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.		1,884,606
Decrease in accrued interest payable on long-term debt		17,718
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		97,311
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(658,300)
Decrease in other post-employment benefits (OPEB)		119,669
Decrease in Michigan tax tribunal contingency		2,306,923
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.		(21,035)
Change in net assets government-wide statement of governmental activities	\$	<u>6,894,994</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, 2012**

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents <b>(Note 3A)</b>	\$ 30,759,628	\$ 24,139,925
Investments <b>(Note 3A)</b>	825,194	2,383,947
Receivables, net <b>(Note 3B)</b>	13,738,827	14,064
Prepays	17,224	371,607
Due from other funds <b>(Note 3F)</b>	374,906	1,934,903
Due from component units		1,750,000
Inventory	472,624	360,297
Total current assets	<u>46,188,403</u>	<u>30,954,743</u>
Noncurrent assets:		
Restricted assets: <b>(Note 3A)</b>		
Cash and cash equivalents		2,530,132
Long-term advances to other funds <b>(Note 3F)</b>		4,853,151
Long-term advances to component units <b>(Note 3F)</b>		1,585,686
Capital assets: <b>(Note 3C)</b>		
Construction in progress	1,252,069	
Infrastructure	123,993,541	
Equipment and intangibles	2,875,141	23,502,505
Total capital assets	<u>128,120,751</u>	<u>23,502,505</u>
Less accumulated depreciation	<u>(65,829,399)</u>	<u>(18,415,114)</u>
Total capital assets (net of accumulated depreciation)	<u>62,291,352</u>	<u>5,087,391</u>
Total noncurrent assets	<u>62,291,352</u>	<u>14,056,360</u>
Total assets	<u>108,479,755</u>	<u>45,011,103</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	4,072,247	548,988
Deposits and escrow	150,914	
Accrued payroll, including compensated absences due in less than one year	131,867	240,682
Interest payable	117,291	
General insurance accrual		1,286,021
Workers' compensation accrual		499,040
Due to other funds <b>(Note 3F)</b>	676,392	123,045
Revenue bonds payable <b>(Note 3D)</b>	1,960,000	
Total current liabilities	<u>7,108,711</u>	<u>2,697,776</u>
Noncurrent liabilities:		
Accrued compensated absences-due more 1 year <b>(Note 3D)</b>	128,591	273,403
Other post-employment benefits:	29,427	58,850
Revenue bonds payable <b>(Note 3D)</b>	17,388,789	
Total noncurrent liabilities	<u>17,546,807</u>	<u>332,253</u>
Total liabilities	<u>24,655,518</u>	<u>3,030,029</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	42,942,563	5,087,391
Restricted for claims		2,530,132
Unrestricted	40,881,674	34,363,551
<b>Total net assets</b>	<u>\$ 83,824,237</u>	<u>\$ 41,981,074</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, 2012

	Business-type Activities	Associated Governmental
	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Water and Sewer</u>	<u>Service Funds</u>
<b>OPERATING REVENUES</b>		
Charges for consumption and service:		
Water and sewage charges	\$ 37,621,870	
Charges to other funds		\$ 9,702,437
Installation charges	41,406	
Interest and penalties	339,269	
Other	235,690	269,807
Total operating revenues	<u>38,238,235</u>	<u>9,972,244</u>
<b>OPERATING EXPENSES</b>		
Administration	3,553,387	2,068,283
Equipment and facility operation		6,407,308
Transmission and distribution	21,808,067	
Service installation and meter reading	1,397,618	
Depreciation and capital adjustments	4,589,354	1,515,938
Other		474,138
Total operating expenses	<u>31,348,426</u>	<u>10,465,667</u>
Operating income (loss)	6,889,809	(493,423)
<b>NONOPERATING REVENUES</b>		
Intergovernmental - Federal	161,652	
Investment earnings	395,840	280,279
Other		851,872
Total nonoperating revenue	<u>557,492</u>	<u>1,132,151</u>
Income before transfers	7,447,301	638,728
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>		
Transfers in		43
Transfers out	(57,386)	(659,806)
Total other financing sources (uses)	<u>(57,386)</u>	<u>(659,763)</u>
Change in net assets	7,389,915	(21,035)
Total net assets - beginning	<u>76,434,322</u>	<u>42,002,109</u>
<b>Total net assets - ending</b>	<u>\$ 83,824,237</u>	<u>\$ 41,981,074</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, 2012**

	Business-type Activities	Associated Governmental
	Enterprise Fund Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 36,876,905	\$ 7,879,677
Cash paid to employees	(2,235,559)	(4,163,830)
Cash paid to suppliers	(24,336,683)	(4,696,485)
Net cash provided by (used in) operating activities	<u>10,304,663</u>	<u>(980,638)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment within an interfund	(61,957)	(1,817,558)
Retroactive premium adjustments		793,202
Long-term advances		175,629
Long-term advances to employees		42,181
Transfers in		43
Transfers out	(57,386)	(659,806)
Net cash used in noncapital and related financing activities	<u>(119,343)</u>	<u>283,691</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of and adjustments to property and equipment	(64,326)	(553,053)
Intergovernmental - Federal	161,652	
Contributions and donations		
System improvements	(2,038,656)	
Payment of revenue bonds	(1,920,000)	
Net cash used in capital and related financing activities	<u>(3,861,330)</u>	<u>(553,053)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments, net of purchases	7,999,614	12,499,915
Investment earnings	395,840	340,358
Net cash provided by investing activities	<u>8,395,454</u>	<u>12,840,273</u>
Net increase in cash, cash equivalents	14,719,444	11,590,273
Cash, cash equivalents, beginning of year	16,040,184	15,079,784
Cash, cash equivalents, end of year	\$ <u><u>30,759,628</u></u>	\$ <u><u>26,670,057</u></u>
Balance sheet reconciliation of cash & cash equivalents		
Cash, cash equivalents	\$ 30,759,628	\$ 24,139,925
Restricted cash, cash equivalents		2,530,132
Total cash, cash equivalents	\$ <u><u>30,759,628</u></u>	\$ <u><u>26,670,057</u></u>
Reconciliation of operating income to net cash provided		
(used in) by operating activities:		
Operating income (loss)	\$ 6,889,809	\$ (493,423)
Adjustments to reconcile operating income to net cash provided by		
(used in) operating activities:		
Depreciation and capital adjustments	4,589,354	1,515,938
Receivables	(1,275,050)	
Prepays	(3,712)	(361,676)
Inventory	(82,568)	19,109
Accounts payable	205,630	292,104
Deposits	(36,000)	
Accrued payroll, including compensated absences		
due in less than one year	38,211	(7,930)
Interest payable	(11,581)	
General insurance accrual		21,914
Workers' compensation accrual		(173,013)
Accrued compensated absences	(6,886)	(38,565)
OPEB obligation	(2,544)	(5,096)
Net cash provided by operating activities	\$ <u><u>10,304,663</u></u>	\$ <u><u>(980,638)</u></u>

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

**(This page left intentionally blank.)**



**City of Southfield**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Pension and Other Post-Employment Benefits Trust Funds	Agency Funds
	<u>Trust Funds</u>	<u>Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents <b>(Note 3A)</b>	\$ 5,321,977	\$ 4,758,127
Investments, at fair value <b>(Note 3A)</b> :		
Government obligations	42,008,355	281,004
Corporate bonds	37,071,690	
Common stock	190,194,543	
Real estate and other	35,222,533	
Total investments	<u>304,497,121</u>	<u>281,004</u>
Cash & investments held as collateral for securities lending <b>(Note 3A)</b> :		
Repurchase agreements	8,662,198	
Agency bonds, notes & corporate bonds	5,015,230	
Certificates of & time deposits	6,161,050	
Asset backed floating rate notes	527,647	
Commercial paper	918,208	
Treasury bill	1,745,890	
Variable rate deposits, notes & bonds	1,978,675	
Money market demand accounts	5,920,043	
Sweep vehicles	219,853	
Non-cash collateral	168,332	
Total securities lending	<u>31,317,126</u>	<u>-</u>
Prepays	839,028	
Receivables, net	<u>805,420</u>	<u>481</u>
Total assets	<u>342,780,672</u>	<u>5,039,612</u>
<b>LIABILITIES</b>		
Accounts payable & accrued payroll	439,753	165,287
Deposits and escrow		4,359,659
Interest payable		341
Due to other governmental units	756,288	514,325
Other	176,898	
Obligations under securities lending agreements	31,494,024	
Total liabilities	<u>32,866,963</u>	<u>5,039,612</u>
<b>NET ASSETS</b>		
Reserved for pension benefits	263,113,280	
Reserved for post-retirement health care benefits	<u>46,800,429</u>	
Total net assets	<u>\$ 309,913,709</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, 2012**

	Pension and Other Post-Employment Benefits Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Plan members	\$ 2,037,394
Employer	12,284,807
Total contributions	<u>14,322,201</u>
Investment activity:	
Net decrease in fair value of investments	(16,244,065)
Investment earnings	2,536,029
Dividends	4,645,784
Other	53,060
Total investment activity	<u>(9,009,192)</u>
Less investment expense:	517,258
Net investment activity	<u>(9,526,450)</u>
Total additions	<u>4,795,751</u>
<b>DEDUCTIONS</b>	
Benefits	22,159,307
Health care expense	6,096,847
Administrative expense	656,480
Total deductions	<u>28,912,634</u>
Net decrease	(24,116,883)
Net assets - beginning	<u>334,030,592</u>
<b>Net assets - ending</b>	<u><u>\$ 309,913,709</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, 2012**

	Economic Development Corporation	Brownfield Re-development Authority	Joint Local Development Finance Authority	Cornerstone Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Totals
<b>ASSETS</b>							
Cash and cash equivalents <b>(Note 3A)</b>	\$ 17,038	\$ 66,839	\$ 851,542	\$ 493,391	\$ 4,195,844	\$ 7,327,559	\$ 12,952,213
Investments <b>(Note 3A)</b>			382,624	319,548	1,305,114	1,328,840	3,336,126
Receivables, net <b>(Note 3B)</b>		71,040	27,387	103,367	1,930	36,450	240,174
Property investments				1,505,000			1,505,000
Prepays	2,654			2,093			4,747
Due from primary government						293,874	293,874
Total current assets	19,692	137,879	1,261,553	2,423,399	5,502,888	8,986,723	18,332,134
Capital assets: <b>(Note 3C)</b>							
Land improvement				265,066			265,066
Less accumulated depreciation				(6,627)			(6,627)
Net capital assets	-	-	-	258,439	-	-	258,439
Total assets	19,692	137,879	1,261,553	2,681,838	5,502,888	8,986,723	18,590,573
<b>LIABILITIES</b>							
Accounts payable and other current liabilities		78,481		65,039			143,520
Due to primary government		800		2,059		2,755,014	2,757,873
Due to other governmental units		35,905			1,443,783	2,627,694	4,107,382
Long-term advances from primary government <b>(Note 3F)</b>						1,585,686	1,585,686
Unearned revenue <b>(Note 3B)</b>		109		45,833		1,895	47,837
Noncurrent liabilities: <b>(Note 3D)</b>							
Due in more than one year				180,697			180,697
Total non-current liabilities	-	-	-	180,697	-	-	180,697
Total liabilities	-	115,295	-	293,628	1,443,783	6,970,289	8,822,995
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt				258,439			258,439
Unrestricted	19,692	22,584	1,261,553	2,129,771	4,059,105	2,016,434	9,509,139
<b>Total net assets</b>	\$ 19,692	\$ 22,584	\$ 1,261,553	\$ 2,388,210	\$ 4,059,105	\$ 2,016,434	\$ 9,767,578

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, 2012**

	Net (Expense) Revenue and Changes in Net Assets									Totals
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Brownfield Re-development Authority	Joint Local Development Finance Authority	Cornerstone Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	
Economic development corporation										
Community improvement	\$ 7,851			\$ (7,851)						\$ (7,851)
Brownfield re-development authority										
Community improvement	724,174		\$ 14,224		\$ (709,950)					(709,950)
Cornerstone development authority										
Community improvement	1,607,374	\$ 12,623					\$ (1,594,751)			(1,594,751)
Local development finance authority										
Community improvement	211,181							\$ (211,181)		(211,181)
Total component units	\$ <u>2,550,580</u>	\$ <u>12,623</u>	\$ <u>14,224</u>							<u>(2,523,733)</u>
General revenues:										
Property taxes					598,831	\$ 276,991	536,059		473,742	1,885,623
Unrestricted investment earnings				76	1,169	15,740	28,775	69,234	102,827	217,821
Miscellaneous					130,900		61,100	10,883		202,883
Total general revenues				<u>76</u>	<u>730,900</u>	<u>292,731</u>	<u>625,934</u>	<u>80,117</u>	<u>576,569</u>	<u>2,306,327</u>
Change in net assets				(7,775)	20,950	292,731	(968,817)	80,117	365,388	(217,406)
Net assets - beginning				27,467	1,634	968,822	3,357,027	3,978,988	1,651,046	9,984,984
Net assets - ending				\$ <u>19,692</u>	\$ <u>22,584</u>	\$ <u>1,261,553</u>	\$ <u>2,388,210</u>	\$ <u>4,059,105</u>	\$ <u>2,016,434</u>	\$ <u>9,767,578</u>

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:

- Southfield Growth Corporation
- City of Southfield Library Building Authority
- City of Southfield Building Authority

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity (continued)

The Southfield growth corporation whose activities are recorded in the Neighborhood stabilization program fund is governed by a 5 member board including the Deputy City Administrator, City Attorney, Purchasing Agent, Director of Planning and Housing Program specialist. The first three are appointed by the City Council, the Director of Planning is appointed by the Mayor and confirmed by the City Council and the specialist reports to the Deputy City Administrator, thereby appointing a voting majority. 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.

***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:

**Economic Development Corporation (EDC):** The 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.

**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.

**Joint-Local Development Finance Authority (Joint-LDFA):**

The Joint-LDFA 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.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity (continued)

**Cornerstone Development Authority (CDA):** The CDA 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.

**The Tax Increment Financing Authority (TIFA):** The 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 (LDFA):** The 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.

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

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity (continued)

##### **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.

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.

#### **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.



# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### B. Basis of presentation (continued)

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.

**LOCAL STREETS:** 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. Additional funds are provided through Public Act 298 of 1917 for all Local streets mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City.

**CAPITAL IMPROVEMENTS:** The Capital improvements fund is the basic capital project fund of the City, accounting for all major projects not specifically segregated by bond ordinance.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### B. Basis of presentation (continued)

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:** 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 Internal Services and Fiduciary 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.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### B. Basis of presentation (continued)

##### 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 plan and the Fire & Police plan.

**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.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 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.

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

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### C. Basis of accounting (continued)

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.

### 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) 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”. All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Assets, liabilities, and equity (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water and Sewer fund. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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) Restricted assets:** Restricted assets consist of deposits being held by third parties and are legally required to be used for specific purposes, including construction and maintenance of drains, debt service of drains, and for self-insurance claim payments.

**(e) 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 capitalized as infrastructure. 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.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Assets, liabilities, and equity (continued)

**(f) 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.

**(g) 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.

**(h) Fund equity:** The objective of GASB Statement No. 54 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.

In the fund financial statements, governmental funds report the following components of fund balance:

- **Non-spendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change
- **Committed:** Amounts that have been formally set aside by the City for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- **Assigned:** Intent to spend resources on specific purposes expressed by the City Council as this authority has not been delegated to management. Although also Council determined, this classification is less restrictive and thus would not require formal action by Council.

# City of Southfield

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Assets, liabilities, and equity (continued)

- Unassigned: Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and not been restricted, committed or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported; if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the City's policy is to first apply unrestricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned and unassigned.

The City Council has not formally adopted a fund balance policy. However, the general rule is to follow the GFOA guidelines by maintaining a balance between 5 – 20% of annual expenditures.

**(i) 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.

**(j) 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 or overpaid 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, 2012, 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.



# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Data (continued)

##### Notes to RSI – Budgetary Information

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments or assignments of fund balances (depending on how the encumbrances will be paid) and do not constitute expenditures or liabilities because the goods or services have not been received at year end. The commitments will be re-appropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$3,085,859.

- These non-major governmental funds require an annual budget:

Major streets	Drug law enforcement
Parks & recreation	Grants
Cable television	Library
Block grant	Michigan works grants
Section 8 housing	Auto theft grant
Neighborhood stabilization program	Donations, memorial trusts and sponsorships

- The Major streets fund adopted an annual budget which included a deficit. This fund was not in compliance with the Uniform Budget Act. The City plans to correct this for fiscal year 2013.
- The Block grant fund adopted an annual budget which included a deficit. This fund was not in compliance with the Uniform Budget Act. The City plans to correct this for fiscal year 2013.

#### B. Budget Variances

During the year, the City incurred both positive and negative revenue variances compared to amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>General Fund</b>			
Revenues:			
Property taxes	\$ 45,337,963	\$ 44,974,595	\$ (363,368)
Charges for services	2,976,323	3,262,207	285,884
Fines and forfeitures	4,074,816	4,459,258	384,442
Intergovernmental:			
State	5,115,217	6,045,753	930,536
Other	688,401	1,156,780	468,379
Other	646,846	1,079,959	433,113

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

Property taxes: Current year effect of prior year tax settlements.

Charges for services: Cautious budget projections and an intensive code enforcement program.

Fines and forfeitures: District Court revenues exceeding cautious budget projections.

Intergovernmental – State: Cautious budget projections due to uncertainty regarding changes to the allocation of state shared revenues.

Intergovernmental – Other: Cautious budget projections and revenue required to be deferred in the previous fiscal year and recognized in the current year.

Other: Cautious budget projections relating to reimbursement from tax captures and the residual equity from closing a loan program recorded in a separate fund.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Major streets</b>			
Revenues:			
Intergovernmental:			
Federal	\$ -	\$ 397,696	\$ 397,696
State	3,481,529	3,797,991	316,462

Intergovernmental -Federal: Revenues received in the current fiscal year that was budgeted previously.

Intergovernmental -State: Cautious budget projections.

	<u>Budget</u>	<u>Actual</u>	<u>Budget- Positive (Negative)</u>
<b>Parks and recreation</b>			
Revenues:			
Property taxes	\$ 4,586,277	\$ 4,492,734	\$ (93,543)
Charges for services	1,874,867	2,122,970	248,103

Property taxes: Current year effect of prior year tax settlements.

Charges for services: Revenues generated by recreation programs greater than anticipated.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Cable television</b>			
Revenues:			
Cable royalties	\$ 913,868	\$ 1,630,516	\$ 716,648

Cable royalties: Revenues generated by an additional cable television provider.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Neighborhood stabilization program</b>			
Revenues:			
Program earnings	\$ 500,000	\$ 46,432	\$ (453,568)

Program earnings: Lag time for properties purchased by grant to be sold as program earnings. Additionally, for homes sold during the year, accounting rules required a reduction to inventory of houses which were budgeted as program earnings and therefore were not realized.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Drug law enforcement</b>			
Revenues:			
Fines and forfeitures	\$ 120,000	\$ 254,983	\$ 134,983
Federal forfeitures	72,331	225,931	153,600

Fines and forfeitures/Federal forfeitures: Cautious budget projections and the uncertain nature of the activity.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Grants</b>			
Revenues:			
Intergovernmental:			
Federal	\$ 636,035	\$ 836,735	\$ 200,700

Intergovernmental -Federal: Revenues not anticipated in original budget.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Library</b>			
Revenues:			
Property taxes	\$ 7,338,042	\$ 7,190,152	\$ (147,890)

Property taxes: Current year effect of prior year tax settlements.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Michigan works grants</b>			
Revenues:			
Intergovernmental:			
Federal	\$ 3,300,000	\$ 2,212,776	\$ (1,087,224)

Intergovernmental – Federal: Anticipated federal funding that was reduced.

During the year, the City incurred positive and negative expenditure variances that were less than the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>General Fund</b>			
Expenditures:			
Total general government	\$ 8,985,486	\$ 8,406,904	\$ 578,582
Total public safety	47,129,629	43,565,985	3,563,644
Total public services	4,001,870	3,842,667	159,203
Other:			
Support services	2,668,606	4,998,157	(2,329,551)

Total general government/public safety/public services: The City's commitment to hold vacancies open, thereby, reducing expenditures.

Support services: Budgetary credit which was adopted as a revenue reimbursement. GAAP presentation reduced the expenditure budget. In addition, the affect of previous year tax appeals were greater than anticipated.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Local streets</b>			
Expenditures:			
Road maintenance	\$ 2,564,367	\$ 1,565,280	\$ 999,087
Snow removal	630,323	190,843	439,480
Appearance	587,141	424,055	163,086

Road maintenance/Appearance: The City's commitment to hold vacancies open, thereby, reducing expenditures.

Snow removal: Lower than anticipated winter weather.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Major streets</b>			
Expenditures:			
Road maintenance	\$ 1,487,578	\$ 1,191,198	\$ 296,380
Snow removal	547,345	351,827	195,518
Appearance	1,298,843	1,126,473	172,370
Capital outlay	2,511,529	1,057,987	1,453,542

Road maintenance/Appearance: The City's commitment to hold vacancies open thereby reducing expenditures.

Snow removal: Lower than anticipated winter weather.

Capital outlay: Projects budgeted were not completed during the fiscal year.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Cable television</b>			
Expenditures:			
Culture and recreation	\$ 915,801	\$ 716,966	\$ 198,835

Culture and recreation: The City's commitment to hold vacancies open and a budgeted transfer to fund balance.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Block grant</b>			
Expenditures:			
Community improvement	\$ 561,893	\$ 349,676	\$ 212,217

Community improvement: The variance is a result of the timing of program expenditures. Budget is comprised of current year allocation which was not totally expended in this fiscal year.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Section 8 housing</b>			
Expenditures:			
Social services	\$ 2,199,584	\$ 1,905,936	\$ 293,648

Social services: The variance is a result of the timing of program expenditures. Budget is comprised of current year allocation which was not totally expended in this fiscal year.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Neighborhood stabilization program</b>			
Expenditures:			
Community improvement	\$ 500,000	\$ 367,354	\$ 132,646

Community improvement: At this stage of the grant, expenditures are derived from the reduction in housing inventory. Housing sales were lower than anticipated.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Grants</b>			
Expenditures:			
General government	\$ 104,730	\$ 295,242	\$ (190,512)

General government: Timing of multiyear grant or program expenditures. Budget is comprised of current year allocation.

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Library</b>			
Expenditures:			
Administration	\$ 2,304,307	\$ 2,143,319	\$ 160,988
Support services	1,143,916	960,754	183,162

Administration/Support services: The City's commitment to hold vacancies open and a budgeted transfer to fund balance.

# City of Southfield

## Notes to the Financial Statements

### 2. COMPLIANCE AND ACCOUNTABILITY

#### B. Budget Variances (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget- Positive (Negative)</u>
<b>Michigan works grants</b>			
Expenditures:			
Social services	\$ 3,300,000	\$ 2,312,865	\$ 987,135

Social services: Less than anticipated federal funding requiring expenditures to be reduced.

### 2. COMPLIANCE AND ACCOUNTABILITY

#### C. Individual Fund Deficit Disclosure

The following individual fund has an accumulated deficit at June 30, 2012:

Block grant \$ (181,941)

A majority of the deficit in the 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.

Neighborhood stabilization program - unassigned \$ (666,986)

The deficit in the Neighborhood stabilization program – unassigned fund balance arises from investments in property currently held that once sold the proceeds will be used to repay the internal loan from the LIRF fund.

Drains at large debt - unassigned \$ (39,282)

The deficit in the Drains at large debt fund is due to tax tribunal refunds. The tax revenues were less than anticipated.

### 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.

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

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, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

The City has designated 16 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) 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) 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 Retiree Health Care & Benefits Trust System (SHCBTS) 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 on the following page:

#### **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 of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**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 bank deposits (certificates of deposits, checking, and savings accounts) totaling \$61,005,138, of which \$56,449,663 were uninsured and uncollateralized. Included in the total deposits at year-end are component unit assets with a book balance of approximately \$16.3 million. 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 no bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized.

**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
FHLB	\$ 2,000,192	0.06 years
FNMA	4,612,009	0.23 years
Kells funding LLC	1,999,248	0.00 years
Macomb interceptor drain dist	2,444,948	5.73 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	\$ 271,644	21.51 years
Corporate bonds	5,228,933	10.78 years
Foreign bonds	458,126	7.07 years
U.S. government agencies	1,434,931	2.01 years
U.S. government collateralized mortgage obligations	8,330	10.05 years
U.S. government mortgage backed securities	3,330,512	22.32 years
U.S. treasury notes and bonds	2,943,452	7.17 years
Other	418,436	29.13 years
Mutual funds	7,378,891	6.47 years
High yield corporate bond series	1,648,145	Not Available

**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 asset backed securities	\$ 69,131	2.59 years
Corporate bonds	14,983,174	3.38 years
Corporate bonds	182,052	Not Available
Corporate convertible bonds	7,315,880	6.33 years
U.S. government agencies	1,463,197	6.43 years
U.S. government agencies	15,909,501	Not Available
U.S. government mortgage backed securities	2,439,840	6.51 years
U.S. government issued commercial mortgage backed securities	367,729	7.91 years
Municipal bonds	1,565,292	4.18 years
Other	133,540	1.14 years
Other - enervest divsfd in trust units	217,319	Not Available
Real estate mortgage	6,000,000	Not Applicable

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**SFPRS** – At year end, the weighted average maturities of securities lending investments are as follows:

Investments:	Fair Market Value	Weighted Average Maturity
Collateral pool	\$ 25,865,031	0.30 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
Loomis sayles inv gr - Y	\$ 5,329,026	9.62 years
Loomis sayles global bond fund	4,878,320	7.10 years
Comerica aggreg bd index fd - 584	8,934,152	6.74 years

#### **Credit risk:**

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

**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:

Investments:	Fair Value	Rating	Rating Organization
US government securities	\$ 6,612,201	AA+ / Aaa	S&P / Moody's
Kells funding LLC	1,999,248	A-1+ / P-1	S&P / Moody's
Macomb interceptor drain dist	2,444,948	AAA / NR	S&P / Moody's
Bank investment pool (Comerica J-Fund)	1,161,057	A1	Moody's
Local government investment pool	49,174,401	Not available	N/A

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**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:

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 271,644	Not rated	N/A
Corporate bonds	558,648	AA	S&P
Corporate bonds	4,000,904	A	S&P
Corporate bonds	669,381	BBB	S&P
Foreign bonds	458,126	A	S&P
U.S. government agencies	1,434,931	AA	S&P
Collateralized mortgage obligations	8,330	Not rated	N/A
Mortgage backed securities	3,330,512	Not rated	N/A
Other	418,436	Not rated	N/A
U.S. treasury notes and bonds	2,943,452	AAA	S&P
Mutual funds	5,326,332	AAA	S&P
Mutual funds	2,052,559	BBB	S&P
High yield corporate bond series	1,648,145	Not rated	N/A

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**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:

Investments:	Fair Value	Rating	Rating Organization
Corporate asset backed securities	\$ 69,131	A	Moody's
Corporate bonds	127,638	Aaa	Moody's
Corporate bonds	581,208	Aa	Moody's
Corporate bonds	4,378,071	A	Moody's
Corporate bonds	8,667,914	Baa	Moody's
Corporate bonds	450,811	Ba	Moody's
Corporate bonds	121,702	Caa	Moody's
Corporate bonds	837,882	Not rated	N/A
Corporate convertible bonds	444,027	Aaa	Moody's
Corporate convertible bonds	203,496	Aa	Moody's
Corporate convertible bonds	987,274	A	Moody's
Corporate convertible bonds	1,449,874	Baa	Moody's
Corporate convertible bonds	4,231,209	Not rated	N/A
U.S. government agencies	1,088,545	Aaa	Moody's
U.S. government agencies	117,489	Aa	Moody's
Real estate mortgage	6,000,000	Not rated	N/A
Municipal bonds	898,694	Aa	Moody's
Municipal bonds	113,392	Baa	Moody's
Municipal bonds	553,206	Not rated	N/A
Other	350,859	Not rated	N/A

**SFPRS** – As of year-end, the credit quality ratings of securities lending are as follows:

Investments:	Fair Value	Rating	Rating Organization
Collateral pool	\$ 25,865,031	A1+	Moody's

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

**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:

Investments:	Fair Value	Rating	Rating Organization
Loomis sayles inv gr - Y (33.89%)	\$ 1,806,007	AAA	S&P
Loomis sayles inv gr - Y (4.78%)	254,727	AA	S&P
Loomis sayles inv gr - Y (18.95%)	1,009,850	A	S&P
Loomis sayles inv gr - Y (33.64%)	1,792,684	BBB	S&P
Loomis sayles inv gr - Y (3.13%)	166,799	BB	S&P
Loomis sayles inv gr - Y (1.04%)	55,422	B	S&P
Loomis sayles inv gr - Y (0.67%)	35,704	Below B	S&P
Loomis sayles inv gr - Y (3.90%)	207,832	Not rated	S&P
Loomis sayles global bond fund (47.09%)	2,297,201	Aaa	Moody's
Loomis sayles global bond fund (20.27%)	988,835	Aa	Moody's
Loomis sayles global bond fund (15.07%)	735,163	A	Moody's
Loomis sayles global bond fund (12.72%)	620,522	Baa	Moody's
Loomis sayles global bond fund (3.43%)	167,326	Ba	Moody's
Loomis sayles global bond fund (1.42%)	69,272	B	Moody's
Comerica aggreg bd index fd - 584	8,934,152	Aa1 / Aa2	Moody's

Of the total investment disclosures for City accounts, approximately \$16 million relate to discretely presented governmental component units which were combined with the City's investment account balance for purposes of this disclosure.

#### Concentration of credit risk:

**City** – The City places a 25% limit on the amount they may invest in any one issuer. There is no concentration of credit risk to disclose.

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

**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.

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

##### 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** – 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, 2012.

**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>
Fixed income	US dollars - 43.03%	\$ 2,099,629
Fixed income	Euro - 16.63%	811,265
Fixed income	Japanese yen - 15.78%	769,799
Fixed income	British pound sterling - 7.32%	357,093
Fixed income	Canadian dollars - 4.31%	210,256
Fixed income	Mexican peso - 3.33%	162,448
Fixed income	Norwegian krone - 1.98%	96,591
Fixed income	Australian dollar - 1.43%	69,760
Fixed income	Singapore dollars - 1.23%	60,003
Fixed income	Swiss franc - 1.06%	51,710
Fixed income	Other currencies - 3.89%	189,767

**SHCBTS** – The following securities are subject to foreign currency risk:

<u>Security</u>	<u>Foreign Currency</u>	<u>Fair Value</u>
Equities	Australian dollars	\$ 616,971
Cash & equivalents	Australian dollars	40,119
Equities	Canadian dollars	667,920
Fixed income	Canadian dollars	396,657
Cash & equivalents	Canadian dollars	84,101
Equities	British pound sterling	6,814,062
Cash & equivalents	British pound sterling	118,805

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

##### Securities lending arrangements:

**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, 2012, 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, 2012, 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, 2012 was \$5,283,763 and \$5,458,892, respectively.

**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, 2012, only United States currency was received as collateral. The cash collateral is invested in a pool by Northern Trust on behalf of the SFPRS.

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, 2012, 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, 2012 was \$26,033,363 and \$25,849,138, respectively.



# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments (continued)

##### Restricted Assets

The following is the detail of the governmental type activities (includes associated governmental funds) restricted assets at June 30, 2012:

##### **Major governmental fund:**

##### Capital Improvements:

Funds held by Oakland County drain commissioner to be used for construction and maintenance of drains \$ 211,391

##### **Governmental funds (with associated governmental funds):**

##### Debt service:

Funds held by Oakland County drain commissioner to be used for debt service of drains 11,990

##### Internal Service:

Funds on deposit held by the insurance carrier related to workers' comp and general insurance accruals 2,530,132

**Total restricted assets** **\$ 2,753,513**

#### B. Receivables and Deferred Revenue

The major components of deferred revenues reported on the Balance Sheet as of June 30, 2012 were as follows:

	Taxes	Special assessments	Taxes	Grants	
Governmental activities:	<u>Unavailable</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Unearned</u>	<u>Total</u>
General fund	\$ 200,601		\$ 38,208		\$ 238,809
Local streets	17,667		3,365		21,032
Other non-major funds	<u>68,376</u>	<u>\$ 705,946</u>	<u>13,024</u>	<u>\$ 268,675</u>	<u>1,056,021</u>
Total governmental activities	<u>\$ 286,644</u>	<u>\$ 705,946</u>	<u>\$ 54,597</u>	<u>\$ 268,675</u>	<u>\$ 1,315,862</u>
		<u>Unavailable</u>		<u>Unearned</u>	
	Total	<u>\$ 992,590</u>		<u>\$ 323,272</u>	

##### Component units-governmental:

Brownfield re-development authority	\$ 109
Downtown development authority	45,833
Local development finance authority	<u>1,895</u>
Total governmental component units	<u>\$ 47,837</u>

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### B. Receivables and Deferred Revenue (continued)

The major components of receivables reported on the Balance Sheet as of June 30, 2012 were as follows:

	Special <u>assessments</u>	Accrued <u>interest</u>	Accounts	Accrued <u>revenue</u>	Delinquent <u>taxes</u>	<u>Total</u>
Governmental activities:						
General fund		\$ 14,369	\$ 1,087,988	\$ 2,318,419	\$ 520,074	\$ 3,940,850
Local streets		2,771	831	182,888	43,746	230,236
Capital improvements		2,886				2,886
Other non-major funds	\$ 705,946	14,971	307	1,431,322	173,385	2,325,931
Total governmental funds	705,946	34,997	1,089,126	3,932,629	737,205	6,499,903
Associated governmental activities:						
Internal service funds	-	14,064	-	-	-	14,064
Total governmental activities	\$ 705,946	\$ 49,061	\$ 1,089,126	\$ 3,932,629	\$ 737,205	\$ 6,513,967
Component units-governmental:						
Brownfield re-development authority		\$ 50			\$ 70,990	\$ 71,040
Joint local development finance authority		944			26,443	27,387
Downtown development authority		1,518			101,849	103,367
Tax increment finance authority		1,930				1,930
Local development finance authority		6,055			30,395	36,450
Total component units-governmental		\$ 10,497			\$ 229,677	\$ 240,174
Business-type activities:						
Water and sewer fund		\$ 11,861	\$ 13,699,113	\$ 27,853		\$ 13,738,827

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

# 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, 2012, follows:

	Balance July 1, 2011	Additions	Disposals & Reduction to CIP	Balance June 30, 2012
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>General</b>				
Capital assets, not being depreciated:				
Land	\$ 10,720,297		\$ 5,500	\$ 10,714,797
Construction in progress	4,245,141	\$ 1,306,706	3,135,551	2,416,296
Total capital assets not being depreciated	<u>14,965,438</u>	<u>1,306,706</u>	<u>3,141,051</u>	<u>13,131,093</u>
Capital assets, being depreciated				
Land improvements	24,238,946	1,023,401		25,262,347
Building and improvements	69,038,933	610,277		69,649,210
Infrastructure	114,080,163	2,860,388		116,940,551
Intangible	2,130,067	26,924		2,156,991
Drain usage rights	11,777,407			11,777,407
Equipment	6,931,107	584,525	381,476	7,134,156
Total capital assets being depreciated	<u>228,196,623</u>	<u>5,105,515</u>	<u>381,476</u>	<u>232,920,662</u>
Less accumulated depreciation:				
Land improvements	11,463,047	867,919		12,330,966
Building and improvements	29,458,250	2,021,224		31,479,474
Infrastructure	54,067,136	3,945,883		58,013,019
Intangible	802,970	133,081		936,051
Drain usage rights	4,195,813	461,932		4,657,745
Equipment	5,056,643	508,751	381,476	5,183,918
Total accumulated depreciation	<u>105,043,859</u>	<u>7,938,790 (a)</u>	<u>381,476</u>	<u>112,601,173</u>
Total general capital assets being depreciated, net	<u>123,152,764</u>	<u>(2,833,275)</u>	<u>-</u>	<u>120,319,489</u>
<b>Internal Service</b>				
Capital assets, being depreciated				
Intangible	385,338			385,338
Equipment	23,230,823	613,465	727,121	23,117,167
Total capital assets being depreciated	<u>23,616,161</u>	<u>613,465</u>	<u>727,121</u>	<u>23,502,505</u>
Less accumulated depreciation:				
Intangible	208,654	19,176		227,830
Equipment	17,415,902	1,498,185	726,803	18,187,284
Total accumulated depreciation	<u>17,624,556</u>	<u>1,517,361</u>	<u>726,803</u>	<u>18,415,114</u>
Total internal service capital assets being depreciated, net	<u>5,991,605</u>	<u>(903,896)</u>	<u>318</u>	<u>5,087,391</u>
Governmental activity capital assets depreciable, net	<u>\$ 129,144,369</u>	<u>\$ (3,737,171)</u>	<u>\$ 318</u>	<u>\$ 125,406,880</u>

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

General government	\$ 736,444
Public safety	348,524
Highways and streets	3,948,547
Public services	680,681
Culture and recreation	2,224,594
Total	<u>\$ 7,938,790</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, 2012, follows:

	Balance July 1, 2011	Additions	Disposals & Reduction to CIP	Balance June 30, 2012
<b>Water and Sewer Fund</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,442,614	\$ 844,683	\$ 1,035,228	\$ 1,252,069
Capital assets, being depreciated:				
Infrastructure	121,764,342	2,229,199		123,993,541
Intangible	1,507,498			1,507,498
Equipment	1,303,318	64,325		1,367,643
Total water and sewer fund	<u>124,575,158</u>	<u>2,293,524</u>	<u>-</u>	<u>126,868,682</u>
Less accumulated depreciation:				
Infrastructure	59,762,414	4,451,949		64,214,363
Intangible	521,383	75,904		597,287
Equipment	956,248	61,501		1,017,749
Total accumulated depreciation	<u>61,240,045</u>	<u>4,589,354</u>	<u>-</u>	<u>65,829,399</u>
Total capital assets, being depreciated	<u>63,335,113</u>	<u>(2,295,830)</u>	<u>-</u>	<u>61,039,283</u>
Total capital assets	<u>\$ 64,777,727</u>	<u>\$ (1,451,147)</u>	<u>\$ 1,035,228</u>	<u>\$ 62,291,352</u>

A summary of discretely presented component unit property and equipment at June 30, 2012, follows:

	Balance July 1, 2011	Additions	Disposals & Reduction to CIP	Balance June 30, 2012
<b>DDA</b>				
Capital assets, not being depreciated:				
Land	\$ 350,000	\$ -	\$ 350,000	\$ -
Capital assets, being depreciated				
Land improvement		265,066		265,066
Equipment	63,421	-	63,421	-
Less: accumulated depreciation	63,421	6,627	63,421	6,627
Total capital assets, being depreciated	<u>\$ -</u>	<u>\$ 258,439</u>	<u>\$ -</u>	<u>\$ 258,439</u>
Total capital assets	<u>\$ 350,000</u>	<u>\$ 258,439</u>	<u>\$ 350,000</u>	<u>\$ 258,439</u>

#### Construction and other significant commitments

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

	Commitments
Street construction	\$ 2,908,610
Equipment	24,934
Building improvements	221,425
Water system improvements	2,951,693
	<u>\$ 6,106,662</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, 2011	Additions	Deductions	June 30, 2012	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	\$ 7,996,901		542,075	7,454,826	545,985	6,908,841
4.75% to 5.5% Library building authority general						
Obligation Limited Tax	26,660,000		725,000	25,935,000	820,000	25,115,000
2.5% to 4.5% - 2003 general obligation limited tax	4,010,000		240,000	3,770,000	250,000	3,520,000
3.25% to 4.0% Michigan transportation fund bonds	9,115,000		845,000	8,270,000	880,000	7,390,000
Unamortized discounts on bonds	(64,685)	6,373		(58,312)		(58,312)
<b>Total general obligation debt</b>	<b>47,717,216</b>	<b>6,373</b>	<b>2,352,075</b>	<b>45,371,514</b>	<b>2,495,985</b>	<b>42,875,529</b>
Other long-term obligations						
Compensated absences	10,498,013	1,047,666	3,251,820	8,293,859	3,234,605	5,059,254
Michigan tax tribunal contingency	6,937,941		2,306,923	4,631,018		4,631,018
ASSOCIATED GOVERNMENTAL ACTIVITIES						
Compensated absences	487,450	25,162	85,420	427,192	153,789	273,403
<b>Total governmental long-term debt</b>	<b>\$ 65,640,620</b>	<b>1,079,201</b>	<b>7,996,238</b>	<b>58,723,583</b>	<b>5,884,379</b>	<b>52,839,204</b>
BUSINESS-TYPE ACTIVITIES						
General obligation debt						
State of Michigan water supply and sewage disposal revenue bonds series 1999 (LTGO) 2.25 to 2.5 %						
	\$ 21,268,789		1,920,000	19,348,789	1,960,000	17,388,789
Other long-term obligations						
Compensated absences	186,613	69,772	55,461	200,924	72,333	128,591
<b>Total business-type long-term debt</b>	<b>21,455,402</b>	<b>69,772</b>	<b>1,975,461</b>	<b>19,549,713</b>	<b>2,032,333</b>	<b>17,517,380</b>
COMPONENT UNIT ACTIVITIES						
Other long-term obligations						
Long-term advances	3,335,686		1,750,000	1,585,686		1,585,686
Compensated absences	1,745	5,247	1,445	5,547		5,547
Michigan tax tribunal contingency	102,452	72,698		175,150		175,150
<b>Total governmental component units long-term debt</b>	<b>3,439,883</b>	<b>77,945</b>	<b>1,751,445</b>	<b>1,766,383</b>		<b>1,766,383</b>
<b>Total debt</b>	<b>\$ 90,535,905</b>	<b>1,226,918</b>	<b>11,723,144</b>	<b>80,039,679</b>	<b>7,916,712</b>	<b>72,122,967</b>

\* A portion of the deductions are recorded in the Local streets fund

# 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 and Southfield Library Building 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 \$ 2,859,323,490. The City has issued and outstanding \$37,159,826 of general obligation bonds, subject to a limit of \$285,932,349.

The contractual obligations to the State within the Business-type activities in the previous exhibit are the result of the State issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the water and sewer fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water & sewer mains to include the west side of the City. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds is \$21,548,051. During the current year, net operating revenues of the system, was \$6,889,809 compared to the annual debt requirement excluding accruals of \$2,406,515.

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, 2012 (in thousands of dollars) are as follows:

	Governmental activities			Business-type Water & Sewer		
	Prin.	Int.	Total	Prin.	Int.	Total
2013	\$ 2,496	\$ 1,998	\$ 4,502	\$ 1,960	\$ 446	\$ 2,406
2014	2,661	1,907	4,568	2,015	398	2,413
2015	2,824	1,808	4,632	2,065	348	2,413
2016	2,988	1,695	4,683	2,120	298	2,418
2017	3,157	1,574	4,731	2,170	246	2,416
2018	3,364	1,446	4,810	2,225	193	2,418
2019	3,550	1,307	4,857	2,267	139	2,406
2020	3,739	1,157	4,896	2,215	85	2,300
2021	2,657	999	3,656	1,565	38	1,603
2022	2,728	879	3,607	747	8	755
2023	2,634	755	3,389			
2024	2,552	629	3,181			
2025	1,712	511	2,223			
2026	1,703	414	2,117			
2027	1,693	331	2,024			
2028	1,683	247	1,930			
2029	1,667	164	1,831			
2030	1,563	81	1,631			
Total	\$ 45,371	\$ 17,902	\$ 63,268	\$ 19,349	\$ 2,199	\$ 21,548

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### 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		Local Streets	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 68,380,892	\$ 68,380,892	\$ 7,440,614	\$ 7,440,614
Transfers		(147,380)		(2,554,136)
Reimbursements	(4,034,844)	(4,034,844)	(411,993)	(411,993)
Fund balance draws			(2,884,584)	
Original (as presented)	<u>64,346,048</u>	<u>64,198,668</u>	<u>4,144,037</u>	<u>4,474,485</u>
Approved encumbrances		45,123		1,411
GASB 54 adjustment *			(191,043)	16,896
Council adjustments	<u>143,200</u>	<u>178,588</u>		
Final (as presented)	<u>\$ 64,489,248</u>	<u>\$ 64,422,379</u>	<u>\$ 3,952,994</u>	<u>\$ 4,492,792</u>

#### NON-MAJOR FUNDS

	Major Streets		Parks & Recreation	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,324,399	\$ 7,324,399	\$ 7,150,908	\$ 7,150,908
Transfers	(2,578,579)			(478,716)
Reimbursements	(537,992)	(537,992)	(72,535)	(72,535)
Fund balance draws			(341,763)	
Approved encumbrances		1,176,689		160,921
GASB 54 adjustment *	(287,690)	24,219		
Council adjustments	<u>24,444</u>	<u>199,071</u>		<u>478,269</u>
Final (as presented)	<u>\$ 3,944,582</u>	<u>\$ 8,186,386</u>	<u>\$ 6,736,610</u>	<u>\$ 7,238,847</u>

\* The appearance millage was previously recorded in a separate special revenue fund. Due to GASB 54, this fund was reallocated into the Local and Major streets funds.

# 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

	Cable Television		Block Grant		Section 8 Housing	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 923,881	\$ 923,881	\$ 556,018	\$ 556,018	\$ 2,203,989	\$ 2,203,989
Approved encumbrances		6,665		5,875		
Council adjustments		179,462				
Final (as presented)	<u>\$ 923,881</u>	<u>\$ 1,110,008</u>	<u>\$ 556,018</u>	<u>\$ 561,893</u>	<u>\$ 2,203,989</u>	<u>\$ 2,203,989</u>

	Neighborhood Stabilization Program		Drug Law Enforcement		Grants	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 500,000	\$ 500,000	\$ 387,302	\$ 387,302	\$ 550,000	\$ 550,000
Fund balance draws			(184,533)			
Approved encumbrances				6,590		
Council adjustments				61,600	\$ 86,035	\$ 86,035
Final (as presented)	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 202,769</u>	<u>\$ 455,492</u>	<u>\$ 636,035</u>	<u>\$ 636,035</u>

	Library		Michigan Works Grants		Auto Theft Grant	
	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures	Approved Revenues	Approved Expenditures
Council adopted budget	\$ 7,926,061	\$ 7,926,061	\$ 3,300,000	\$ 3,300,000	\$ 284,811	\$ 284,811
Transfers					(147,380)	
Approved encumbrances		6,903				
Final (as presented)	<u>\$ 7,926,061</u>	<u>\$ 7,932,964</u>	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>	<u>\$ 137,431</u>	<u>\$ 284,811</u>

	Donations, memorial trusts & sponsorships	
	Approved Revenues	Approved Expenditures
Council adjustments	\$ 200,000	\$ 200,000
Final (as presented)	<u>\$ 200,000</u>	<u>\$ 200,000</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, 2012 are as follows:

Receivable Fund	Payable Fund						Total payable fund
	General fund	Local streets	Capital improvements	Non-major funds	Water and sewer fund	Internal service funds	
General fund	\$ 172,126			\$ 1,449,808	\$ 401,772	\$ 3,457	\$ 2,027,163
Local streets				26,998	140,708		167,706
Capital improvements	\$ 28,034	1,388		9,202	10,572	2,366	51,562
Non-major funds	296,550	2,622,229	\$ 72	763,660		99,806	3,782,317
Total governmental activities	324,584	2,795,743	72	2,249,668	553,052	105,629	6,028,748
Associated governmental activities:							
Internal service funds	754,327	124,370		915,450	123,340	17,416	1,934,903
Water and sewer fund				374,906			374,906
Total receivable fund	\$ 1,078,911	\$ 2,920,113	\$ 72	\$ 3,540,024	\$ 676,392	\$ 123,045	\$ 8,338,557

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, 2012 are as follows:

Transfers Out:	Transfers In:			Total transfers out
	Capital improvements	Non-major governmental funds	Internal service	
Governmental activities:				
General fund		\$ 171,823		\$ 171,823
Local streets		2,554,136		2,554,136
Other non-major funds	\$ 166,788	313,988	\$ 43	480,819
Total governmental activities	166,788	3,039,947	43	3,206,778
Associated governmental activities:				
Internal service		659,806		659,806
Business-type activities:				
Water and sewer fund	57,386			57,386
Total transfers in	\$ 224,174	\$ 3,699,753	\$ 43	\$ 3,923,970

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 debt payments.

# City of Southfield

## Notes to the Financial Statements

### 3. DETAILED NOTES ON ALL FUNDS

#### F. Interfund balances and transfers (continued)

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

#### PRIMARY GOVERNMENT

##### Major governmental

Capital improvements \$ 2,945,344

##### Non-major governmental

Neighborhood stabilization program 1,416,628

Special assessment construction 491,179

Total non-major governmental 1,907,807

Total primary government \$ 4,853,151

#### COMPONENT UNITS

##### Governmental

Local development finance authority \$ 1,585,686

### 4. OTHER INFORMATION

#### A. Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	Major funds			Non-major funds
	General fund	Local streets	Capital improvements	Other governmental
<b>Non-spendable</b>	\$ 952,872			\$ 112,180
<b>Restricted for:</b>				
Right-of-way funds/metro authority	1,520,237			
Deposits held with Oakland County			\$ 665,137	11,990
Deposits held for Lahser road project				
Property investments				1,239,311
Major streets				2,819,920
Local streets		\$ 3,635,875		
Parks & recreation				4,429,810
Cable PEG fees				897,200
Section 8 housing				631,920
Drug law enforcement				802,485
Grants				124,135
Library				5,098,503
Michigan works grants				101,133
Auto theft grant				56
Donations, memorial trusts & sponsorships				785,287
Library building authority construction				783,270
Special assessment construction				627,960

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### A. Fund Balance Constraints (continued)

	Major funds			Non-major
	General fund	Local streets	Capital improvements	Other governmental funds
<b>Committed to:</b>				
Specific programs (General)				
Dispatch improvements	\$ 683,590			
Emergency cleanup	628,264			
Equalization reserve	3,303,538			
Tax base initiatives reserve	1,750,000			
Specific programs (Local streets)				
Equalization reserve		\$ 254,651		
Specific programs (Cable television)				
Franchise fees – general cable operations			\$ 2,565,376	
Equipment replacement			250,000	
Donations, memorial trusts & sponsorships			299,393	
Special assessment construction			281,488	
<b>Assigned to:</b>				
* Encumbrances	104,507			
Subsequent year's expenditures	2,460,586			
Capital improvements		\$ 635,242		
Special assessment construction				1,534,454
<b>Unassigned</b>				
General fund	1,709,616			
Block grant				(181,941)
Neighborhood stabilization program				(666,986)
Drains at large debt				(39,282)
	<u>\$ 13,113,210</u>	<u>\$ 3,890,526</u>	<u>\$ 1,300,379</u>	<u>\$ 22,507,662</u>

\* General fund encumbrances relate to computer and other contractual & professional services and operating supplies.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### A. Fund Balance Constraints (continued)

Of the amounts restricted for Major streets, Local streets, Library and Parks and Recreation, Council has placed additional constraints on those amounts in order to earmark a portion for the following purposes:

	<u>Non-major funds</u>
	<u>Other governmental</u>
<b>Council approved earmarks on restricted assets:</b>	
Specific programs (Major streets)	
Equalization reserves	\$ 26,026
Specific programs (Parks & recreation)	
Equalization reserves	401,879
Bedford woods	131,074
Handicapped programs	12,818
SMART programs	31,552
Specific programs (Library)	
Equalization reserves	581,010
Capital projects	554,676
Residential program initiatives	29,754
Technological development	133,633

### 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, 2010 valuation, was \$2,859,323,490 and the unadjusted taxable value was \$2,695,302,360. On May 3, 2011, the residents of the City of Southfield approved a millage request increasing the millage for public safety, streets, library and parks and recreation services. The City's operating tax rate is 6.6094 which is the charter limit reduced by the Headlee Amendment. With the newly voted millage and the other previously authorized millage, including those for special operations, pensions and debt retirements, the total tax rate for the City is 22.6302 (excluding the CDA millage). The sum of these rates generated \$58,354,099 in property tax revenues in property tax revenues reported on the financial statements net of adjustments.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### B. Property Taxes (continued)

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 2011 rate of inflation cap of 1.7%, the City of Southfield's 2010-11 State Equalized Evaluation (SEV) of \$2,859,323,490 was capped at a Taxable Assessed Valuation (TAV) of \$2,695,302,360.

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 real 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 and City owned property, public officials and law enforcement liability, and statutory Michigan "no fault" for 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 \$167 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	\$2,500 deductible
Sewage System Outflow	\$500,000 per occurrence

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### C. Contingencies (continued)

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.

Changes in the estimated liability for the past two fiscal years were as follows:

	<b>2012</b>	<b>2011</b>
Estimated liability - beginning of year	\$ 1,936,160	\$ 2,251,068
Estimated claims incurred, including reinsurance premiums and changes in estimates	1,617,926	957,293
Claim and insurance premium payments and reinsurance recoveries	<u>(1,769,025)</u>	<u>(1,272,201)</u>
Estimated liability - end of year	<u>\$ 1,785,061</u>	<u>\$ 1,936,160</u>

#### 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 not 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 \$530,736,538 in taxable value to the Michigan Tax Tribunal. The City estimates the full contested amount in tax dollars to be \$10,291,150 for the governmental funds, exclusive of interest and penalties. However, based on management's analysis in conjunction with their third party attorney, the City believes the true potential loss to be \$4,631,018. The City considers tax appeals similar to other claims and judgments and accordingly any adjustments are reported at the time the Tribunal issues its ruling.

#### 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.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

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 FPRS. The current benefit is calculated using 2.8 percent (2.5 percent for new Fire employees starting September 2011) of final average compensation multiplied by a maximum of 25 years service credit, with applicable reductions based on retirement options.

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 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 46<sup>th</sup> 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 (or later date based on collective bargaining agreements) 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 (2.5% for employees hired prior to June 1, 2005 and 2.0% for employees hired after June 1, 2005) 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.

Both systems provide for a lump sum withdrawal of the accumulated refundable 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. Contributions made after a certain date are non-refundable according to City collective bargaining agreements and or City Council resolution. 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.

Employer contribution rates are actuarially determined for both the SERS and FPRS plans. In addition, FPRS funds post-retirement health care benefits for its 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.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

Based on the most recent actuarial valuations of the plans as of June 30, 2011, membership for each plan is as follows:

	SERS	FPRS	Total
Active members			
Vested	236	168	404
Nonvested-Tier I	71	67	138
Nonvested-Tier II	18		18
Total active members	<u>325</u>	<u>235</u>	<u>560</u>
Retirees and beneficiaries	290	287	577
Inactive vested members	29	1	30
	<u>644</u>	<u>523</u>	<u>1,167</u>

Assets in both plans represent investments used to fund retirement pension benefits for members of the plans. Additionally, a portion of assets held in the FPRS plan are being used to fund post-employment healthcare benefits for members in that plan. 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.

#### 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 29 years for SERS and 20 years for FPRS. 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.



# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

##### 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, 2011, the plan was 88.7 percent funded. The actuarial accrued liability for benefits was \$206.4 million, and the actuarial value of assets was \$183.0 million resulting in an unfunded actuarial accrued liability of \$23.4 million. The covered payroll (annual payroll for active employees covered by the plan) was \$19.7 million, and the ratio for the actuarial accrued liability to the covered payroll was 118.9%.

**Employees Retirement System** – as of June 30, 2011, the plan was 72.6 percent funded. The actuarial accrued liability for benefits was \$134.0 million, and the actuarial value of assets was \$97.3 million resulting in an unfunded actuarial accrued liability of \$36.7 million. The covered payroll (annual payroll for active employees covered by the plan) was \$16.8 million. The ratio of the unfunded actuarial accrued liability to the covered payroll was 217.8%.

##### Reserves

As of June 30, 2012, the plans legally required reserves have been fully funded for SERS, however due to the market declines over the past few years which most significantly impacted the systems beginning in fiscal 2009, the FPRS has not fully funded required reserves as of this most recent valuation. The system continues to fund in accordance with actuarial recommended contributions and thus is working with their third party actuary to get both plan reserves requirements back to being fully funded.

At June 30, 2012, of the plan net assets, \$0 of the SERS and \$1,242,528 of the FPRS net assets have been reserved to pay for retiree health insurance

As of June 30, 2012 the plans legally required reserves have been fully funded as follows:

	SERS	FPRS
Employee's contributions	\$ 3,761,128	\$ 11,669,578
Employer's contributions	11,357,273	37,606,528
Retired benefit payments	<u>79,066,936</u>	<u>120,894,365</u>
Total	<u>\$ 94,185,337</u>	<u>\$ 170,170,471</u>

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

##### 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		
	2012	2011	2010
Annual required contribution/pension cost	\$ 2,677,559	\$ 2,804,144	\$ 2,885,356
Contribution made	<u>(2,677,559)</u>	<u>(2,804,144)</u>	<u>(2,885,356)</u>
Increase (decrease) in net pension obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	FPRS		
	2012	2011	2010
Annual required contribution/pension cost	\$ 4,004,031	\$ 3,229,416	\$ 3,330,660
Contribution made	<u>(4,004,031)</u>	<u>(3,229,416)</u>	<u>(3,330,660)</u>
Increase (decrease) in net pension obligation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

##### 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 3.5%, an assumed investment income rate of 8% for SERS and a 5 year smooth market. Actuarial assumptions include an assumed rate of inflation of 4.0%, an assumed investment income rate of 7.75% for FPRS and a 4 year smoothed market asset valuation method. If the number of active members remains constant, then the total active member payroll is 3.5 to 9.5% for seniority/merit in SERS which includes 3.5% annually for inflation, and 4.0 to 9.0% for seniority/merit in FPRS which includes 4.0% annually for inflation. 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 are amortized as a level percent of payroll over a period of 29 years for SERS and 20 years for FPRS. 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.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### D. Pension Trusts (continued)

##### Trend information

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

		<b>2012</b>		<b>2011</b>		<b>2010</b>
SERS	\$	8,438,636	\$	7,854,212	\$	7,043,318
FPRS		13,720,671		13,007,189		15,142,115

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

		<b>2012</b>		<b>2011</b>		<b>2010</b>
EMPLOYER SERS	\$	2,677,559	\$	2,804,144	\$	2,885,356
EMPLOYEE SERS		679,917		519,178		424,571
EMPLOYER FPRS		4,004,031		3,229,416		3,330,660
EMPLOYEE FPRS		625,414		831,216		856,136

Annual employee pension contributions as a percentage by collective bargaining unit as of June 30, 2012:

	<b>SERS</b>	<b>FPRS</b>	<b>DROP</b>
TPOAM	5 %		
ACS	5		
AFSCME 3636	5		
MANAGEMENT	5		
COURT	5		
AFSCME 329	5.41		
PST	0		
PSS	0		
* FIRE		3 %	0 %
POLICE		3.75	0
POLICE COMMAND		5	0
DEPUTY CHIEF		3	0

\* New hires contribute 5%.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### E. Other Post-Employment Benefits

**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. Additionally, the FPRS plan includes reserves that are designated to pay for retiree healthcare costs of Police and Fire covered members. These amounts were contributions that were made into the pension plan before the Trust was established and are specifically earmarked to be used for retiree healthcare. The City anticipates that these amounts will be completely exhausted by the end of calendar year 2012, at which point the retiree healthcare benefits will be funded entirely by the Trust and/or the City's operational budget. Benefits are provided to FPRS employees and SERS groups. As of June 30, 2011, the SERS Trust and the FRSP Trust plans have 585 and 492 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 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 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). Administrative costs are paid by the Plan through employer contributions.

**Funding progress:** For the year ended June 30, 2012 the City has estimated the cost of providing retiree health care benefits through an actuarial valuation as of June 30, 2011. 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 following page:

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### E. Other Post-Employment Benefits (continued)

	SERS	FPRS	Total
Annual required contribution (recommended)	\$ 5,146,000	\$ 7,069,080	\$ 12,215,080
Interest on the prior year's net OPEB obligation	202,036	(106,120)	95,916
Less: Adjustment to the annual required contribution	<u>(138,930)</u>	<u>75,521</u>	<u>(63,409)</u>
Annual OPEB cost	\$ 5,209,106	\$ 7,038,481	\$ 12,247,587
Amounts contributed:			
Payments of current premiums/claims	\$ 2,164,201	\$ 4,607,479	\$ 6,771,680
Advanced funding	<u>2,131,668</u>	<u>3,471,549</u>	<u>5,603,217</u>
Total OPEB contributions	4,295,869	8,079,028	12,374,897
Change in Net OPEB obligation	<u>913,237</u>	<u>(1,040,547)</u>	<u>(127,310)</u>
Beginning year Net OPEB obligation	<u>3,367,272</u>	<u>(1,768,662)</u>	<u>1,598,610</u>
End of year Net OPEB obligation (asset)	<u>\$ 4,280,509</u>	<u>\$ (2,809,209)</u>	<u>\$ 1,471,300</u>

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

SERS	2012	2011	2010
Annual OPEB costs	\$ 5,209,106	\$ 4,486,898	\$ 4,880,870
Percentage contributed	<u>82.5%</u>	<u>89.7%</u>	<u>69.2%</u>
Net OPEB obligation (asset)	\$ 4,280,509	\$ 3,367,272	\$ 2,903,352

FPRS	2012	2011	2010
Annual OPEB costs	\$ 7,038,481	\$ 5,868,937	\$ 6,897,781
Percentage contributed	<u>114.8%</u>	<u>132.1%</u>	<u>93.9%</u>
Net OPEB obligation (asset)	\$ (2,809,209)	\$ (1,768,663)	\$ 115,119

Total	2012	2011	2010
Annual OPEB costs	\$ 12,247,587	\$ 10,355,835	\$ 11,778,651
Percentage contributed	<u>101.0%</u>	<u>113.7%</u>	<u>83.7%</u>
Net OPEB obligation (asset)	\$ 1,471,300	\$ 1,598,609	\$ 3,018,471

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### E. Other Post-Employment Benefits (continued)

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

Employees Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2011	\$ 11,643,081	\$ 81,773,727	\$ 70,130,646	14.24%	\$ 17,423,789	402.50%
2010	9,992,728	79,594,475	69,601,747	12.55%	18,537,947	375.46%
2009	7,187,944	66,040,301	58,852,357	10.88%	19,236,720	305.94%

Fire and Police Retirement System OPEB Benefits						
Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability (b-a)	Funded ratio (a/b)	Covered payroll	Ratio of UAAL to covered payroll
June 30,	(a)	(b)	(b-a)	(a/b)		
2011	\$ 35,930,261 *	\$ 124,887,228	\$ 88,956,967	28.77%	\$ 19,677,191	452.08%
2010	31,298,427 *	123,265,132	91,966,705	25.39%	20,681,885	444.67%
2009	28,033,938	106,560,574	78,526,636	26.31%	19,488,028	402.95%

\* Actuarial value of assets includes amounts held in the retiree healthcare trust and the 401(h) balance included in the pension plan

**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, 2011, 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 9 percent initially, reduced by decrements to an ultimate rate of 4.0 percent after ten years. Both rates included a 4.0 percent inflation assumption for Fire and Police; while the general employees' is assumed to be 3.5 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, 2011, was thirty years.

#### 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. Loans are permitted from this plan, subject to guidelines established by the employer.

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.

# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### G. Upcoming Accounting Pronouncements

GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements in November 2010. This Statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernment) in which the transferor conveys to an operator the right and relation obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties.

The City is currently evaluating the impact GASB 60 will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity Omnibus. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting components units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the Statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2012-2013 fiscal year.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, was issued in December 2010. This Statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2012-2013 fiscal year.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was issued by the GASB in June 2011 and will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.



# City of Southfield

## Notes to the Financial Statements

### 4. OTHER INFORMATION

#### G. Upcoming Accounting Pronouncements (continued)

In June 2012, GASB Statement No. 67, Financial Reporting for Pension Plans, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures, establishes standards for financial reporting that outline the basic framework for separately-issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain non employer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For the City, this standard will be adopted during the 2013-2014 fiscal year.

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ended June 30, 2015.

**(This page left intentionally blank.)**

**City of Southfield**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 45,337,963	\$ 45,337,963	\$ 44,974,595	\$ (363,368)
Charges for services	2,976,323	2,976,323	3,262,207	285,884
Sanitation	3,169,539	3,169,539	3,135,091	(34,448)
Licenses and permits	2,122,886	2,122,886	2,133,162	10,276
Fines and forfeitures	4,074,816	4,074,816	4,459,258	384,442
Intergovernmental:				
Federal	14,057	157,257	160,453	3,196
State	5,115,217	5,115,217	6,045,753	930,536
Other	688,401	688,401	1,156,780	468,379
Investment earnings	200,000	200,000	261,680	61,680
Other	646,846	646,846	1,079,959	433,113
Total revenues	<u>64,346,048</u>	<u>64,489,248</u>	<u>66,668,938</u>	<u>2,179,690</u>
<b>EXPENDITURES</b>				
General government:				
Council	166,454	166,454	149,480	16,974
Mayor	202,693	202,693	181,093	21,600
Administration	480,177	480,177	471,775	8,402
Legal	964,497	964,497	945,699	18,798
Clerk's	842,805	844,107	821,293	22,814
Human resources	802,900	802,900	722,617	80,283
Finance/OMB	811,359	811,359	784,459	26,900
Other - unclassified	4,698,379	4,713,299	4,330,488	382,811
Total general government	<u>8,969,264</u>	<u>8,985,486</u>	<u>8,406,904</u>	<u>578,582</u>
Public Safety:				
Police	22,349,510	22,356,590	20,464,317	1,892,273
Fire	14,301,422	14,444,622	13,730,879	713,743
Building and safety engineering	2,855,092	2,856,697	2,498,733	357,964
46th Michigan district court	3,562,257	3,572,077	3,380,245	191,832
Civilian support services	3,899,643	3,899,643	3,491,811	407,832
Total public safety	<u>46,967,924</u>	<u>47,129,629</u>	<u>43,565,985</u>	<u>3,563,644</u>
Public Services:				
Community development	143,085	150,845	136,668	14,177
Sanitation	3,243,539	3,278,928	3,146,562	132,366
Road service administration	572,097	572,097	559,437	12,660
Total public services	<u>3,958,721</u>	<u>4,001,870</u>	<u>3,842,667</u>	<u>159,203</u>
Social services	352,245	352,245	337,689	14,556
Capital outlay	297,668	297,668	297,668	-
Other:				
Insurance and bonds	585,315	585,315	529,578	55,737
Support services	2,665,971	2,668,606	4,998,157	(2,329,551)
Total other	<u>3,251,286</u>	<u>3,253,921</u>	<u>5,527,735</u>	<u>(2,273,814)</u>
Debt				
Principal retirement	250,000	250,000	240,000	10,000
Interest and fiscal charges	151,560	151,560	155,460	(3,900)
Total debt	<u>401,560</u>	<u>401,560</u>	<u>395,460</u>	<u>6,100</u>
Total expenditures	<u>64,198,668</u>	<u>64,422,379</u>	<u>62,374,108</u>	<u>2,048,271</u>
Excess of revenues over expenditures	147,380	66,869	4,294,830	4,227,961
<b>OTHER FINANCING USES (Note 3F)</b>				
Transfers out	(147,380)	(171,823)	(171,823)	-
Net change in fund balances	-	(104,954)	4,123,007	4,227,961
Fund balances - beginning	8,990,203	8,990,203	8,990,203	-
<b>Fund balances - ending</b>	<u>\$ 8,990,203</u>	<u>\$ 8,885,249</u>	<u>\$ 13,113,210</u>	<u>\$ 4,227,961</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 Streets Fund

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,620,729	\$ 2,852,087	\$ 2,801,703	\$ (50,384)
Intergovernmental:				
State	1,049,435	1,049,435	1,132,407	82,972
Investment earnings	6,328	6,528	82,352	75,824
Other	467,545	44,944	56,861	11,917
Total revenues	<u>4,144,037</u>	<u>3,952,994</u>	<u>4,073,323</u>	<u>120,329</u>
<b>EXPENDITURES</b>				
Highways and streets:				
Administration	305,141	411,701	397,522	14,179
Road construction	400,000			-
Road maintenance	2,264,367	2,564,367	1,565,280	999,087
Traffic service	169,968	169,968	70,827	99,141
Snow removal	630,323	630,323	190,843	439,480
Appearance	575,394	587,141	424,055	163,086
Debt service:				
Principal retirement	83,221	83,221	83,221	-
Interest and fiscal charges	46,071	46,071	46,071	-
Total expenditures	<u>4,474,485</u>	<u>4,492,792</u>	<u>2,777,819</u>	<u>1,714,973</u>
Excess (deficiency) of revenues over (under) expenditures	(330,448)	(539,798)	1,295,504	1,835,302
<b>OTHER FINANCING USES (Note 3F)</b>				
Transfers out	<u>(2,554,136)</u>	<u>(2,554,136)</u>	<u>(2,554,136)</u>	<u>-</u>
Net change in fund balance	(2,884,584)	(3,093,934)	(1,258,632)	1,835,302
Fund balance - beginning	<u>5,149,158</u>	<u>5,149,158</u>	<u>5,149,158</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 2,264,574</u></u>	<u><u>\$ 2,055,224</u></u>	<u><u>\$ 3,890,526</u></u>	<u><u>\$ 1,835,302</u></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	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2011	\$ 183.0	\$ 206.4	\$ 23.4	88.7 %	\$ 19.7	118.9%
2010	192.2	200.1	7.9	96.1 %	20.7	38.2%
2009	202.6	195.5	(7.1)	103.6 %	19.5	-
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	-

**Employees Retirement System Pension Benefits**  
(dollar amounts in millions)

Valuation date	Actuarial value of assets	Actuarial accrued liability ("AAL")	Unfunded actuarial accrued liability	Funded ratio	Covered payroll	Ratio of UAAL to covered payroll
<u>June 30,</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>payroll</u>	<u>payroll</u>
2011	\$ 97.3	\$ 134.0	\$ 36.7	72.6 %	\$ 16.8	217.8%
2010	96.2	132.9	36.8	72.3 %	17.8	206.6%
2009	97.9	127.3	29.3	77.0 %	18.7	156.2%
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%

**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, 2011, the latest actuarial valuation, follows:

	<b>Employee Retirement</b>	<b>Fire and Police</b>
	<hr/>	<hr/>
Actuarial Cost Method		
All members	Entry Age Normal	Individual Entry Age
Amortization Method	Level percent of payroll	Level percent of payroll
Remaining amortization period	29 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	3.5%	4.00%
Projected salary increases*	3.5% - 9.5%	4.00% - 9.00%
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

<b>Valuation Year ended June 30,</b>	<b>Fiscal year ended June 30,</b>	<b>Contribution rates as a percent of actual payroll</b>	<b>Computed dollar contribution based on actual payroll</b>	<b>Percent contributed</b>
2010	2012	20.95%	\$ 4,004,031	100.00%
2009	2011	15.94%	3,229,416	100.00%
2008	2010	13.32%	3,330,660	100.00%
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%

### Employee retirement system pension benefit

<b>Valuation Year ended June 30,</b>	<b>Fiscal year ended June 30,</b>	<b>Contribution rates as a percent of actual payroll</b>	<b>Computed dollar contribution based on actual payroll</b>	<b>Percent contributed</b>
2010	2012	17.49%	\$ 2,677,559	100.00%
2009	2011	15.76%	2,804,144	100.00%
2008	2010	15.40%	2,885,356	100.00%
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%

**(This page left intentionally blank.)**



**City of Southfield**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2012**

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,071,205	\$ 111,913	\$ 3,651,660	\$ 20,834,778
Investments	1,379,252		322,709	1,701,961
Receivables: <b>(Note 3B)</b>				
Special assessments			641,799	641,799
Other	1,674,541	7,548	2,043	1,684,132
Property investments	1,239,311			1,239,311
Prepays	112,180			112,180
Due from other funds <b>(Note 3F)</b>	3,569,815	135,695	76,807	3,782,317
Due from component units	207,938	15,980		223,918
Due from other governmental units	756,621			756,621
Restricted assets: <b>(Note 3A)</b>				
Cash and cash equivalents		11,990		11,990
<b>Total assets</b>	<u>\$ 26,010,863</u>	<u>\$ 283,126</u>	<u>\$ 4,695,018</u>	<u>\$ 30,989,007</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	1,034,162		121,640	1,155,802
Accrued payroll	319,550			319,550
Due to other funds <b>(Note 3F)</b>	3,326,796		213,228	3,540,024
Due to component units		293,874		293,874
Deferred revenue <b>(Note 3B)</b>	410,984	3,238	641,799	1,056,021
Other short-term liabilities	194,961	13,306		208,267
Advances from local improvement revolving fund <b>(Note 3F)</b>	1,416,628		491,179	1,907,807
<b>Total liabilities</b>	<u>6,703,081</u>	<u>310,418</u>	<u>1,467,846</u>	<u>8,481,345</u>
<b>Fund balance (deficit): (Note 4A)</b>				
Non-spendable	112,180			112,180
Restricted	16,929,760	11,990	1,411,230	18,352,980
Committed	3,114,769		281,488	3,396,257
Assigned			1,534,454	1,534,454
Unassigned <b>(Note 2C)</b>	(848,927)	(39,282)		(888,209)
<b>Total fund balances (deficit)</b>	<u>19,307,782</u>	<u>(27,292)</u>	<u>3,227,172</u>	<u>22,507,662</u>
<b>Total liabilities and fund balances</b>	<u>\$ 26,010,863</u>	<u>\$ 283,126</u>	<u>\$ 4,695,018</u>	<u>\$ 30,989,007</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

### Non-major Governmental Funds

For the Year Ended June 30, 2012

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>REVENUES</b>				
Property taxes	\$ 12,009,244	\$ 925,160		\$ 12,934,404
Special assessments	30,578		\$ 291,925	322,503
Program earnings	46,432			46,432
Charges for services	2,543,729			2,543,729
Fines and forfeitures	254,983			254,983
Federal forfeitures	225,931			225,931
Cable royalties	1,630,516			1,630,516
Intergovernmental:				
Federal	6,370,263			6,370,263
State	3,942,624			3,942,624
Other	96,996			96,996
Contributions and donations	121,995		38,762	160,757
Investment earnings	203,774	357	34,073	238,204
Other	469,032	15,980	53,335	538,347
Total revenues	<u>27,946,097</u>	<u>941,497</u>	<u>418,095</u>	<u>29,305,689</u>
<b>EXPENDITURES</b>				
Current:				
General government	295,242			295,242
Public safety	647,896			647,896
Highways and streets	3,646,203			3,646,203
Community improvement	755,660			755,660
Social services	4,218,801			4,218,801
Culture and recreation	13,186,221			13,186,221
Other		282,688	274,262	556,950
Capital outlay	1,984,363		988,728	2,973,091
Debt service:				
Principal retirement	1,570,000	458,854		2,028,854
Interest and fiscal charges	1,833,851	188,811	34,124	2,056,786
Total expenditures	<u>28,138,237</u>	<u>930,353</u>	<u>1,297,114</u>	<u>30,365,704</u>
Excess (deficiency) of revenues over (under) expenditures	(192,140)	11,144	(879,019)	(1,060,015)
<b>OTHER FINANCING SOURCES (USES) (Note 3F)</b>				
Transfers in	2,725,959		973,794	3,699,753
Sale of land	174,627			174,627
Transfers out	(480,776)		(43)	(480,819)
Total other financing sources (uses)	<u>2,419,810</u>	<u>-</u>	<u>973,751</u>	<u>3,393,561</u>
Net change in fund balances	2,227,670	11,144	94,732	2,333,546
Fund balances (deficit) - beginning	17,080,112	(38,436)	3,132,440	20,174,116
<b>Fund balances (deficit) - ending</b>	<u>\$ 19,307,782</u>	<u>\$ (27,292)</u>	<u>\$ 3,227,172</u>	<u>\$ 22,507,662</u>

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

## **NON-MAJOR 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:

#### **MAJOR STREETS 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. Additional funds are provided through Public Act 298 of 1917 for all Major streets mowing, litter pick-up, street sweeping and catch basin cleaning on all roads throughout the City.

#### **PARKS AND RECREATION**

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**

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**

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**

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.

#### **NEIGHBORHOOD STABILIZATION PROGRAM**

Pursuant to Housing Economic Relief Act (HERA) of 2008, federal grant funds are used to allow the City to purchase foreclosed or abandoned homes to rehabilitate, resell, or redevelop them in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The NSP also provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

**SPECIAL REVENUE FUNDS**  
**(continued)**

**DRUG LAW ENFORCEMENT**

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.

**GRANTS**

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

**LIBRARY**

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**

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**

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

**DONATIONS, MEMORIAL TRUSTS AND SPONSORSHIPS**

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

**City of Southfield**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Special Revenue Funds**  
**June 30, 2012**

	Major Streets	Parks and Recreation	Cable Television	Block Grant	Section 8 Housing	Neighborhood Stabilization Program
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,009,151	\$ 4,566,245	\$ 2,832,907	\$ 754,606	\$ 657,670	\$ 135,051
Investments	30,668	256,302	485,539			
Receivables, net	628,830	161,770	427,215	579	7	3
Property investments						1,239,311
Prepays	100	29,972	1,271			
Due from other funds	2,543,800	130,988		1,075		651,725
Due from component units	5,930	77,688				
<b>Total assets</b>	<b>\$ 4,218,479</b>	<b>\$ 5,222,965</b>	<b>\$ 3,746,932</b>	<b>\$ 756,260</b>	<b>\$ 657,677</b>	<b>\$ 2,026,090</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	462,353	116,939	2,435	16,549	16,485	
Accrued payroll		135,378	21,995	2,590	1,110	1,331
Due to other funds	924,876	386,312	8,655	650,388	8,162	35,806
Deferred revenue	3,217	31,743		268,674		
Other short-term liabilities	8,013	92,811				
Advances from local improvement revolving fund						1,416,628
<b>Total liabilities</b>	<b>1,398,459</b>	<b>763,183</b>	<b>33,085</b>	<b>938,201</b>	<b>25,757</b>	<b>1,453,765</b>
<b>Fund balance:</b>						
Non-spendable	100	29,972	1,271			
Restricted	2,819,920	4,429,810	897,200		631,920	1,239,311
Committed			2,815,376			
Unassigned				(181,941)		(666,986)
<b>Total fund balances</b>	<b>2,820,020</b>	<b>4,459,782</b>	<b>3,713,847</b>	<b>(181,941)</b>	<b>631,920</b>	<b>572,325</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,218,479</b>	<b>\$ 5,222,965</b>	<b>\$ 3,746,932</b>	<b>\$ 756,260</b>	<b>\$ 657,677</b>	<b>\$ 2,026,090</b>

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

**City of Southfield**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Special Revenue Funds**  
**June 30, 2012**

	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 836,376	\$ 244,301	\$ 5,053,280	\$ 480,754	\$ 9,767	\$ 491,097	\$ 17,071,205
Investments			6,021			600,722	1,379,252
Receivables, net	525	217,690	207,071	7	29,297	1,547	1,674,541
Property investments							1,239,311
Prepays	9,611		71,026			200	112,180
Due from other funds		78,110	158,973	72	5,000	72	3,569,815
Due from component units			124,320				207,938
Due from other governmental units				756,621			756,621
<b>Total assets</b>	<u>\$ 846,512</u>	<u>\$ 540,101</u>	<u>\$ 5,620,691</u>	<u>\$ 1,237,454</u>	<u>\$ 44,064</u>	<u>\$ 1,093,638</u>	<u>\$ 26,010,863</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	10,330	283,075	40,555	81,792		3,649	1,034,162
Accrued payroll	4,239		86,113	20,799	42,618	3,377	319,550
Due to other funds	19,847	68,744	187,154	1,033,730	1,390	1,732	3,326,796
Deferred revenue		64,147	43,203				410,984
Other short-term liabilities			94,137				194,961
Advances from local improvement revolving fund							1,416,628
<b>Total liabilities</b>	<u>34,416</u>	<u>415,966</u>	<u>451,162</u>	<u>1,136,321</u>	<u>44,008</u>	<u>8,758</u>	<u>6,703,081</u>
<b>Fund balance (deficit):</b>							
Non-spendable	9,611		71,026			200	112,180
Restricted	802,485	124,135	5,098,503	101,133	56	785,287	16,929,760
Committed						299,393	3,114,769
Unassigned							(848,927)
<b>Total fund balances</b>	<u>812,096</u>	<u>124,135</u>	<u>5,169,529</u>	<u>101,133</u>	<u>56</u>	<u>1,084,880</u>	<u>19,307,782</u>
<b>Total liabilities and fund balances</b>	<u>\$ 846,512</u>	<u>\$ 540,101</u>	<u>\$ 5,620,691</u>	<u>\$ 1,237,454</u>	<u>\$ 44,064</u>	<u>\$ 1,093,638</u>	<u>\$ 26,010,863</u>

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

### Non-major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2012

	Major Streets	Parks and Recreation	Cable Television	Block Grant	Section 8 Housing	Neighborhood Stabilization Program
<b>REVENUES</b>						
Property taxes	\$ 326,358	\$ 4,492,734				
Program earnings						\$ 46,432
Charges for services		2,122,970				
Cable royalties			\$ 1,630,516			
Intergovernmental:						
Federal	397,696	71,386		\$ 570,757	\$ 2,280,913	
State	3,797,991					
Other	96,996					
Contributions and donations		160				
Investment earnings	14,850	65,923	38,954	227	91	76
Other	43,349	236,888	3,375	17,502		
Total revenues	<u>4,677,240</u>	<u>6,990,061</u>	<u>1,672,845</u>	<u>588,486</u>	<u>2,281,004</u>	<u>46,508</u>
<b>EXPENDITURES</b>						
Current:						
Highways and streets	3,646,203					
Community improvement				349,676		367,354
Social services					1,905,936	
Culture and recreation		6,916,228	716,966			
Capital outlay	1,057,987	156,183	194,207		4,405	
Debt service:						
Principal retirement	845,000					
Interest and fiscal charges	399,063	110,350				
Total expenditures	<u>5,948,253</u>	<u>7,182,761</u>	<u>911,173</u>	<u>349,676</u>	<u>1,910,341</u>	<u>367,354</u>
Excess (deficiency) of revenues over (under) expenditures	(1,271,013)	(192,700)	761,672	238,810	370,663	(320,846)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,578,579					
Sale of land	174,627					
Transfers out		(478,716)		(2,060)		
Total other financing sources (uses)	<u>2,753,206</u>	<u>(478,716)</u>	<u>-</u>	<u>(2,060)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,482,193	(671,416)	761,672	236,750	370,663	(320,846)
Fund balances (deficit) - beginning	1,337,827	5,131,198	2,952,175	(418,691)	261,257	893,171
<b>Fund balances - ending</b>	<u>\$ 2,820,020</u>	<u>\$ 4,459,782</u>	<u>\$ 3,713,847</u>	<u>\$ (181,941)</u>	<u>\$ 631,920</u>	<u>\$ 572,325</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

### Non-major Governmental Funds - Special Revenue Funds

For the Year Ended June 30, 2012

	Drug Law Enforcement	Grants	Library	Michigan Works Grants	Auto Theft Grant	Donations, Memorial Trusts & Sponsorships	Total
<b>REVENUES</b>							
Property taxes			\$ 7,190,152				\$ 12,009,244
Special assessments		\$ 30,578					30,578
Program earnings							46,432
Charges for services			420,759				2,543,729
Fines and forfeitures	\$ 254,983						254,983
Federal forfeitures	225,931						225,931
Cable royalties							1,630,516
Intergovernmental:							
Federal		836,735		\$ 2,212,776			6,370,263
State			16,946		\$ 127,687		3,942,624
Other							96,996
Contributions and donations						\$ 121,835	121,995
Investment earnings	5,551	864	55,467	262	7	21,502	203,774
Other	16,534	1,399	149,985				469,032
Total revenues	<u>502,999</u>	<u>869,576</u>	<u>7,833,309</u>	<u>2,213,038</u>	<u>127,694</u>	<u>143,337</u>	<u>27,946,097</u>
<b>EXPENDITURES</b>							
Current:							
General government		295,242					295,242
Public safety	286,620	86,035			275,241		647,896
Highways and streets							3,646,203
Community improvement		38,630					755,660
Social services				2,312,865			4,218,801
Culture and recreation			5,412,340			140,687	13,186,221
Capital outlay	80,702	445,270	35,616	9,993			1,984,363
Debt service:							
Principal retirement			725,000				1,570,000
Interest and fiscal charges			1,324,438				1,833,851
Total expenditures	<u>367,322</u>	<u>865,177</u>	<u>7,497,394</u>	<u>2,322,858</u>	<u>275,241</u>	<u>140,687</u>	<u>28,138,237</u>
Excess (deficiency) of revenues over (under) expenditures	135,677	4,399	335,915	(109,820)	(147,547)	2,650	(192,140)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in					147,380		2,725,959
Sale of land							174,627
Transfers out							(480,776)
Total other financing sources (uses)	-	-	-	-	147,380	-	2,419,810
Net change in fund balances	135,677	4,399	335,915	(109,820)	(167)	2,650	2,227,670
Fund balances - beginning	676,419	119,736	4,833,614	210,953	223	1,082,230	17,080,112
<b>Fund balances - ending</b>	<u>\$ 812,096</u>	<u>\$ 124,135</u>	<u>\$ 5,169,529</u>	<u>\$ 101,133</u>	<u>\$ 56</u>	<u>\$ 1,084,880</u>	<u>\$ 19,307,782</u>

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 - Major Streets Fund

For the Year Ended June 30, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 347,037	\$ 326,358	\$ (20,679)
Intergovernmental:			
Federal		397,696	397,696
State	3,481,529	3,797,991	316,462
Other	99,387	96,996	(2,391)
Investment earnings	6,628	14,850	8,222
Other	10,001	43,349	33,348
Total revenues	<u>3,944,582</u>	<u>4,677,240</u>	<u>732,658</u>
<b>EXPENDITURES</b>			
Highways and streets:			
Administration	288,296	265,233	23,063
Road maintenance	1,487,578	1,191,198	296,380
Traffic service	808,732	711,472	97,260
Snow removal	547,345	351,827	195,518
Appearance	1,298,843	1,126,473	172,370
Capital outlay	2,511,529	1,057,987	1,453,542
Debt service:			
Principal	845,000	845,000	-
Interest and fiscal charges	399,063	399,063	-
Total expenditures	<u>8,186,386</u>	<u>5,948,253</u>	<u>2,238,133</u>
Excess (deficiency) of revenues over (under) expenditures	(4,241,804)	(1,271,013)	2,970,791
<b>OTHER FINANCING SOURCES</b>			
Transfers in	2,578,579	2,578,579	-
Sale of land	174,627	174,627	-
Total other financing sources	<u>2,753,206</u>	<u>2,753,206</u>	
Net change in fund balances	(1,488,598)	1,482,193	2,970,791
Fund balances - beginning	<u>1,337,827</u>	<u>1,337,827</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ (150,771)</u>	<u>\$ 2,820,020</u>	<u>\$ 2,970,791</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, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 4,586,277	\$ 4,492,734	\$ (93,543)
Charges for services	1,874,867	2,122,970	248,103
Intergovernmental:			
Federal		71,386	71,386
Contributions and donations		160	160
Investment earnings	25,313	65,923	40,610
Other revenue	250,153	236,888	(13,265)
Total revenues	<u>6,736,610</u>	<u>6,990,061</u>	<u>253,451</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Administration	2,681,690	2,657,074	24,616
Recreation division	973,463	969,262	4,201
Cultural arts division	127,661	118,949	8,712
Senior center division	296,086	287,915	8,171
Operations & facilities division	2,132,335	2,128,612	3,723
Golf	761,079	754,416	6,663
Capital outlay	156,183	156,183	-
Debt service:			
Interest and fiscal charges	110,350	110,350	-
Total expenditures	<u>7,238,847</u>	<u>7,182,761</u>	<u>56,086</u>
Excess (deficiency) of revenues over (under) expenditures	(502,237)	(192,700)	309,537
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(478,716)</u>	<u>(478,716)</u>	<u>-</u>
Net change in fund balance	(980,953)	(671,416)	309,537
Fund balance - beginning	<u>5,131,198</u>	<u>5,131,198</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,150,245</u>	<u>\$ 4,459,782</u>	<u>\$ 309,537</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, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Cable royalties	\$ 913,868	\$ 1,630,516	\$ 716,648
Investment earnings	2,813	3,375	562
Other	7,200	38,954	31,754
Total revenues	<u>923,881</u>	<u>1,672,845</u>	<u>748,964</u>
<b>EXPENDITURES</b>			
Culture and recreation	915,801	716,966	198,835
Capital outlay	194,207	194,207	-
Total expenditures	<u>1,110,008</u>	<u>911,173</u>	<u>198,835</u>
Net change in fund balance	(186,127)	761,672	947,799
Fund balance - beginning	<u>2,952,175</u>	<u>2,952,175</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 2,766,048</u></u>	<u><u>\$ 3,713,847</u></u>	<u><u>\$ 947,799</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 - Block Grant Fund

For the Year Ended June 30, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 556,018	\$ 570,757	\$ 14,739
Investment earnings		227	227
Other		17,502	17,502
Total revenues	<u>556,018</u>	<u>588,486</u>	<u>32,468</u>
<b>EXPENDITURES</b>			
Community improvement	<u>561,893</u>	<u>349,676</u>	<u>212,217</u>
Excess (deficiency) of revenues over (under) expenditures	(5,875)	238,810	244,685
<b>OTHER FINANCING USES</b>			
Transfers out	<u>-</u>	<u>(2,060)</u>	<u>(2,060)</u>
Net change in fund balance	(5,875)	236,750	242,625
Fund balance (deficit) - beginning	<u>(418,691)</u>	<u>(418,691)</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ (424,566)</u></u>	<u><u>\$ (181,941)</u></u>	<u><u>\$ 242,625</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 - Section 8 Housing Fund

For the Year Ended June 30, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 2,203,989	\$ 2,280,913	\$ 76,924
Investment earnings		91	91
Total revenues	<u>2,203,989</u>	<u>2,281,004</u>	<u>77,015</u>
<b>EXPENDITURES</b>			
Social services	2,199,584	1,905,936	293,648
Capital outlay	<u>4,405</u>	<u>4,405</u>	<u>-</u>
Total expenditures	<u>2,203,989</u>	<u>1,910,341</u>	<u>293,648</u>
Net change in fund balance	-	370,663	370,663
Fund balance - beginning	<u>261,257</u>	<u>261,257</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 261,257</u></u>	<u><u>\$ 631,920</u></u>	<u><u>\$ 370,663</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 - Neighborhood Stabilization Program Fund For the Year Ended June 30, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment earnings		\$ 76	\$ 76
Program earnings	\$ 500,000	46,432	(453,568)
Total revenues	<u>500,000</u>	<u>46,508</u>	<u>(453,492)</u>
<b>EXPENDITURES</b>			
Community improvement	<u>500,000</u>	<u>367,354</u>	<u>132,646</u>
Net change in fund balance	-	(320,846)	(320,846)
Fund balance - beginning	<u>893,171</u>	<u>893,171</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 893,171</u></u>	<u><u>\$ 572,325</u></u>	<u><u>\$ (320,846)</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 - Drug Law Enforcement Fund For the Year Ended June 30, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Fines and forfeitures	\$ 120,000	\$ 254,983	\$ 134,983
Federal forfeitures	72,331	225,931	153,600
Investment earnings	3,938	5,551	1,613
Other	6,500	16,534	10,034
Total revenues	<u>202,769</u>	<u>502,999</u>	<u>300,230</u>
<b>EXPENDITURES</b>			
Public safety	374,790	286,620	88,170
Capital outlay	80,702	80,702	-
	<u>455,492</u>	<u>367,322</u>	<u>88,170</u>
Net change in fund balance	(252,723)	135,677	388,400
Fund balance - beginning	<u>676,419</u>	<u>676,419</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 423,696</u>	<u>\$ 812,096</u>	<u>\$ 388,400</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 - Grants Fund

For the Year Ended June 30, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 636,035	\$ 836,735	\$ 200,700
Investment earnings		864	864
Special assessments		30,578	30,578
Other		1,399	1,399
Total revenues	<u>636,035</u>	<u>869,576</u>	<u>233,541</u>
<b>EXPENDITURES</b>			
General government	104,730	295,242	(190,512)
Public safety	86,035	86,035	-
Community improvement		38,630	(38,630)
Capital outlay	445,270	445,270	-
Total expenditures	<u>636,035</u>	<u>865,177</u>	<u>(229,142)</u>
Net change in fund balance	-	4,399	4,399
Fund balance - beginning	<u>119,736</u>	<u>119,736</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 119,736</u>	<u>\$ 124,135</u>	<u>\$ 4,399</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, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 7,338,042	\$ 7,190,152	\$ (147,890)
Charges for services	387,937	420,759	32,822
Intergovernmental:			
State	15,000	16,946	1,946
Investment earnings	98,438	55,467	(42,971)
Other	86,644	149,985	63,341
Total revenues	<u>7,926,061</u>	<u>7,833,309</u>	<u>(92,752)</u>
<b>EXPENDITURES</b>			
Culture and recreation:			
Administration	2,304,307	2,143,319	160,988
Adult reference	943,812	939,789	4,023
Children's division	713,770	659,177	54,593
Support services	1,143,916	960,754	183,162
Technology division	742,330	709,301	33,029
Capital outlay	35,616	35,616	-
Debt service:			
Principal	725,000	725,000	-
Interest and fiscal charges	1,324,213	1,324,438	(225)
Total expenditures	<u>7,932,964</u>	<u>7,497,394</u>	<u>435,570</u>
Net change in fund balance	(6,903)	335,915	342,818
Fund balance - beginning	<u>4,833,614</u>	<u>4,833,614</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ 4,826,711</u></u>	<u><u>\$ 5,169,529</u></u>	<u><u>\$ 342,818</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, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 3,300,000	\$ 2,212,776	\$ (1,087,224)
Investment earnings		262	262
Total revenues	<u>3,300,000</u>	<u>2,213,038</u>	<u>(1,086,962)</u>
 <b>EXPENDITURES</b>			
Social services	3,300,000	2,312,865	987,135
Capital outlay		9,993	(9,993)
Total expenditures	<u>3,300,000</u>	<u>2,322,858</u>	<u>977,142</u>
 Net change in fund balance	-	(109,820)	(109,820)
 Fund balance - beginning	<u>210,953</u>	<u>210,953</u>	<u>-</u>
 <b>Fund balance - ending</b>	<u>\$ 210,953</u>	<u>\$ 101,133</u>	<u>\$ (109,820)</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, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
State	\$ 136,868	\$ 127,687	\$ (9,181)
Investment earnings	563	7	(556)
Total revenues	<u>137,431</u>	<u>127,694</u>	<u>(9,737)</u>
<b>EXPENDITURES</b>			
Public safety	<u>284,811</u>	<u>275,241</u>	<u>9,570</u>
Deficiency of revenues under expenditures	(147,380)	(147,547)	(167)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>147,380</u>	<u>147,380</u>	<u>-</u>
Net change in fund balances	-	(167)	(167)
Fund balances - beginning	<u>223</u>	<u>223</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 223</u>	<u>\$ 56</u>	<u>\$ (167)</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 - Donations, Memorial Trusts & Sponsorships For the Year Ended June 30, 2012

	Unaudited Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Contributions	\$ 200,000	\$ 121,835	\$ (78,165)
Investment earnings		21,502	21,502
Total revenues	<u>200,000</u>	<u>143,337</u>	<u>(56,663)</u>
<b>EXPENDITURES</b>			
Culture and recreation	<u>200,000</u>	<u>140,687</u>	<u>59,313</u>
Net change in fund balances	-	2,650	2,650
Fund balances - beginning	<u>1,082,230</u>	<u>1,082,230</u>	-
<b>Fund balances - ending</b>	<u>\$ 1,082,230</u>	<u>\$ 1,084,880</u>	<u>\$ 2,650</u>

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

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUND**

This fund accounts 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.

### **DRAINS-AT-LARGE**

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.

**City of Southfield**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**Debt Service Funds**  
**June 30, 2012**

	<u>Drains at Large</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 111,913
Receivables, net	7,548
Due from other funds	135,695
Due from component units	15,980
Restricted assets:	
Cash and cash equivalents	11,990
<b>Total assets</b>	<u><u>\$ 283,126</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Due to component units	293,874
Deferred revenue	3,238
Other short-term liabilities	13,306
<b>Total liabilities</b>	<u><u>310,418</u></u>
<b>Fund balance (deficit):</b>	
Restricted	11,990
Unassigned	<u>(39,282)</u>
<b>Total fund balance (deficit)</b>	<u>(27,292)</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 283,126</u></u>

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

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Non-major Governmental Funds  
 Debt Service Funds  
 For the Year Ended June 30, 2012**

	Drains at Large
	<u>          </u>
<b>REVENUES</b>	
Property taxes	\$ 925,160
Investment earnings	357
Other	15,980
Total revenues	<u>941,497</u>
 <b>EXPENDITURES</b>	
Other	282,688
Debt service:	
Principal retirement	458,854
Interest and fiscal charges	188,811
Total expenditures	<u>930,353</u>
 Net change in fund balances	 11,144
 Fund balances (deficit) - beginning	 <u>(38,436)</u>
<b>Fund balances (deficit) - ending</b>	<b>\$ <u><u>(27,292)</u></u></b>

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

## **NON-MAJOR 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.

#### **LIBRARY BUILDING AUTHORITY**

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**

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

#### **BUILDING AUTHORITY**

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**

This fund accounts for the construction phase of local improvements which benefit specific property owners and are ultimately financed through special assessments. 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**  
**Non-major Governmental Funds**  
**Capital Project Funds**  
**June 30, 2012**

	Library Building Authority Construction	Building Authority Construction	Special Assessment Construction	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 472,873	\$ 16,405	\$ 3,162,382	\$ 3,651,660
Investments	322,709			322,709
Receivables:				
Special assessments			641,799	641,799
Other	656	10	1,377	2,043
Due from other funds		76,807		76,807
<b>Total assets</b>	<u>\$ 796,238</u>	<u>\$ 93,222</u>	<u>\$ 3,805,558</u>	<u>\$ 4,695,018</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	11,894	93,222	16,524	121,640
Due to other funds	1,074		212,154	213,228
Deferred revenue			641,799	641,799
Advances from local improvement revolving fund			491,179	491,179
<b>Total liabilities</b>	<u>12,968</u>	<u>93,222</u>	<u>1,361,656</u>	<u>1,467,846</u>
<b>Fund balances:</b>				
Restricted	783,270		627,960	1,411,230
Committed			281,488	281,488
Assigned			1,534,454	1,534,454
<b>Total fund balances</b>	<u>783,270</u>	<u>-</u>	<u>2,443,902</u>	<u>3,227,172</u>
<b>Total liabilities     and fund balances</b>	<u>\$ 796,238</u>	<u>\$ 93,222</u>	<u>\$ 3,805,558</u>	<u>\$ 4,695,018</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

### Non-major Governmental Funds

### Capital Project Funds

For the Year Ended June 30, 2012

	Library Building Authority Construction	Civic Center Improvement	Building Authority Construction	Special Assessment Construction	Total
<b>REVENUES</b>					
Special assessments				\$ 291,925	\$ 291,925
Contributions and donations				38,762	38,762
Investment earnings	\$ 11,871	\$ 43	\$ 133	22,026	34,073
Other				53,335	53,335
Total revenues	<u>11,871</u>	<u>43</u>	<u>133</u>	<u>406,048</u>	<u>418,095</u>
<b>EXPENDITURES</b>					
Construction and other costs	55,648			218,614	274,262
Capital outlay	14,801		973,927		988,728
Debt service:					
Interest charges				34,124	34,124
Total expenditures	<u>70,449</u>	<u>-</u>	<u>973,927</u>	<u>252,738</u>	<u>1,297,114</u>
Excess (deficiency) of revenues over (under) expenditures	(58,578)	43	(973,794)	153,310	(879,019)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in			973,794		973,794
Transfers out		(43)			(43)
Total other financing sources (uses)	<u>-</u>	<u>(43)</u>	<u>973,794</u>	<u>-</u>	<u>973,751</u>
Net change in fund balances	(58,578)	-	-	153,310	94,732
Fund balances - beginning	841,848	-	-	2,290,592	3,132,440
<b>Fund balances - ending</b>	<u>\$ 783,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,443,902</u>	<u>\$ 3,227,172</u>

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

## **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**

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**

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

### **EQUIPMENT REVOLVING**

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**

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**

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**

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, 2012**

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,667,597	\$ 3,386,865	\$ 7,974,575	\$ 3,091,824	\$ 8,019,064	\$ 24,139,925
Investments			596,115	1,352,758	435,074	2,383,947
Receivables, net	1,229	952	4,608	4,002	3,273	14,064
Prepays		8,874	20,000	342,733		371,607
Due from other funds	997,411	621,975			315,517	1,934,903
Due from component units					1,750,000	1,750,000
Inventory		360,297				360,297
Total current assets	<u>2,666,237</u>	<u>4,378,963</u>	<u>8,595,298</u>	<u>4,791,317</u>	<u>10,522,928</u>	<u>30,954,743</u>
Noncurrent assets:						
Restricted cash and cash equivalents				2,530,132		2,530,132
Long-term advances to other funds					4,853,151	4,853,151
Long-term advances to component units					1,585,686	1,585,686
Capital assets:						
Equipment	399,555	13,194,594	9,908,356			23,502,505
Less accumulated depreciation	(227,830)	(11,217,569)	(6,969,715)			(18,415,114)
Net capital assets	<u>171,725</u>	<u>1,977,025</u>	<u>2,938,641</u>	<u>-</u>	<u>-</u>	<u>5,087,391</u>
Total noncurrent assets	<u>171,725</u>	<u>1,977,025</u>	<u>2,938,641</u>	<u>2,530,132</u>	<u>6,438,837</u>	<u>14,056,360</u>
Total assets	<u>2,837,962</u>	<u>6,355,988</u>	<u>11,533,939</u>	<u>7,321,449</u>	<u>16,961,765</u>	<u>45,011,103</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	208,010	285,393	55,585			548,988
Accrued payroll, including compensated absences due in less than one year	149,316	91,366				240,682
General insurance accrual				1,286,021		1,286,021
Workers' compensation accrual				499,040		499,040
Due to other funds	101,505	18,084		3,456		123,045
Total current liabilities	<u>458,831</u>	<u>394,843</u>	<u>55,585</u>	<u>1,788,517</u>	<u>-</u>	<u>2,697,776</u>
Noncurrent liabilities:						
Accrued compensated absences-due more 1 year	178,530	94,873				273,403
Other post-employment benefits	39,243	18,293		1,314		58,850
Total noncurrent liabilities	<u>217,773</u>	<u>113,166</u>	<u>-</u>	<u>1,314</u>	<u>-</u>	<u>332,253</u>
Total liabilities	<u>676,604</u>	<u>508,009</u>	<u>55,585</u>	<u>1,789,831</u>	<u>-</u>	<u>3,030,029</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	171,725	1,977,025	2,938,641			5,087,391
Restricted for claims				2,530,132		2,530,132
Unrestricted	1,989,633	3,870,954	8,539,713	3,001,486	16,961,765	34,363,551
Total net assets	<u>\$ 2,161,358</u>	<u>\$ 5,847,979</u>	<u>\$ 11,478,354</u>	<u>\$ 5,531,618</u>	<u>\$ 16,961,765</u>	<u>\$ 41,981,074</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, 2012

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Employee Incentive Loan Program	Total
<b>OPERATING REVENUES</b>							
Charges for consumption and service:							
Charges to other funds	\$ 5,827,227	\$ 3,875,210					\$ 9,702,437
Other		29,950			\$ 239,857		269,807
Total operating revenue	5,827,227	3,905,160	\$ -	\$ -	239,857	\$ -	9,972,244
<b>OPERATING EXPENSES</b>							
Administration	2,001,047	67,236					2,068,283
Equipment and facility operation:							
Equipment maintenance		2,830,912	490,190				3,321,102
Communications		417,057					417,057
Maintenance staff	973,411						973,411
Custodial staff	1,695,738						1,695,738
Depreciation and capital adjustments	17,754	772,772	725,412				1,515,938
Other			4,970	244,323	4,970	219,875	474,138
Total operating expenses	4,687,950	4,087,977	1,220,572	244,323	4,970	219,875	10,465,667
Operating income (loss)	1,139,277	(182,817)	(1,220,572)	(244,323)	234,887	(219,875)	(493,423)
<b>NONOPERATING REVENUES</b>							
Investment earnings	11,166	23,140	92,618	71,519	81,756	80	280,279
Other	57,571	1,099		793,202			851,872
Total nonoperating revenues	68,737	24,239	92,618	864,721	81,756	80	1,132,151
Income (loss) before transfers	1,208,014	(158,578)	(1,127,954)	620,398	316,643	(219,795)	638,728
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	43						43
Transfers out	(650,286)			(9,520)			(659,806)
Total other financing sources (uses)	(650,243)	-	-	(9,520)	-	-	(659,763)
Change in net assets	557,771	(158,578)	(1,127,954)	610,878	316,643	(219,795)	(21,035)
Total net assets - beginning	1,603,587	6,006,557	12,606,308	4,920,740	16,645,122	219,795	42,002,109
<b>Total net assets - ending</b>	<b>\$ 2,161,358</b>	<b>\$ 5,847,979</b>	<b>\$ 11,478,354</b>	<b>\$ 5,531,618</b>	<b>\$ 16,961,765</b>	<b>\$ -</b>	<b>\$ 41,981,074</b>

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, 2012**

	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Local Improvement Revolving	Employee Incentive Loan Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Cash received from (paid to) users	\$ 5,827,227	\$ 3,925,326	\$ (20,000)	\$ (342,733)	\$ (1,510,143)		\$ 7,879,677
Cash paid to employees	(2,800,382)	(1,254,862)		(108,586)			(4,163,830)
Cash paid to suppliers	(1,887,525)	(1,818,478)	(478,801)	(286,836)	(4,970)	(219,875)	(4,696,485)
Net cash provided by (used in) operating activities	<u>1,139,320</u>	<u>851,986</u>	<u>(498,801)</u>	<u>(738,155)</u>	<u>(1,515,113)</u>	<u>(219,875)</u>	<u>(980,638)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Advance (payment) within an interfund	(515,814)	(337,552)	(5,535)	(783,866)	(174,791)		(1,817,558)
Retroactive premium adjustments				793,202			793,202
Long-term advances					175,629		175,629
Long-term advances to employees						42,181	42,181
Transfers in	43						43
Transfers out	(650,286)			(9,520)			(659,806)
Net cash provided by (used in) noncapital and related financing activities	<u>(1,166,057)</u>	<u>(337,552)</u>	<u>(5,535)</u>	<u>(184)</u>	<u>1,750,838</u>	<u>42,181</u>	<u>283,691</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Purchases of and adjustments to property and equipment	44,777	(598,149)	319				(553,053)
Net cash provided by (used in) capital and related financing activities	<u>44,777</u>	<u>(598,149)</u>	<u>319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(553,053)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from sale of investments, net of purchases			6,490,217	2,009,339	4,000,359		12,499,915
Investment earnings	11,908	25,856	117,141	85,738	99,620	95	340,358
Net cash provided by investing activities	<u>11,908</u>	<u>25,856</u>	<u>6,607,358</u>	<u>2,095,077</u>	<u>4,099,979</u>	<u>95</u>	<u>12,840,273</u>
Net increase (decrease) in cash, cash equivalents	29,948	(57,859)	6,103,341	1,356,738	4,335,704	(177,599)	11,590,273
Cash, cash equivalents, beginning of year	1,637,649	3,444,724	1,871,234	4,265,218	3,683,360	177,599	15,079,784
Cash, cash equivalents, end of year	<u>\$ 1,667,597</u>	<u>\$ 3,386,865</u>	<u>\$ 7,974,575</u>	<u>\$ 5,621,956</u>	<u>\$ 8,019,064</u>	<u>\$ -</u>	<u>\$ 26,670,057</u>
<b>Balance sheet reconciliation of cash &amp; cash equivalents</b>							
Cash, cash equivalents	\$ 1,667,597	\$ 3,386,865	\$ 7,974,575	\$ 3,091,824	\$ 8,019,064	\$ -	\$ 24,139,925
Restricted cash, cash equivalents				2,530,132			2,530,132
Total cash, cash equivalents	<u>\$ 1,667,597</u>	<u>\$ 3,386,865</u>	<u>\$ 7,974,575</u>	<u>\$ 5,621,956</u>	<u>\$ 8,019,064</u>	<u>\$ -</u>	<u>\$ 26,670,057</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 1,139,277	\$ (182,817)	\$ (1,220,572)	\$ (244,323)	\$ 234,887	\$ (219,875)	\$ (493,423)
<b>Adjustments to reconcile operating income to net cash provided by (used in) operating activities</b>							
Depreciation and capital adjustments	17,754	772,772	725,412				1,515,938
Prepays		1,057	(20,000)	(342,733)			(361,676)
Inventory		19,109					19,109
Accounts payable	29,177	246,568	16,359				292,104
Accrued payroll, including compensated absences due in less than one year	(17,571)	9,641					(7,930)
General insurance accrual				21,914			21,914
Workers' compensation accrual				(173,013)			(173,013)
Accrued compensated absences	(25,912)	(12,653)					(38,565)
OPEB obligation	(3,405)	(1,691)					(5,096)
Net cash provided by (used in) operating activities	<u>\$ 1,139,320</u>	<u>\$ 851,986</u>	<u>\$ (498,801)</u>	<u>\$ (738,155)</u>	<u>\$ (1,515,113)</u>	<u>\$ (219,875)</u>	<u>\$ (980,638)</u>

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**

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 Plan and the Fire & Police Plan.

#### **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, 2012**

	Pension		Other Post-	Totals
	Employee Retirement	Fire and Police	Employment Benefits Retiree Health Care Benefits Plan & Trust	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,193	\$ 5,275,891	\$ 43,893	\$ 5,321,977
Investments, at fair value:				
Government obligations	10,055,450	21,745,559	10,207,346	42,008,355
Corporate bonds	5,228,933	22,908,605	8,934,152	37,071,690
Common stock	67,488,855	97,243,065	25,462,623	190,194,543
Real estate and other	11,805,479	22,998,503	418,551	35,222,533
Total investments	94,578,717	164,895,732	45,022,672	304,497,121
Cash & investments held as collateral for securities lending:				
Repurchase agreements		8,662,198		8,662,198
Agency bonds, notes & corporate bonds		5,015,230		5,015,230
Certificates of & time deposits		6,161,050		6,161,050
Asset backed floating rate notes		527,647		527,647
Commercial paper		918,208		918,208
Treasury bill		1,745,890		1,745,890
Variable rate deposits, notes & bonds		1,978,675		1,978,675
Money market demand accounts	5,283,763	636,280		5,920,043
Sweep vehicles		219,853		219,853
Non-cash collateral		168,332		168,332
Total securities lending	5,283,763	26,033,363	-	31,317,126
Prepaid	671,192		167,836	839,028
Receivables, net	481,920		323,500	805,420
Total assets	101,017,785	196,204,986	45,557,901	342,780,672
<b>LIABILITIES</b>				
Accounts payable & accrued payroll	438,601	1,152		439,753
Due to other governmental units	756,288			756,288
Other	176,898			176,898
Obligations under securities lending agreements	5,460,661	26,033,363		31,494,024
Total liabilities	6,832,448	26,034,515	-	32,866,963
<b>NET ASSETS</b>				
Reserved for pension benefits	94,185,337	168,927,943		263,113,280
Reserved for post-retirement health care benefits		1,242,528	45,557,901	46,800,429
<b>Total net assets</b>	<b>\$ 94,185,337</b>	<b>\$ 170,170,471</b>	<b>\$ 45,557,901</b>	<b>\$ 309,913,709</b>

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, 2012

	Pension		Other Post-	Totals
	Employee Retirement	Fire and Police	Employment Benefits Retiree Health Care Benefits Plan & Trust	
<b>ADDITIONS</b>				
Contributions:				
Plan members	\$ 679,917	\$ 625,414	\$ 732,063	\$ 2,037,394
Employer	2,677,559	4,004,031	5,603,217	12,284,807
Total contributions	3,357,476	4,629,445	6,335,280	14,322,201
Investment activity:				
Net decrease in fair value of investments	(1,133,219)	(12,542,534)	(2,568,312)	(16,244,065)
Investment earnings	626,988	1,904,765	4,276	2,536,029
Dividends	884,667	1,980,232	1,780,885	4,645,784
Other	48,514	4,546		53,060
Total investment activity	426,950	(8,652,991)	(783,151)	(9,009,192)
Less investment expense:	442,488	23,182	51,588	517,258
Net investment activity	(15,538)	(8,676,173)	(834,739)	(9,526,450)
Total additions, net	3,341,938	(4,046,728)	5,500,541	4,795,751
<b>DEDUCTIONS</b>				
Benefits	8,438,636	13,720,671		22,159,307
Health care expense		4,082,815	2,014,032	6,096,847
Administrative expense	205,944	432,654	17,882	656,480
Total deductions	8,644,580	18,236,140	2,031,914	28,912,634
Net increase (decrease)	(5,302,642)	(22,282,868)	3,468,627	(24,116,883)
Net assets - beginning	99,487,979	192,453,339	42,089,274	334,030,592
<b>Net assets - ending</b>	<b>\$ 94,185,337</b>	<b>\$ 170,170,471</b>	<b>\$ 45,557,901</b>	<b>\$ 309,913,709</b>

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

**(This page left intentionally blank.)**

## **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 46<sup>th</sup> District Court.

# City of Southfield

## Combining Statement of Fiduciary Net Assets

### Agency Funds

June 30, 2012

	<u>Imprest Payroll</u>	<u>Deposits and Escrow</u>	<u>46th District Court</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 162,278	\$ 3,831,645	\$ 764,204	\$ 4,758,127
Investments		281,004		281,004
Receivables, net		481		481
<b>Total assets</b>	<u>\$ 162,278</u>	<u>\$ 4,113,130</u>	<u>\$ 764,204</u>	<u>\$ 5,039,612</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 161,937	\$ 3,350		\$ 165,287
Deposits and escrow		4,109,780	\$ 249,879	4,359,659
Interest payable	341			341
Due to other governmental units			514,325	514,325
<b>Total liabilities</b>	<u>\$ 162,278</u>	<u>\$ 4,113,130</u>	<u>\$ 764,204</u>	<u>\$ 5,039,612</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, 2012

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<b>IMPREST PAYROLL</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 214,582	\$ 61,984,985	\$ 62,037,289	\$ 162,278
<b>TOTAL ASSETS</b>	<u>\$ 214,582</u>	<u>\$ 61,984,985</u>	<u>\$ 62,037,289</u>	<u>\$ 162,278</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 214,478	\$ 46,467,407	\$ 46,519,948	\$ 161,937
Interest payable	104	1,631	1,394	341
<b>TOTAL LIABILITIES</b>	<u>\$ 214,582</u>	<u>\$ 46,469,038</u>	<u>\$ 46,521,342</u>	<u>\$ 162,278</u>
<b>DEPOSITS AND ESCROW</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,511,360	\$ 166,918,687	\$ 164,598,402	\$ 3,831,645
Investments	2,000,248	172,885,264	174,604,508	281,004
Receivables, net	2,022	3,755	5,296	481
<b>TOTAL ASSETS</b>	<u>\$ 3,513,630</u>	<u>\$ 339,807,706</u>	<u>\$ 339,208,206</u>	<u>\$ 4,113,130</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,050	\$ 1,151,734	\$ 1,149,434	\$ 3,350
Deposits and escrow	3,512,580	167,030,164	166,432,964	4,109,780
Interest payable		158,482	158,482	-
<b>TOTAL LIABILITIES</b>	<u>\$ 3,513,630</u>	<u>\$ 168,340,380</u>	<u>\$ 167,740,880</u>	<u>\$ 4,113,130</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, 2012

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
<b>46th DISTRICT COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 781,722	\$ -	\$ 17,518	\$ 764,204
<b>LIABILITIES</b>				
Deposits and escrow	\$ 207,577	\$ 42,302		\$ 249,879
Due to other governmental units	574,145		\$ 59,820	514,325
<b>TOTAL LIABILITIES</b>	<u>\$ 781,722</u>	<u>\$ 42,302</u>	<u>\$ 59,820</u>	<u>\$ 764,204</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,507,664	\$ 228,903,672	\$ 226,653,209	\$ 4,758,127
Investments	2,000,248	172,885,264	174,604,508	281,004
Receivables, net	2,022	3,755	5,296	481
<b>TOTAL ASSETS</b>	<u>\$ 4,509,934</u>	<u>\$ 401,792,691</u>	<u>\$ 401,263,013</u>	<u>\$ 5,039,612</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 215,528	\$ 47,619,141	\$ 47,669,382	\$ 165,287
Deposits and escrow	3,720,157	167,072,466	166,432,964	4,359,659
Interest payable	104	160,113	159,876	341
Due to other governmental units	574,145		59,820	514,325
<b>TOTAL LIABILITIES</b>	<u>\$ 4,509,934</u>	<u>\$ 214,851,720</u>	<u>\$ 214,322,042</u>	<u>\$ 5,039,612</u>

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

(continued)

# City of Southfield, Michigan

## Statistical Section June 30, 2012

---

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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	153
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	158
<b>Debt Capacity</b> 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.	164
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	167
<b>Operating Information</b> 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.	175
<b>Continuing Disclosure</b> 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.	179

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>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 95,788,777	\$ 99,498,443	\$ 98,978,617	\$ 96,615,975	\$ 93,389,840
Restricted	21,381,750	17,184,888	16,985,243	26,807,000	27,527,622
Unrestricted	51,018,061	53,090,157	45,701,194	26,962,026	36,362,533
Total governmental activities net assets	<u>\$ 168,188,588</u>	<u>\$ 169,773,488</u>	<u>\$ 161,665,054</u>	<u>\$ 150,385,001</u>	<u>\$ 157,279,995</u>
 <b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 42,298,075	\$ 44,285,188	\$ 44,233,548	\$ 43,508,935	\$ 42,942,563
Unrestricted	17,331,934	19,768,774	26,001,817	32,925,387	40,881,674
Total business-type activities net assets	<u>\$ 59,630,009</u>	<u>\$ 64,053,962</u>	<u>\$ 70,235,365</u>	<u>\$ 76,434,322</u>	<u>\$ 83,824,237</u>
 <b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 138,086,852	\$ 143,783,631	\$ 143,212,165	\$ 140,124,910	\$ 136,332,403
Restricted	21,381,750	17,184,888	16,985,243	26,807,000	27,527,622
Unrestricted	68,349,995	72,858,931	71,703,011	59,887,413	77,244,207
Total primary government net assets	<u>\$ 227,818,597</u>	<u>\$ 233,827,450</u>	<u>\$ 231,900,419</u>	<u>\$ 226,819,323</u>	<u>\$ 241,104,232</u>



## City Of Southfield, Michigan

### Changes In Net Assets Last Five Fiscal Years

	<u>6/30/2008</u>	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 19,428,469	\$ 13,922,094	\$ 20,391,246	\$ 18,707,551	\$ 14,231,933
Public safety	45,984,377	46,895,967	47,493,784	44,108,179	41,684,855
Highway and streets	9,997,853	10,813,836	11,482,043	8,693,174	9,785,950
Public services	1,628,937	534,227	1,389,038	1,218,182	1,388,114
Sanitation	3,318,995	3,114,136	2,992,795	3,117,337	3,146,562
Community improvement	765,710	1,849,575	1,790,413	1,554,893	754,452
Social services	4,260,962	5,820,354	5,769,271	4,765,197	4,802,279
Culture and recreation	16,951,218	15,754,194	17,530,353	15,598,576	15,413,138
Interest on long-term debt	2,526,544	2,485,853	2,296,086	2,346,243	2,246,976
Total governmental activities expenses	<u>104,863,065</u>	<u>101,190,236</u>	<u>111,135,029</u>	<u>100,109,332</u>	<u>93,454,259</u>
Business-type activities:					
Water and sewer	27,583,980	27,080,634	27,331,285	28,956,192	31,348,426
Total primary government expenses	<u>\$ 132,447,045</u>	<u>\$ 128,270,870</u>	<u>\$ 138,466,314</u>	<u>\$ 129,065,524</u>	<u>\$ 124,802,685</u>
<b>Program revenues</b>					
Charges for services:					
General government	\$ 1,217,147	\$ 1,185,978	\$ 1,151,141	\$ 1,193,553	\$ 1,157,454
Public safety	7,982,449	7,184,088	7,672,765	8,334,575	8,432,922
Public services	724,340	1,000,017	642,088	633,602	745,171
Sanitation	3,298,391	2,788,701	3,255,094	3,142,554	3,135,091
Social Services	-	-	-	-	-
Community improvement	582,288	307,361	469,455	295,215	322,502
Culture and recreation	3,825,297	4,036,391	3,907,991	3,966,195	4,174,246
Operating grants and contributions	8,175,429	11,774,151	14,502,804	11,355,728	13,024,964
Capital grants and contributions	354,025	506,150	1,100,000	-	74,886
Total governmental activities program revenues	<u>26,159,366</u>	<u>28,782,837</u>	<u>32,701,338</u>	<u>28,921,422</u>	<u>31,067,236</u>
Business-type activities:					
Charges for services:					
Water and sewer	32,648,690	30,990,998	33,039,764	35,022,377	38,002,545
Capital grants and contributions	-	-	-	-	161,652
Total business-type activities program revenues	<u>32,648,690</u>	<u>30,990,998</u>	<u>33,039,764</u>	<u>35,022,377</u>	<u>38,164,197</u>
Total primary government program revenues	<u>\$ 58,808,056</u>	<u>\$ 59,773,835</u>	<u>\$ 65,741,102</u>	<u>\$ 63,943,799</u>	<u>\$ 69,231,433</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (78,703,699)	\$ (72,407,399)	\$ (78,433,691)	\$ (71,187,910)	\$ (62,387,023)
Business-type activities	5,064,710	3,910,364	5,708,479	6,066,185	6,815,771
Total primary government net expense	<u>\$ (73,638,989)</u>	<u>\$ (68,497,035)</u>	<u>\$ (72,725,212)</u>	<u>\$ (65,121,725)</u>	<u>\$ (55,571,252)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes	\$ 62,138,583	\$ 62,427,297	\$ 60,128,647	\$ 50,811,665	\$ 60,710,702
Unrestricted state shared revenues	11,894,554	6,997,030	6,228,151	6,224,989	6,016,116
Unrestricted investment earnings	4,341,955	2,246,603	1,237,133	557,099	627,531
Gain on sale of capital assets	-	498,175	-	-	-
Miscellaneous	2,204,425	1,769,203	2,674,444	2,259,967	1,870,282
Transfers	45,455	53,991	56,882	54,137	57,386
Total governmental activities	<u>80,624,972</u>	<u>73,992,299</u>	<u>70,325,257</u>	<u>59,907,857</u>	<u>69,282,017</u>
Business-type activities:					
Grants and contributions not restricted to specific programs					
Interest and investment earnings	496,176	459,454	346,564	103,567	395,840
Miscellaneous	92,626	108,126	183,242	83,342	235,690
Transfers	(45,455)	(53,991)	(56,882)	(54,137)	(57,386)
Total business-type activities	<u>543,347</u>	<u>513,589</u>	<u>472,924</u>	<u>132,772</u>	<u>574,144</u>
Total primary government	<u>\$ 81,168,319</u>	<u>\$ 74,505,888</u>	<u>\$ 70,798,181</u>	<u>\$ 60,040,629</u>	<u>\$ 69,856,161</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 1,921,273	\$ 1,584,900	\$ (8,108,434)	\$ (11,280,053)	\$ 6,894,994
Business-type activities	5,608,057	4,423,953	6,181,403	6,198,957	7,389,915
Total primary government	<u>\$ 7,529,330</u>	<u>\$ 6,008,853</u>	<u>\$ (1,927,031)</u>	<u>\$ (5,081,096)</u>	<u>\$ 14,284,909</u>

## City of Southfield, Michigan

### Fund Balances, Governmental Funds Last Ten Fiscal Years

	<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>	<u>6/30/2010</u>	*	<u>6/30/2011</u>	<u>6/30/2012</u>
General Fund											
Nonspendable										\$ 1,148,696	\$ 1,087,648
Restricted										1,285,124	1,520,237
Committed										6,024,279	6,365,392
Assigned										45,123	2,565,093
Unassigned										486,981	1,574,840
Reserved	\$ 367,957	\$ 117,690	\$ 189,208	\$ 550,489	\$ 525,041	\$ 1,217,099	\$ 1,147,909	\$ 1,534,382			
Unreserved	<u>20,710,151</u>	<u>16,624,098</u>	<u>14,548,555</u>	<u>13,724,612</u>	<u>14,455,735</u>	<u>16,089,446</u>	<u>14,298,511</u>	<u>14,218,642</u>			
Total general fund	<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>	<u>\$ 15,753,024</u>		<u>\$ 8,990,203</u>	<u>\$ 13,113,210</u>
Local Street Fund											
Restricted											\$ 3,635,875
Committed											254,651
Total Local Street Fund											<u>\$ 3,890,526</u>
Capital Improvements Fund											
Nonspendable											
Restricted	\$ 3,719,988	\$ 7,206,768	\$ 1,682,220	\$ 651,713	\$ (70,062)	\$ 403,056	\$ 1,345,019	\$ 2,150,270		\$ 684,676	\$ 665,137
Committed											
Assigned										343,604	635,242
Unassigned											
Total Capital Improvement Fund	<u>\$ 3,719,988</u>	<u>\$ 7,206,768</u>	<u>\$ 1,682,220</u>	<u>\$ 651,713</u>	<u>\$ (70,062)</u>	<u>\$ 403,056</u>	<u>\$ 1,345,019</u>	<u>\$ 2,150,270</u>		<u>\$ 1,028,280</u>	<u>\$ 1,300,379</u>
Other Governmental Funds											
Nonspendable										\$ 158,289	\$ 112,180
Restricted										22,181,680	18,352,980
Committed										2,545,386	3,396,257
Assigned										1,568,063	1,534,454
Unassigned										(1,130,144)	(888,209)
Reserved	\$ 4,718,800	\$ 3,407,858	\$ 18,675,070	\$ 9,284,327	\$ 7,805,333	\$ 9,488,625	\$ 7,025,900	\$ 6,716,141			
Unreserved, reported in:											
Special revenue funds	7,334,047	10,445,192	11,817,766	16,311,683	19,117,959	16,124,569	17,854,293	19,231,796			
Total other governmental funds	<u>\$ 12,052,847</u>	<u>\$ 13,853,050</u>	<u>\$ 30,492,836</u>	<u>\$ 25,596,010</u>	<u>\$ 26,923,292</u>	<u>\$ 25,613,194</u>	<u>\$ 24,880,193</u>	<u>\$ 25,947,937</u>		<u>\$ 25,323,274</u>	<u>\$ 22,507,662</u>

\* Fund balance classifications were changed as a result of the implementation of GASB 54 for 6/30/11.

## City of Southfield, Michigan

### Changes In Fund Balances, Governmental Funds Last Ten Fiscal Years

	<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>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>
<b>Revenues</b>										
Property taxes	\$ 53,484,423	\$ 54,873,260	\$ 56,580,394	\$ 57,438,780	\$ 59,906,757	\$ 62,138,582	\$ 58,479,539	\$ 64,076,424	\$ 50,811,665	\$ 60,710,702
Special assessments	144,711	256,106	226,617	351,650	391,334	582,286	307,360	469,453	295,215	322,503
Program earnings	-	-	-	-	-	-	-	266,303	89,708	46,432
Charges for services	4,925,841	4,840,769	5,724,118	6,105,995	6,161,016	5,773,170	5,962,325	5,543,522	5,701,533	5,805,936
Sanitation	2,635,950	2,796,697	2,891,792	3,174,219	3,288,850	3,298,391	2,788,701	3,255,094	3,142,554	3,135,091
Licenses and permits	2,138,586	2,139,257	2,284,166	2,415,319	2,266,707	2,303,092	1,929,428	2,047,212	2,143,357	2,133,162
Fines and forfeitures	3,285,295	3,654,601	3,448,333	4,541,759	4,676,288	4,630,338	4,301,060	4,363,309	4,725,666	4,940,172
Cable royalties	632,599	794,955	784,539	796,165	933,968	1,042,624	1,241,083	1,419,934	1,557,363	1,630,516
Intergovernmental:	17,900,570	21,151,052	19,171,434	-	-	-	-	-	-	-
Federal	-	-	-	3,425,270	5,262,829	5,140,874	5,720,885	8,294,298	5,358,682	6,530,716
State	-	-	-	13,460,688	11,591,002	10,822,057	15,974,466	11,216,633	11,275,646	11,120,784
Other	-	-	-	1,865,718	877,146	842,908	792,977	899,853	677,982	1,253,776
Contributions and donations	139,316	164,355	145,494	153,597	200,330	163,091	122,515	153,873	340,387	164,257
Investment earnings	1,852,586	391,341	1,290,051	2,128,092	3,718,849	4,341,970	2,246,593	1,237,125	557,100	627,531
Other	1,578,738	4,358,997	1,094,619	1,497,722	2,072,421	2,199,173	1,868,587	3,674,444	2,098,278	1,695,658
<b>Total revenues</b>	<b>88,718,615</b>	<b>95,421,390</b>	<b>93,641,557</b>	<b>97,354,974</b>	<b>101,347,497</b>	<b>103,278,556</b>	<b>101,735,519</b>	<b>106,917,477</b>	<b>88,775,136</b>	<b>100,117,236</b>
<b>Expenditures</b>										
General government	12,520,374	13,181,000	10,450,600	12,902,435	14,237,883	10,087,795	10,987,723	10,207,779	9,572,707	8,704,424
Public safety	39,300,653	40,913,571	42,957,930	43,448,812	43,818,743	46,039,407	45,968,224	46,186,698	46,209,990	44,213,881
Highways and streets	15,905,920	9,938,064	8,366,140	15,962,775	11,224,023	9,979,749	12,277,818	10,774,737	8,981,332	6,294,730
Public services	640,846	666,943	1,071,101	1,141,958	1,244,991	1,016,601	839,089	766,661	820,990	696,105
Sanitation	3,269,942	3,384,947	3,098,198	3,005,450	3,135,037	3,318,995	3,114,136	2,992,795	3,117,337	3,146,562
Community improvement	1,673,691	1,097,284	804,973	688,469	983,888	766,041	1,849,947	1,534,952	1,555,446	755,660
Social services	2,868,596	3,070,466	2,883,289	3,059,036	3,626,144	4,044,774	5,559,894	5,710,361	4,707,580	4,556,490
Culture and recreation	28,391,832	16,075,431	14,267,105	15,200,412	14,754,784	15,337,823	14,986,054	14,853,419	15,262,884	13,202,079
Other	30,335	2,147,253	7,403,661	1,913,946	1,505,418	2,162,297	1,440,274	3,057,515	1,464,158	556,950
Insurance and bonds	812,074	709,707	632,071	685,698	700,088	601,949	592,966	603,227	558,454	529,578
Support services	4,482,115	5,694,201	3,738,158	4,586,846	3,685,933	5,075,993	3,399,010	4,788,658	4,340,936	4,998,157
Capital outlay	-	-	-	-	-	-	-	-	-	3,273,984
Debt service										
Principal retirement	2,321,134	2,948,637	1,317,119	1,150,655	1,486,950	3,113,402	2,247,151	2,434,284	2,218,042	2,352,075
Interest and fiscal charges	2,259,677	2,323,407	2,276,831	2,522,495	2,442,607	2,648,689	2,401,280	2,305,876	2,359,384	2,258,317
<b>Total expenditures</b>	<b>114,477,189</b>	<b>102,150,911</b>	<b>99,267,176</b>	<b>106,268,987</b>	<b>102,846,489</b>	<b>104,193,515</b>	<b>105,663,566</b>	<b>106,216,962</b>	<b>101,169,240</b>	<b>95,538,992</b>
Excess of revenues over (under) expenditures	(25,758,574)	(6,729,521)	(5,625,619)	(8,914,013)	(1,498,992)	(914,959)	(3,928,047)	700,515	(12,394,104)	4,578,244
<b>Other Financing Sources (Uses)</b>										
Bond/Loan proceeds	1,975,000	4,851,171	12,441,024	-	-	932,958	792,290	-	-	-
Sale of capital assets	-	-	-	-	-	-	498,175	-	-	174,627
Transfers in	7,065,795	10,348,811	7,447,155	14,918,362	8,811,134	6,614,191	5,444,907	6,162,236	7,642,338	3,923,927
Transfers out	(5,771,242)	(7,519,798)	(5,151,347)	(13,706,042)	(6,000,960)	(5,143,401)	(4,458,488)	(4,683,152)	(3,757,708)	(3,206,778)
<b>Total other financing sources (uses)</b>	<b>3,269,553</b>	<b>7,680,184</b>	<b>14,736,832</b>	<b>1,212,320</b>	<b>2,810,174</b>	<b>2,403,748</b>	<b>2,276,884</b>	<b>1,479,084</b>	<b>3,884,630</b>	<b>891,776</b>
<b>Net change in fund balances</b>	<b>\$ (22,489,021)</b>	<b>\$ 950,663</b>	<b>\$ 9,111,213</b>	<b>\$ (7,701,693)</b>	<b>\$ 1,311,182</b>	<b>\$ 1,488,789</b>	<b>\$ (1,651,163)</b>	<b>\$ 2,179,599</b>	<b>\$ (8,509,474)</b>	<b>\$ 5,470,020</b>

# City Of Southfield, Michigan

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

Fiscal Year Ending June 30	Undesignated Fund Balance	Unassigned Fund Balance	Annual Expenditures	Balance As Percent Of Expenditures
2003	\$ 3,841,110		\$ 58,064,585	6.6%
2004	2,972,962		61,147,556	4.9%
2005	5,711,531		61,159,478	9.3%
2006	5,922,094		61,966,586	9.6%
2007	5,946,729		62,582,301	9.5%
2008	5,980,632		66,073,509	9.1%
2009	4,274,837		64,249,281	7.0%
2010	1,282,152		65,064,386	2.0%
2011	*	\$ 486,981	64,128,702	0.8%
2012		1,574,840	62,783,710	2.5%

\* Fund balance classifications were changed as a result of the implementation of GASB 54 for 6/30/11.

# City of Southfield, Michigan

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

Governmental Funds								
Fiscal Year Ended June 30	Major Funds		Non-Major Funds					
	General Fund	Capital	Special Revenue					Debt Service Drains at Large
			Municipal Fund	Parks & Recreation	Library	Major Streets	Local Streets	
2003	10.7482	0.2748	0.4401	1.6524	2.0934		0.9440	N/A
2004	10.9002	0.2615	0.4913	1.6524	2.0934		0.9440	N/A
2005	11.0436	0.0277	0.4227	1.6524	2.0934		0.9440	0.1590
2006	11.1515	N/A	0.4227	1.6524	2.0934		0.9440	0.0788
2007	11.1191	N/A	0.3361	1.6524	2.0934		0.9440	0.1978
2008	11.2091	N/A	0.2539	1.6524	2.0934		0.9440	0.1900
2009	11.1364	N/A	0.3322	1.6524	2.0934		0.9440	0.1844
2010	11.1419	N/A	0.3370	1.6524	2.0934		0.9440	0.1741
2011	11.3115	N/A	*	-	1.6524	0.0854	1.0260	0.1741
2012	16.5004	N/A	*	-	1.7500	0.1324	1.0883	0.3591

\* In 2011, the Municipal fund was eliminated and its corresponding millage was allocated to the Major and Local streets funds as a result of the implementation of GASB 54.

# City Of Southfield, Michigan

## Property Tax Levies and Collections Last Ten Fiscal Years

<u>Fiscal Year Ending Jun 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Real Tax Reimburse</u>	<u>Delinquent Personal Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent Of Total Tax Collect. To Tax Levy</u>	<u>Out-standing Delinq. Personal Taxes</u>	<u>Percent of Delinq. Taxes To Tax Levy</u>
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
2010	57,966,394	53,960,012	93.1	3,712,273	81,942	57,754,227	99.6	210,996	0.4
2011	48,073,059	44,762,478	93.1	3,103,510	118,769	47,984,757	99.8	83,409	0.2
2012	58,366,953	54,778,491	93.9	3,207,968	47,337	58,033,796	99.4	333,157	0.6

## City Of Southfield, Michigan

### Largest Taxpayers Last Ten Fiscal Years

2012 Rank	Taxpayer	2012 Taxable Value	Percentage of Total	2003 Taxable Value	Percentage of Total	2003 Rank
1	Bre Southfield	68,149,600	2.5%	115,222,800	3.6%	1
2	Verizon Wireless	34,751,090	1.3%			
3	Galleria Properties	31,277,170	1.2%	50,896,770	1.6%	2
4	Detroit Edison Company	27,461,710	1.0%	43,677,150	1.4%	3
5	Ramco Gershenson Properties	26,444,050	1.0%			
6	Lear Corporation	23,335,010	0.9%			
7	Denso International America	22,437,180	0.8%			
8	AT&T Services	19,338,410	0.7%			
9	Allied Phase One Venture	17,656,140	0.7%	30,373,310	0.9%	6
10	Hartman & Tyner	17,523,990	0.7%			
<b>Total taxable value 2012 --&gt;</b>		<b>2,695,302,360</b>		<b>3,230,941,830</b>	<b>&lt;-- Total taxable value 2003</b>	

## 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/ Decrease
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	3,800,543,077	437,831,900	4,238,374,977	3,482,684,152	TV 2.8
2007	3,870,636,770	434,458,060	4,305,094,830	3,604,818,967	TV 3.5
2008	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
2010	3,534,176,302	431,331,530 (4)	3,965,507,832 (4)	3,656,625,252	TV -2.6 (3)
2011	(4) 2,885,022,310	411,235,320	3,296,257,630	3,105,202,030	TV -15.1
2012	2,466,923,090	392,400,400	2,859,323,490	2,695,302,360	TV -13.2

**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 to realign data by fiscal year for FY2002 - FY2010.

(4) Source: City of Southfield, Assessing Department.



## 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			Total All Rates
	Operating	Public Safety Expansion	Fire & Police Retirement	Parks & Rec.	Library	Street Maint.	Public Act 298 of 1917	Drains At Large	Building Authority		
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	
2010	6.609	2.833	1.700	1.652	2.093	0.944	0.337	0.174	0.000	16.342	
2011	6.609	2.833	1.869	1.652	2.093	0.944	0.167	0.174	0.000	16.342	
2012	6.609	6.891	3.000	1.750	2.800	1.000	0.221	0.359	0.000	22.630	

#### ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ending June 30	General Fund	Special Revenue Funds	Debt Service Funds	Total City	Southfield Public School	Oakland County Intermediate	Oakland County Operating Levy	Oakland County Community College	Total *	City % of Total	Birmingham Public School +	Oak Park Public School +
2004	10.900	5.181	0.262	16.343	27.895	3.400	5.247	1.598	54.481	30.0	16.427	12.310
2005	11.044	5.113	0.187	16.343	27.895	3.379	5.244	1.589	54.449	30.0	18.413	13.000
2006	11.152	5.112	0.079	16.343	27.893	3.369	5.241	1.584	54.430	30.0	18.210	13.000
2007	11.119	5.025	0.198	16.342	27.893	3.369	5.236	1.584	54.424	30.0	17.818	12.890
2008	11.208	4.943	0.190	16.341	27.250	3.369	5.236	1.584	53.780	30.4	17.160	12.970
2009	11.137	5.021	0.184	16.342	22.204	3.369	5.336	1.584	48.835	33.5	16.742	12.970
2010	11.142	5.026	0.174	16.342	25.247	3.369	5.336	1.584	51.878	31.5	17.375	12.970
2011	11.311	4.857	0.174	16.342	25.287	3.369	5.336	1.584	51.918	31.5	18.079	13.200
2012	16.500	5.771	0.359	22.630	26.487	3.369	5.336	1.584	59.406	38.1	19.024	15.000

\* Southfield Public Schools are used in the example because their portion of taxable assessed valuation (\$2,627,977,590) 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 and Zoo Authority.

Source: Southfield Treasurer's Office

## 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)	Rollback Factor (2)
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
2010	3,752,219,740		61,761,943		1.044		3,852,837,940		3,656,625,252		100,407,629		3,556,217,623	1.1781	0.9440
2011	3,656,625,252		62,575,642		0.997		3,583,267,461		3,105,202,030		63,534,400		3,041,667,630	1.1781	0.9440
2012	3,105,202,030		65,378,124		1.017		3,091,500,912		2,695,302,360		70,430,130		2,624,872,230	1.1778	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).

Source: Assessing Department Data

## City Of Southfield, Michigan

### Computation of Direct and Overlapping Debt at June 30, 2012

			<u>Principal Amount Outstanding</u>	<u>Debt Principal Per Capita (1) (Pop. 71,739)</u>	<u>% Of State Equalized Value</u> \$ 2,859,323,490
<b>DIRECT AND INDIRECT DEBT</b>					
<b><u>Direct Debt</u></b>					
General Obligation Bonds-Limited Tax			\$ 3,770,000		
Building Authority Bonds			25,935,000		
Water & Sewer Revenue Bonds			19,348,789		
Michigan Transportation Fund Bonds			8,270,000		
Direct Debt			57,323,789	\$ 799.06	2.00 %
<b><u>Indirect Debt</u></b>					
Oakland County Contractual Obligations:					
- Drains At Large	\$	7,454,826			
Indirect Debt			7,454,826	103.92	0.26
Gross Debt			64,778,615	902.98	2.26
<b><u>OVERLAPPING DEBT (2)</u></b>					
Southfield School District	95.05%	\$	74,158,010		
Oak Park School District	24.37%		4,855,723		
Birmingham School District	1.99%		4,084,873		
Oakland County at Large	5.12%		4,505,700		
Oakland County Intermediate School District	5.14%		3,171,637		
Oakland County Community College	5.15%		228,403		
Overlapping Debt			91,004,346	1,268.55	3.18
			\$ 155,782,961	\$ 2,171.52	5.44 %

**Note:**

(1) Final 2010 census data from the U.S. Census Bureau.

(2) Overlapping debt figures as of 6/30/2012 supplied by the Michigan Advisory Council, Detroit, Michigan.

# City Of Southfield, Michigan

## Statement of Legal Debt Margin June 30, 2012

	<b>Debt Margin Calculation</b>				
	<b>Gross Indebtedness</b>	<b>Statutory (1) Deductions</b>	<b>Net Indebtedness</b>	<b>Applicable Percentage</b>	<b>Statutory Limit</b>
State Equalized Value at 12/31/10				100%	\$ <u><u>2,859,323,490</u></u>
<b>Debt Subject to Statutory Limitation</b>					
General Obligation Bonds-Limited Tax	\$ 3,770,000		\$ 3,770,000		
Building Authority Bonds	25,935,000		25,935,000		
Oakland County Contractual Obligations-Drains	7,454,826		7,454,826		
Restricted Indebtedness	\$ 37,159,826		37,159,826	10%	285,932,349
Michigan Transportation Fund Bond	8,270,000		8,270,000		
Emergency Bonds				3.75%	10,722,463
Special Assessment Bonds				12%	343,118,819
Total	45,429,826		\$ <u><u>45,429,826</u></u>		\$ <u><u>639,773,631</u></u>
<b>State of Michigan Water Supply and Sewage Disposal Revenue Bonds</b>					
Series to 6/30/02					
1998A (LTGO) 2.25%	787,048				
1998B (LTGO) 2.50%	6,840,000				
1999 (LTGO) 2.50%	6,686,741				
2000 (LTGO) 2.50%	5,035,000				
Total Water & Sewage Disposal Revenue Bonds		\$ 19,348,789			
Gross City Debt		\$ <u><u>64,778,615</u></u>			

**Notes:**

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

## City Of Southfield, Michigan

### Ratio of Net General Debt To Taxable Value And Net Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year Ending	Population <sup>(2)</sup>	Taxable Value	Bonded Debt <sup>(1)</sup>	Less Funds	Net	Ratio Of	Net Bonded Debt Per Capita
				Available In Debt		Net Bonded Debt Value	
<u>June 30</u>				<u>Service Funds</u>	<u>Bonded Debt</u>		
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 <sup>(2a)</sup>	3,752,219,740	52,822,465	544,301	52,278,164	1.39	667.70
2010	71,739	3,656,625,252	49,999,942	236,960	49,762,982	1.36	635.58
2011	71,739	3,105,202,030	47,781,901	-	47,781,901	1.54	666.05
2012	71,739	2,695,302,360	45,429,826	-	45,429,826	1.69	633.27

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

Fiscal Year Ending	Debt Service Requirements			Total	Ratio Of Debt
	Principal	Interest	Total	General Expenditures (3)	Service To Expenditures
<u>June 30</u>					
2003	\$ 2,007,382	\$ 2,258,065	\$ 4,265,447	\$ 115,849,647	3.70 %
2004	4,108,847 <sup>(4)</sup>	1,980,810	6,089,657	103,185,170	5.90
2005	1,050,703 <sup>(5)</sup>	2,124,653	3,175,356	99,418,921	3.20
2006	1,790,844	2,510,103	4,300,947	99,838,380	4.30
2007	2,108,334	2,440,043	4,548,377	102,474,054	4.40
2008	3,113,402	2,648,689	5,762,091	104,193,515	5.50
2009	2,247,151	2,211,989	4,459,140	105,218,503	4.20
2010	2,128,301	2,170,293	4,298,594	107,150,835	4.00
2011	2,218,041	2,140,506	4,358,547	100,530,451	4.30
2012	2,352,075	2,063,617	4,415,692	98,919,107	4.50

**Notes:**

- (1) Excludes water revenue bonds
- (2) 2010 Census data from U.S. Census Bureau. (2a) Taxable Value updated by Assessing Dept.
- (3) Includes general, special revenue, capital, and component units.
- (4) Includes bond call.
- (5) Excludes bonds defeased in the amount of \$27,175,000.

# City Of Southfield, Michigan

## Demographic Statistics Last Ten Fiscal Years

<b>Fiscal Year Ending Jun 30</b>	<b>Population</b> (1)	<b>Per Capita Income</b> (2)(5)	<b>Median Age</b> (2)(5)	<b>School Enrollment</b> (3)	<b>Unemployment Rate Percentage</b> (4)	<b>Retail Sales (000)</b> (2)
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	*
2010	71,739	29,816	40.1	8,188	13.6	*
2011	71,739	26,928	42.0	9,917	14.0	*
2012	71,739	28,692	42.4	9,191	11.2	*

**Notes:**

- (1) 1990/2000 Census Data From U.S. Census Bureau & \* updated 2010 data and 2011 data from U.S. Census Bureau 2010
- (2) Survey of Buying Power: Sales and Marketing Management; New York, N.Y.
- (3) Southfield Public Schools, Southfield, Michigan/2010 Data from City-Data.Com
- (4) Michigan Labor Market Information (State of Michigan, DLEG) formerly known as MI Empl Sec Comm/2010 City-Data.Com
- (5) U.S. Census American Community Survey (For FY2007 and 2008)/2010 U.S. Census Fact Finder 2 as of June 2011

\* Information no longer available

## City Of Southfield, Michigan

### Principal Employers Last Ten Calendar Years

<u>Taxpayer 2012</u>		<u>2012 Employees</u>	<u>Percentage of Total</u>	<u>Taxpayer 2003 *</u>		<u>2003 Employees</u>	<u>Percentage of Total</u>
1	St. John Providence Hospital	3,600	2.78%	1	St. John Providence Hospital	3,600	2.78%
2	Lear Corporation	1,450	1.12%	2	Blue Cross Blue Shield	2,750	2.13%
3	Blue Care Network	1,000	0.77%	3	IBM	1,700	1.31%
4	Federal-Mogul Corporation	1,000	0.77%	4	Lear Corporation	1,600	1.24%
5	DENSO	885	0.68%	5	Blue Care Network	1,000	0.77%
6	Metropolitan Life Insurance	675	0.52%	6	Real Estate One	943	0.73%
7	COMAU	650	0.50%	7	Federal Mogul	900	0.70%
8	Comcast	650	0.50%	8	DENSO	800	0.62%
9	Credit Acceptance Corporation	600	0.46%	9	Plante Moran	778	0.60%
10	International Automotive Components	600	0.46%	10	Credit Acceptance Corporation	734	0.57%

Southeast Michigan Council of Governments estimate of jobs in 2005 for City of Southfield --> **129,320**

\* Estimated figures

# City Of Southfield, Michigan

## Construction And Property Value Last Ten Calendar Years

### Annual Construction By Category

--- Commercial & Industrial---

----- Multi-Family -----

---- Single Family ----

Calendar Year	Commercial & Industrial		Multi-Family		Single Family	
	Number Of Units	Value	Number Of Units	Value	Number Of Units	Value
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	-	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 <sup>(1)</sup>	13	21,505,836	5	5,165,383	17	3,654,450
2009	9	17,433,423	0	-	5	970,728
2010	4	3,845,800	0	-	6	3,738,388
2011	3	3,095,020	0	-	2	356,712
2012	6	3,583,500	0	-	1	20,000

### Property S.E.V. By Category

	<u>Commercial</u>	<u>Industrial</u>	<u>Residential</u>
2003	\$ 1,721,234,450	\$ 58,111,090	\$ 1,637,374,540
2004	1,773,624,540	60,869,190	1,748,942,310
2005	1,807,791,760	64,334,500	1,855,315,100
2006	1,801,405,640	64,725,410	1,934,412,027
2007	1,811,935,070	59,482,360	1,999,219,340
2008	1,807,018,700	78,808,770	2,042,424,720
2009	1,819,991,830	79,359,210	1,980,028,850
2010	1,789,855,022	96,125,570	1,648,195,710
2011	1,623,189,400	82,740,070	1,179,092,840
2012	1,447,107,940	63,315,040	956,500,110

**Notes:**

(1) Building department corrected data for FY2008.

Source: City of Southfield Building and Assessing Departments



# City Of Southfield, Michigan

## Economic and Statistical History

June 30, 2012

### AREA

26.7 square miles (since incorporation)

### POPULATION

U.S. CENSUS	1990		2000		2010	
<u>Age Distrib.</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
24 and under	22,101	29.2%	23,089	29.5%	20,857	29.1%
25 through 64	40,777	53.8%	43,319	55.3%	38,731	54.0%
65 and older	12,850	17.0%	11,888	15.2%	12,151	16.9%
Total Persons	75,728	100.0%	78,296	100.0%	71,739	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	1,097	3.4%	-	-	-	-
5,000 - 9,999	1,774	5.5%	2,242	6.6%	2,680	8.5%
10,000 - 14,999	1,951	6.1%	1,412	4.2%	2,018	6.4%
15,000 - 24,999	3,988	12.4%	3,495	10.3%	3,941	12.5%
25,000 and over	23,331	72.6%	26,822	78.9%	22,888	72.6%
Total Households	32,141	100.0%	33,971	100.0%	31,527	100.0%

### BUILDING CONSTRUCTION

<u>Year</u>	<u>Permits</u>	<u>Value</u>	<u>Year</u>	<u>Permits</u>	<u>Value</u>
2003	1,231	\$ 109,138,521	2008	1,008	\$ 75,367,575
2004	1,368	78,239,744	2009	1,034	67,130,316
2005	1,263	110,358,912	2010	973	42,675,431
2006	1,259	80,260,782	2011	712	35,753,539
2007	1,030	100,553,384	2012	994	54,775,981

### WATER & SEWER SERVICES

Users/Consumers: 19,167 Water and Sewer combined; 174 Sewer only and 1,418 Water only.  
 Use & Consumption: 510,329,700 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.

## Economic and Statistical History (continued)

### WATER & SEWER SERVICES (continued)

Water Mains: 375.32 miles  
Fire Hydrants: 4,038  
Sewer Mains: 237.23 miles sanitary; 284.09 miles storm; 42.94 miles combined.

### STREET FACILITIES

Streets: Total 246.4 miles, with 64.71 miles on the Major Street System and 181.69 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 2,221 Detroit Edison owned and 190 City owned.

### 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	1 <sup>st</sup> Line/ Fire Reserve
Cars	2	69	12/0
Trucks	0	1	8/5
Life Support	0	0	4/2
Vans, 4WD, etc.	0	23	10/0
Total	2	93*	34/7

\*The Police count does not include vehicles that are waiting to be prepped at DPW Motorpool

**Facilities:** One main Public Safety Building housing Police, and Civilian Support Services, as well as a 36-cell lock up facility operated by Wackenhut.

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

## **Economic and Statistical History (continued)**

### **POLICE PROTECTION (continued)**

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 - 5,574  
                                  Group B Offenses - 1,743

Traffic Violations:       12,366

Incidents Handled:       53,876

### **FIRE PROTECTION**

Alarms Answered:       12,182 runs  
Medical Emergency:     10,410 runs  
Fire Runs:               1,772 runs

### **PARKS & RECREATION**

The Southfield Parks and Recreation Department is responsible for 775 acres of parks, nature preserves and open space, and historic properties at 33 sites within the City. There are numerous ball fields, tennis and handball courts, picnic areas and shelters as well as soccer fields, play lots, and sand volleyball courts located throughout the City for residents' enjoyment. The Department is also responsible for a number of historical properties including the Burgh Historical Park, the Miller Barn at Inglenook Park, the Historic Code House, and the Mary Thompson Farm. The Burgh Historical Park includes period gardens with fountains and a gazebo and six historic buildings which bustle with activities from concerts and weddings to a variety of other family and community events. The Mary Thompson Farm features a restored 19<sup>th</sup> century farm house which is home to the Southfield Historical Society. The Senior Gardens at the Mary Thompson Farm provides plots to over 100 enthusiastic gardeners who offer tours to school and scouting groups.

The Department offers numerous recreation programs at facilities which include: 2 nine-hole golf courses, Evergreen Hills Golf Course and Beech Woods Golf Course, as well as the Beech Woods Driving Range and Heated Tee facility for year round play; the Southfield Sports Arena with its 50 meter outdoor swimming pool, complete with water slide, climbing wall, and kiddie pool with water features, as well as a regulation NHL ice surface indoor; Beech Woods Recreation Center features over 17,000 square feet of gymnasium space. The Center has the capability to run three collegiate basketball games simultaneously, in addition to four volleyball or three tennis or pickleball courts, indoor golf nets, and a complete wellness/fitness center. The Department is also responsible for the Southfield Adult Recreation Center 50+ as well as the Parks and Recreation Building and Southfield Pavilion.

## **Economic and Statistical History (continued)**

### **PARKS & RECREATION (continued)**

Southfield Parks and Recreation offers many programs for disabled athletes. The Civic Center Park is home to the first Miracle Field in the state. Working with The Miracle League, the city constructed a special field designed with a custom synthetic turf and handicapped accessible dugouts, restrooms, and drinking fountains. The Beech Woods Recreation Center is proud to be the home of the Jr. Thunderbirds Wheelchair Basketball team. The team participated in the national Wheelchair Basketball Association's National Tournament held in April 2011 in Colorado. Golf programs have also 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 focused to providing quality, fun special events for families, including the *Daddy Daughter Dinner & Dance*, *EGGS'travaganza*, *Family Fun & Safety Night* (in partnership with the Southfield Police and Fire Departments), and *Boo at the Burgh*. 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 Historical Park 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. The lake restoration and park development of the Carpenter Lake Nature Preserve won a 2010 Park Design Award from the Michigan Recreation and Park Association and was a featured project presentation at the 2010 American Public Works Association Sustainability in Public Works Conference in Minneapolis.

### **LIBRARY**

Southfield Public Library helps people succeed! The value of the Library is immeasurable – it impacts all who desire to make education, literacy, technology 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!

Southfield Public Library welcomes over 2,000 guests daily to utilize our collection of over 250,000 books, movies, music and more. There are more than 190 public use computers in the library and free Wi-Fi is available throughout the building. Visit our website at [www.southfieldlibrary.org](http://www.southfieldlibrary.org) and search our catalog; using your library card, find information not available on Google about genealogy, homework help, business information, health resources and much more.

The first level houses books, magazines music, movies and audio books for children and young adults. Our children's area provides the sense of discovery - colorful carpet icons greet and direct visitors to special features including the Readers' Treehouse and fireplace, our Storybook Castle with a Dragon's Den and Puppet Theater, the Space Station Program Room, the Imaginarium Garden and Early Literacy Computers. Children's programs are available throughout the year including story times, Battle of the Books, Summer Library Program. Teens have Club Q & A filled with graphic novels, books, music and movies. We have something for every one's interests.

## **Economic and Statistical History (continued)**

### **LIBRARY (continued)**

The second and third levels provide adults with comfortable areas for study and reading. Amenities include fireplaces, an outdoor terrace, quiet-study rooms, a computer lab, group study rooms and a variety of seating; ensuring there are places 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 great book collections to fulfill pleasure reading and research needs, including items in a variety of languages to meet the needs of our diverse community. Other collections include feature, documentary and foreign movies, all kinds of music and specialized online research sources.

Southfield residents can download an ebook or audio book to their iPad, smartphone, Kindle, nook or e-reader via the library's website at [www.southfieldlibrary.org](http://www.southfieldlibrary.org).

Our Business StartUp Center is dedicated to helping small businesses and non-profits plan, finance, manage and grow, in the hopes of giving new entrepreneurs the resources to succeed.

In addition to all of those amenities we have librarians to help you with your questions. We can be contacted in person, phone and email. Librarians can suggest great books to read, help you research your term paper, start you on writing your business plan or get you started on a job search. Librarians are your guide to the world of information, both in print and online.

We also 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.

# City of Southfield, Michigan

## Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Election Data</u> (1)										
Registered voters	61,061	63,813	60,755	60,534	59,617	62,816	56,317	57,150	58,328	60,451
Absentee voters	4,162	9,753	4,868	7,236	4,536	14,100	5,251	7,084	4,683	14,020
Percent voting	13.49	65.41	22.74	53.34	14.66	68.79	22.48	49.50	16.05	73
<u>District Court</u>										
Number of Court Cases	43,094	45,674	46,403	60,579	61,709	53,978	50,268	49,807	57,582	54,155
<u>Police</u> (2)										
Offenses-Group A (3)	*	8,366	8,400	8,674	8,583	7,849	6,263	7,443	6,148	5,574
Offenses-Group B (4)	*	1,280	1,486	3,821	4,263	1,892	3,347	4,297	3,833	1,743
Traffic Violations	*	19,835	23,874	23,568	32,780	24,114	17,383	12,169	10,966	12,366
Incidents Handled	*	66,589	77,674	72,928	86,361	64,701	60,300	60,862	60,985	53,876
<u>Fire</u>										
Medical Emergencies	*	8,401	9,361	9,549	8,774	9,361	9,251	9,850	10,504	10,410
Fire Runs	*	2,631	1,709	1,561	2,024	1,709	2,108	1,853	1,948	1,772
<u>Library</u>										
Circulation	401,401	569,209	602,974	588,696	556,961	551,307	644,133	712,060	701,976	644,380
Collection Volume	193,718	216,106	244,481	263,857	271,462	270,885	286,931	289,404	314,778	288,949

(1) For general elections only during that year

(2) Southfield Police Department 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

(3) Group A offenses include murder, manslaughter, rape, robbery, aggravated assault, breaking and entering, larceny, auto theft, arson, kidnapping/abduction, forgery, fraud,

(4) Group B offenses include fraud, non-forcible sexual, non-violent family, drunk driving, liquor law violations, obstruction, disorderly conduct, arrestable traffic

\* Data Unavailable

Source: City of Southfield

## City of Southfield, Michigan

### Capital Assets Statistics By Function/Program Last Ten Fiscal Years

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Fire</u>										
Stations	5	5	5	5	5	5	5	5	5	5
Vehicles	31	34	33	36	33	33	36	38	38	41
<u>Police</u>										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	122	122	119	119	116	119	122	109	109	95
<u>Streets</u>										
Miles on major street system	64.71	64.71	64.71	64.71	64.71	64.71	64.71	64.71	61.53	64.71 **
Total miles of streets	245.73	245.73	245.73	245.73	245.73	245.73	245.73	245.73	246.85	246.40
Miles of unpaved	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
Miles of alleyways	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
Miles of sidewalks	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29	201.29
Miles of paved bike paths	10	10	10	10	10	10	10	10	10	10
<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	190	190	190	190	190	190	190	190	190	190
<u>Water</u>										
Annual distribution in million cubic feet	635,942,331	576,904,844	559,549,232	576,499,344	504,851,000	523,052,200	482,841,900	449,737,200	505,012,300	510,329,700
Miles of watermains	397.73	397.73	397.73	397.73	397.73	397.73	397.73	397.73	375.32	375.32 **
Number of hydrants	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,026	4,038	4,038 **
<u>Sewers</u>										
Miles sanitary	272.46	272.46	272.46	272.46	272.46	272.46	272.46	272.46	237.23	237.23 **
Miles storm	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09	284.09
Miles combined	54.47	54.47	54.47	54.47	54.47	54.47	54.47	54.47	42.94	42.94 **
<u>Parks and Recreation *</u>										
Number of developed parks	20	20	20	20	20	20	20	20	20	20
Acres of public parks	788	800 <sup>(1)</sup>	800	800	775 <sup>(2)</sup>	775	775	775	775	775
Number of tennis courts	20	20	20	20	20	16 <sup>(3)</sup>	16	19 <sup>(4)</sup>	19	16 <sup>(5)</sup>
Outdoor education center/farm	1	1	1	1	1	1	1	1	1	0
9-hole golf courses	2	2	2	2	2	2	2	2	2	2
Ice arenas	1	1	1	1	1	1	1	1	1	1
Pools	1	1	1	1	1	1	1	1	1	1

**Notes:**

<sup>(1)</sup> Purchase 12 acre farm property in 2004 at Carpenter Lake

<sup>(2)</sup> Deducted 25 acres, now managed by Oakland County Parks & Recreation

<sup>(3)</sup> Removed 4 tennis courts at Beech Woods (Some to be replaced at a later date)

<sup>(4)</sup> 3 New Tennis Courts at Beech Woods (Completed in 2011)

<sup>(5)</sup> Removed Tennis Courts at Bedford Woods (in 2011)

\* Data updated by City of Southfield Parks & Recreation

\*\* Data updated by City of Southfield Streets & Highway in 2011

Source: City of Southfield

# City of Southfield, Michigan

## Authorized Full-Time Positions

### Last Ten Fiscal Years

Department	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Accounting	9.00	8.40	8.40	8.40	7.50	7.50	7.50	7.50	6.50	5.50
Administration	5.00	4.00	4.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Assessing	11.50	11.15	11.15	10.65	10.65	9.65	9.65	9.65	6.90	7.00
Building	21.00	21.00	21.00	21.00	21.00	20.00	20.00	20.00	20.00	17.50
Cable TV	8.00	7.00	7.00	7.00	7.00	7.00	6.50	7.00	5.25	5.50
Central Services	6.00	6.00	6.00	7.00	7.00	6.00	6.00	6.00	6.00	4.00
City Clerk	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	7.00	7.00
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Civilian Operations/Communications <sup>(1)</sup>	25.00	25.00	25.00	24.00	24.00	-	-	-	-	-
Community Develop. Admin.	16.50	14.00	15.00	13.00	13.00	13.00	12.00	10.00	8.00	8.00
Community Relations	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.50	5.25	5.00
District Court	40.00	40.00	40.00	39.00	39.50	39.50	39.50	39.50	38.00	37.50
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	0.50
Engineering	11.00	10.00	11.00	11.00	10.00	11.00	11.00	11.00	6.00	6.00
Facilities Maintenance	39.26	44.26	44.26	44.26	42.26	42.26	42.26	42.26	32.00	31.00
Fire	114.00	114.00	114.00	113.00	113.00	113.00	113.00	113.00	102.50	101.00
Fiscal Services/OMB	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	2.00	2.00
Human Resources <sup>(2), (3)</sup>	17.75	18.75	11.00	9.00	9.00	8.50	10.00	10.00	9.50	6.50
Human Services	5.50	5.50	5.50	4.50	4.50	4.50	4.50	4.50	4.00	3.00
Labor Relations <sup>(3)</sup>	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Legal	10.00	10.00	10.00	9.00	8.00	8.00	8.00	8.00	7.50	7.50
Library	40.50	64.50	64.50	64.50	61.50	61.50	61.50	61.50	52.00	50.00
Mayor	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Motor Pool	14.00	14.00	14.00	15.00	15.00	15.00	14.75	14.75	13.25	13.25
Parks and Recreation	112.27	110.27	101.80	93.80	92.80	92.80	91.05	91.05	80.05	80.90
Planning	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	4.50	4.00
Police <sup>(1)</sup>	186.89	186.89	186.89	182.89	177.66	201.66	202.16	202.16	187.66	172.66
Public Works Admin.	7.50	7.00	7.00	7.00	6.00	6.00	6.00	5.00	3.00	1.50
Purchasing	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50	2.50
Retirement Administration <sup>(4)</sup>	-	1.00	1.00	-	-	-	-	-	-	-
Streets And Highways	31.62	31.62	31.62	36.62	36.62	36.62	36.62	36.62	25.00	25.00
Support Services	-	-	-	-	-	-	-	-	-	-
Technology Services <sup>(5)</sup>	11.50	11.50	11.50	11.50	11.00	11.00	11.00	11.00	10.00	9.00
Transportation	5.76	4.76	4.76	4.76	4.76	4.76	4.76	4.76	3.00	3.00
Treasurer	10.00	8.60	8.60	8.60	8.50	8.50	8.50	8.50	8.50	7.50
Water And Sewer	32.08	31.08	31.08	31.08	30.08	30.08	30.08	31.08	19.50	17.00
<b>Totals</b>	<b>833.13</b>	<b>851.78</b>	<b>837.56</b>	<b>820.06</b>	<b>803.83</b>	<b>801.33</b>	<b>798.33</b>	<b>797.33</b>	<b>689.36</b>	<b>653.31</b>

<sup>(1)</sup> Effective July 1, 2007, Civilian Operations/Communications budget became part of Police budget.

<sup>(2)</sup> In 2004-05, eight contractual daycare positions were eliminated upon the closing of the daycare center.

<sup>(3)</sup> Effective July 1, 2008, Labor Relations budget became part of Human Resources budget.

<sup>(4)</sup> New Department in 2003-04.

<sup>(5)</sup> Effective July 1, 2003, department title was changed from Information Services to Technology Services.

Source: City of Southfield Office of Management & Budget



**City of Southfield, Michigan**

**Management Group (Exempt) Personnel  
Salary Schedule July, 2012**

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

Source: City of Southfield, Human Resources

# City of Southfield, Michigan

## State Shared Revenues Last Ten Fiscal Years

---

Fiscal Year Ended June 30	State Shared Revenue
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
2010	6,182,706
2011	6,182,693
2012	5,973,225

## Gas and Weight Taxes Last Ten Fiscal Years

---

Fiscal Year Ended June 30	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major Road	Local Road	
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
2010	3,699,879	1,111,526	4,811,405
2011	3,753,339	1,129,517	4,882,856
2012	3,782,991	1,132,407	4,915,398

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	6/30/2012	65
AFSCME, Supervisors	6/30/2012	27
Technical, Professional, and Office Worker Association TPOAM	6/30/2012	119
Fire SFFA	6/30/2012	91
Police SPOA	6/30/2009	100
Public Safety Communication Supervisors MAP	6/30/2005	5
Public Safety Technicians POAM	6/30/2009	14
Southfield Police Command Officers' Association SPCOA	6/30/2009	26
Southfield Deputy Chiefs Association SPDC	6/30/2012	2

\* All contracts have expired.

**(This page left intentionally blank.)**